

KODIAK

ANNEX.

(NOTE BOOK)

TO: Arliss Sturgulewski
Bob Mulcahy
Terry Stimson
Tim Kelly
Pat Rodey

Bill Parker
Pat Corney
Charles Pass
Fred Zharoff
Patric O'Connell
Margaret Branson
Ray Metcalfe

FROM: City of Kodiak

SUBJECT: Information

The attached materials are presented for purposes of background information relative to the proposed annexation.

They are as follows:

1. City Finance Director's memorandum concerning the City's financial ability to handle annexation.
2. City Finance Director's affidavit concerning financial capabilities of the City.
3. Consulting report from Dick Berg concerning annexation.
4. Statement issued by Sweeney Insurance concerning fire rates.
5. Resolution 5-79 concerning issues of concern to annexation area residents.
6. Borough Assessor's estimated value of personal property tax memorandum.
7. City Building Inspector's memo concerning building permits.
8. Memorandum to joint committee on Community and Regional Affairs concerning economic analysis for annexation vs service district.
9. Presentation made at public hearing before the annexation committee by City Manager, Clair Harmony.
10. Affidavit of Richard Sims; Rolland Jones; Charles Powell; and Wilton White.
11. City testimony at Local Boundary Commission hearing.
12. Memorandum from Public Works Superintendent concerning Island Lake road system.
13. Typical assessments for water distribution system and estimates of costs.
14. State roads priority list.
15. City published brochure on annexation information.

Clair Harmony

City Manager

January 23, 1979

To: City Manager - Clair W. Harmony
From: Finance Director - H. R. Hyde
Subject: Proposed Annexation

You requested some information regarding the City's finances as related to the proposed annexation area.

The City has taken certain steps in anticipation of annexation being approved. We have included in the 1978/79 amendatory budget a contingency account to cover certain costs if annexation is approved. They are as follows:

1. Facilities Planning Report.

It is estimated that this initial planning report will cost approximately \$40,000.00. It would be financed by the following:

| | | |
|--|---------|-------------|
| Grant from Environmental Protection Agency | 75% | - \$30,000. |
| Grant from Alaska Department of Environmental Conservation | 12-1/2% | 5,000. |
| City of Kodiak | 12-1/2% | 5,000. |

The City's \$5,000.00 is included in the contingency account previously mentioned.

2. Design Sanitary Sewer Extension.

In connection with the design of sewer collector lines, there is a grant available from the Alaska Department of Environmental Conservation for 50% of the costs. The City would have to match these State funds.

For the design of the interceptor lines the Environmental Protection Agency will give a Grant for 75% of the costs and the Alaska Department of Environmental Conservation will give a Grant for 12-1/2% of the costs. The City must finance the remaining 12-1/2%.

3. Design Waterline Extension.

The Alaska Department of Environmental Conservation will give a Grant for 50% of the design costs. The City must match with its 50% of the costs. There is \$48,000.00 included in the contingency account in the amendatory budget to cover its estimated share of the costs for designing the waterline extension.

The City has sufficient cash on hand to cover all "up front" costs in connection with the Facilities Planning Report and the design of the two systems before the various Grants are processed and payments received.

Memo to City Manager - Clair W. Harmony
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At this time, there has been no definite decisions made beyond the design of the water and sewer line systems. Probably the actual construction costs would be recovered by the formation of assessment districts. It may be necessary for the City to issue bonds to cover some portion of the costs of constructing these utility systems.

Based upon the best information that the Borough Assessor can furnish at this time, the City would receive approximately \$23,000.00 for each Mill levied on real property in the annexation area. This would start in 1980. If the City were to retain its present 9.1 Mill rate, the real property tax revenue would be approximately \$209,000.00. However, the intent is to have this area zoned for different tax rates based upon the City services each zone would receive. It is my estimate that because of the different zones, the City would probably receive about \$150,000.00 annually in real property taxes from the annexation area.

Since the City presently is paying the Borough Personal Property Tax for all personal property within the City; this cost must be taken into consideration. Again, based upon the best information the Borough Assessor can furnish; the payment of the Borough Personal Property Tax for the Annexation Area would cost the City approximately \$25,000.00 annually.

For fiscal year 1978/79, the City is receiving \$65,550.00 from the Borough for fire protection services in the area to be annexed. With annexation, the City would lose most if not all of this revenue.

Annexation of this area should increase the revenue of the water/sewer utility fund. It has been estimated that there are approximately 125 residences that would probably immediately tie in to existing sewer collector lines. At the present residential sewer rates, this would be approximately \$22,500.00 additional annual revenue to the Water/Sewer Utility Fund.

The City will have additional costs for the Public Works Department to maintain the roads and remove snow. Also, there would be increased costs for police and fire protection. It is difficult to estimate the amount of these additional costs at this time. These additional costs would include both additional personnel and equipment. It is my opinion that the City is financially able to meet these additional costs for services. Further, with annexation, I believe that there will be considerable growth in this area which should increase the City's tax base.

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT KODIAK

CITY OF KODIAK,)
Plaintiff,)
vs.)
KODIAK ISLAND BOROUGH and)
BETTY WALLIN, Mayor of)
Kodiak Island Borough,)
Defendants.)

No. 3KO-78-120 Civ.

AFFIDAVIT OF HARRY R. HYDE IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.

HARRY R. HYDE, being first duly sworn, upon oath, deposes and says:

1. I am the finance director for the City of Kodiak ("the City"). This affidavit is prepared and submitted in support of plaintiff's Motion for Summary Judgment.
2. I have been employed as finance director for the City since March 1, 1976. For the eleven years preceeding that date I was finance director for a water service district in California.
3. As part of my official duties, I am responsible for the preparation of the City's budget, for the payment of bonded indebtedness of the City, for preparation of cost evaluations for the municipal services, assisting in the preparation of grant applications, investment of City funds, and am obligated to be aware of and knowledgeable on the City's financial capabilities.
4. Both the administration and the City Council are in the process of amending the City's 1978/79 budget. The budget ordinance has already had first reading before the City Council. Public hearing on the second reading of the ordinance is to be held in the future.
5. In the amended budget there is allocated a total of One Hundred Thirty-Three thousand Dollars (\$133,000.00) of City funds as the

City's portion of matching funds for grants that are available at the present time from the State and federal governments. Five Thousand Dollars (\$5,000.00) of the above total is budgeted for the City's twelve and one half percent (12-1/2%) share of a facilities planning report, which will survey the services and facilities needed in Service District One of the Mill Bay/Monashka Service Area if that area is annexed to the City. There is Eighty Thousand Dollars (\$80,000.00) in the above stated sum earmarked for the City's matching share of grants presently available for design of the sanitary sewer extension into the Service District One of the Mill Bay/Monashka Service Area if that area is annexed to the City. There is Forty-Eight Thousand Dollars (\$48,000.00) earmarked in the above stated sum as the City's portion of a grant presently available for the design of water line extensions in Service District One of the Mill/Bay Monashka Service Area if that area is annexed to the City. The City has sufficient cash on hand to cover all required matching funds in connection with the facility planning report and the designs of the sanitary sewer and water line extensions before the various grants are processed and payments received by the City.

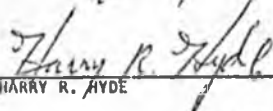
6. The City, at the present time, has access to the same sources of Federal and State funds as does the Kodiak Island Borough.
7. The City, in the past, has sold both general obligation bonds and revenue bonds and presently has a bond rating of BAA, said rate established by Moody's Bond Rating.
8. The Borough presently has a bond rating of BAA1.
9. The City's assessed valuation represents approximately eighty percent (80%) of the total assessed valuation of the Kodiak Island Borough. The Borough is presently in the process of reappraising the urban areas of the Kodiak Island Borough. At the present time, the City's assessed valuation is approximately Eighty-Six Million Dollars (\$86,000,000.00) with an anticipated increase as a result of reappraisal to One Hundred Twenty-Eight Million Dollars (\$128,000,000.00).
10. The assessed valuation of the area encompassed by Service District One of the Mill Bay/Monashka Service Area is approximately

Seventeen Million Dollars (\$17,000,000.00).

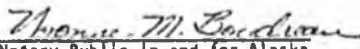
11. If Service District One of the Mill Bay/Monashka Service Area is annexed to the City, the City has the financial capability to provide the services of sewer, water, roads and the full range of general government services such as police, fire protection, parks and recreation and libraries.

12. If the Kodiak Island Borough has to sell bonds to finance capital improvements in Service District One of the Mill Bay/Monashka Service Area and if the full faith and credit of the Kodiak Island Borough is pledged to support those bond issues, the City's bonding capacity will be reduced.

DATED this 1 day of February, 1979.


HARRY R. HYDE

SUBSCRIBED AND SWORN to before me this 1st day of February, 1979.


Notary Public in and for Alaska.
My commission expires: Nov 4 1981

MINUTES OF A REGULAR MEETING OF THE COMMON COUNCIL OF THE CITY OF KODIAK, ALASKA
HELD ON NOVEMBER 12, 1970

I. MEETING CALLED TO ORDER

Mayor Resoff called the meeting to order at 7:30 p.m. Present were Council Members Berg, Craig, Dyson, Powell and Sutcliff. Councilman Sims arrived at 7:45 p.m.

II. PREVIOUS MINUTES

a. Minutes of a Regular Meeting of October 29, 1970.

Councilman Berg moved for approval of the minutes as presented, seconded by Councilman Powell. Roll call was unanimously favorable.

b. Minutes of a Special Meeting of November 10, 1970.

Councilman Sutcliff moved for the approval of the minutes of the special meeting, seconded by Councilman Berg. Roll call was unanimously favorable.

III. PERSONS TO BE HEARD

a. Mr. Milton White, Borough Chairman

Chairman White presented a step annexation program, proposed petitions, and map of the proposed annexation area. Spruce Cape Road and the Hill Bay side of Island Lake were the proposed areas.

The residents would pay a portion of the City tax and the Borough tax with the percentage adjusted over a period of four years until the areas could receive full City fire protection, police protection, water, and road maintenance. The increased revenues would provide the necessary money for the cost of providing the increased service over the four year period.

The Mayor asked about the representation of these areas. Chairman White replied that the step annexation gave the residents time to get representation, and it was pointed out that several Council members have holdings in these areas now.

Councilman Powell moved that the Council approve the step annexation program presented by the Borough and recommended to the Borough that the Monashka Bay side of Island Lake and Dark Lake be included with the proposed areas. It was seconded by Councilman Berg.

Councilman Sims stated that funding from Federal agencies would be more easily obtained with this annexation because the agencies are not interested in funding just the City area, but the community as a whole. He also felt that taking the Monashka Bay side of Island Lake and Dark Lake would be too much at this time. The Council was in agreement with this.

Chairman White suggested that this area become a third area to be annexed. City Manager Jones recommended that Councilman Powell's

motion be amended in this way, and this was agreeable to the Council.

Roll call was unanimously favorable.

IV. OLD BUSINESS

a. Wrean's Bay Appraisal Report

The Council felt that the appraised rental was too high on this property. Councilman Sims proposed renting only part of this area and perhaps using Borough land near the dock to store pots. This would involve transporting the pots about one mile.

Different areas were discussed for possible pot storage.

Mr. Ole Harder said that if a boat harbor and/or dock were not combined in the same area, the purpose of leasing this land would not be accomplished.

Transporting pots to various areas, how they could be transported, and the cost involved was discussed. The Council felt that pot storage areas were available until such time that a dock and pot storage area combined could be developed.

No action was necessary by the Council. City Manager Jones will pursue negotiations.

b. Gibson Cove Appraisal Report

City Manager Jones stated that this area has been appraised and will be advertised for sale. No action from the Council was necessary.

V. NEW BUSINESS

a. Letter of Congratulation to Chief Rhines.

A letter of congratulation to Chief Rhines on his graduation from the F.B.I. Academy was read by City Manager Jones and signed by the Council.

b. Letter Concerning Lt. Henderson as Acting Chief

A letter recommending a merit pay increase for Lt. Henderson was read by City Manager Jones. Councilman Dyson moved that the Council approve the merit pay increase and asked unanimous consent. It was seconded by Councilman Sims. There were no objections and the motion was approved.

c. Resolution 70-17 - Surplusing Gibson Cove Property

Councilman Berg moved for approval of this Resolution, seconded by Councilman Dyson. Councilman Powell recommended a change on page one, paragraph three, the first sentence the word "now" be changed to "not" so that it reads "WHEREAS, . . . not using said . . . and". This change was incorporated into the motion. Roll call was unanimously favorable.

d. Municipal League Dues

City Manager Jones said that the Municipal League is proposing to double the dues in order to put another staff member in Juneau to work on the State and Federal aid programs.

MINUTES OF A REGULAR MEETING OF THE COMMON COUNCIL OF THE CITY OF KODIAK, ALASKA
HELD ON JANUARY 13, 1972

I. MEETING CALLED TO ORDER

The Mayor called the meeting to order at 7:30 p.m. Present were Council Members Anderson, Dyson, Lovett, Powell and Sutliff.

II. PREVIOUS MINUTES

Councilman Powell moved for approval of the Minutes of the meetings of December 9 and December 23 held on December 22, seconded by Councilman Dyson. Roll call was unanimously favorable.

III. PERSONS TO BE HEARD

a. Mr. Wally Hickerson and Mr. Richard Guzy RE: Techite Pipe

Mr. Guzy stated that his company was low bidder on supplying this pipe to the contractor on the Menashka Creek project, but Techite was taken out of the specifications. He also stated that the contractor would like to use the pipe, but without a vote from the Council this could not be done.

Mr. Hickerson then presented background information on Techite Pipe: its development, use and testing.

No action was taken at this time.

b. Mr. Beittenger RE: State Highway Route Systems

Mr. Beittenger asked that the City Council request the State Division of Highways to reclassify Rezanof as a Secondary Route rather than a primary, remove the secondary classification from Mill Bay and Spruce Cape--from the cutoff road to the Loran Station--and classify them as local state roads.

These requests were stated in Resolution 2-72 which the Mayor read by title. Councilman Dyson moved for approval, seconded by Councilman Sutliff. Roll call was unanimously favorable.

c. Mr. Fred Street RE: Cab zones

A letter from Mr. Street was read by the Mayor. Mr. Street felt that public interest would best be served by the abolishment of cab zones within the mall parking lot. Discussion followed.

Councilman Sutliff moved that a study of cab zones be made by the Chief of Police and the City Manager to be presented at the next Council meeting, seconded by Councilman Dyson. Roll call was unanimously favorable.

d. Mr. Wilton White RE: Annexation

Mr. White and the Council discussed the recommendation of the Boundary Commission for full rather than step annexation and the inclusion of a larger area than had been requested.

Councilman Powell moved that the Council go on record as opposing the Boundary Commission's position on annexation as presented to the Council, seconded by Councilman Sutliff. Roll call was unanimously favorable.

IV. OLD BUSINESS

a. Halfway House

Councilman Sutliff moved that the City have no objection to the Kodiak Council on Alekholtm making improvements as outlined by them to meet the specifications of the Sanitarian and the Fire Chief, seconded by Councilman Lovett. Roll call was unanimously favorable.

Councilman Powell moved that the actual lease agreement between the

TO: Mayor and Council

FROM: R. G. Berg

SUBJECT: Annexation and Pillar Mt. Reports

DATE: January 23, 1979

The Council following my tenure as City Manager asked that I continue in an advisory/coordination capacity covering two subjects:

1. The Pillar Mountain potential slide, and
2. Annexation as recommended by the State Local Boundary Commission.

I agreed to follow through on the above, and with the excellent and cooperative help of the City staff believe we may properly assume at least partial success.

ANNEXATION:

The Local Boundary Commission after presentation by City of Kodiak representatives of limited areas contiguous to the City and residents of the proposed annexation area chose to recommend annexation of a larger area to the City of Kodiak as the most logical manner in which to supply necessary municipal services. This recommendation was in contradiction to the proposal of the establishment of the service district by the Kodiak Island Borough.

We proceeded to gather data from Wrangell, Petersburg and other municipalities that had faced Local Boundary Commission recommendations of a similar nature. We also met with representatives of the Department of Community and Regional Affairs in regard to the Boundary Commission recommendations in their capacity as staff representatives to the Boundary Commission. The Council caused to be prepared and passed Resolution 24-78. A committee of persons knowledgeable in the area of municipal affairs who presently reside in the proposed annexation area was appointed by Mayor Stevens. These persons are Mrs. Marion Johnson, Bob Waage, Emil Horton, Pete Resoff, Bob Brooks and Nick Szabo. This committee met a number of times with the City Manager, City Engineer and the writer to determine the most basic needs of the area and in what manner they could be financed and made a reality. Under the auspices of this committee's activity, the City staff and I prepared differential tax areas, phase I for wastewater and water service as well as road construction and reconstruction, established and reserved an area for a fire substation and prepared recommendations to the City Council covering these subjects as well as visual displays for the use of the committee at a public hearing held and attended by interested residents of the area.

The public meeting was attended by approximately 30 people including staff members from the City and both our State Senator, Bob Mulcahy, and Representative Fred Zharoff. Inserts for the newspaper were prepared on two occasions outlining briefly in the first issue some annexation considerations and full coverage in the second edition as to recommendations of the committee on differential taxation and services that could be offered by the City of Kodiak. Two work files were prepared for use by your representative, Bob Hartig, in Juneau by me inclusive of all information available in City files since 1968 covering the annexation subject. A number

of press interviews were granted to representatives of the two local papers covering the subject and the writer met with Mr. Hartig as well as Representative Zharoff and Senator Mulcahy.

After the public meeting held by the Mayor's Annexation Committee, the Committee determined that there was no viable alternative to annexation to the City of Kodiak. All the committee members in attendance at this meeting were in agreement and made their recommendation known in writing to the City Council. Mr. Nick Szabo was not in attendance at this meeting, although, he had been invited. Recently there was a letter to the Editor in the Kodiak Mirror and Kodiak Times referring to Mr. Szabo's term on the annexation committee which contained a number of misleading statements. The writer was rather flattered that anyone who had resided in this community for any length of time could feel that the members of the Mayor's Committee could be influenced by his argumentative ability over their best judgement.

At the present time Mr. Hartig is prepared to represent you in Juneau and the City Manager has visual presentations for his use.

It appears to me that the Kodiak Island Borough is not in good shape to contend that they can supply services to the area due to their failure to obtain passage of non-area-wide service powers. For your information, substantial financial support for the Anti Annexation Committee appears to be coming from the ownership of the Beachcombers which are probably concerned that restrictive police powers and/or hours might be a greater likelihood if they were incorporated within the City than otherwise.

I believe an extremely fair attempt has been made to educate the public in regard to annexation and that the Mayor's Committee did an excellent job devoting many hours to the subject. The direct mail advertising recently received by residents and boxholders in Kodiak from the Borough Residents for Autonomy is comparable to the Szabo letter to the Editor and contains a number of rather naive attitudes such as "after annexation takes place, the City can levy any tax rate it wishes regardless of the wishes of the area residents". I suspect any tax increase that residents did not wish to take place would not be enacted by their representatives or if they were, Council membership would be changed at the next general election.

Mr. Bob Brooks has circulated petitions that will be forwarded to Mr. Hartig for his use indicating both the number of City residents and annexation area residents who support annexation to the City as the least costly and most efficient method to obtain the necessary services. Anything you can do to clarify points raised by the Borough residents for Autonomy will be helpful. There is no doubt in the writer's mind that the most economical and efficient way to solve some of our local problems in the annexation area is for the residents to agree with annexation. There is no great advantage to the City to incorporate the area from either a bonding or financial basis but the long-range effect can be most

beneficial to all concerned.

The Kodiak Island Borough Assembly obviously continues to belabor under the impression that their activities (i.e. service district) will fulfill the desire and needs of the majority as during their meeting of January 12, 1979 they enjoyed a packed house arranged by the citizens group known as the Citizens for Autonomy. After numerous impassioned pleas to support their efforts by sending Mayor Wallin and the Borough Attorney retained for the purpose, Joan Katz, to Juneau to lobby against annexation, the Assembly moved to support "commensurate with what support toward annexation the City proposes . . .". The effect of this, of course, is as usual, if the City taxpayer spends (through the Council) \$10,000 to support annexation and the Kodiak Island Borough (through the Assembly) spends \$10,000 to try to defeat for a total of \$20,000, the City taxpayer has paid \$18,000 of the total. Of course, the Borough and the Citizens for Autonomy contend they pay 50% of the City sales tax but what they don't mention is that this neither jibs with population figures or values on income as can be measured by tangible wealth (value of property). In other words, a City resident appears to own 80%+ of real estate, and pay 80% of Borough local taxes so there must be an inequity in values of that real estate since the monies spent by various residents are usually transformed into some tangible property, i.e. remodeling additions, various improvements and luxuries including boats, cars, trucks, etc.

Realism has little to do with problems of annexation and I suspect that those most vocal would be against any progress in their area except that they would enjoy as a gift at someone else's expense.

I could recommend under any normal situation that the City simply let the residents do whatever they want to solve their own problem. However, you and I both know that those same residents and the KIB who are the most vociferous against annexation will be the first to criticize the only logical deliverer of services to the area the City. Further, I would fully expect the City to face increasing litigation over the sewage treatment plant and on the expanded use of the City water collection and distribution systems. I am sure after reviewing the many cost analysis factors and assuming that people need adequately planned and realistically engineered water and sewer service that must be connected to existing City services to avoid unnecessary duplication. The most economical way to accomplish the goal is through annexation to the City of Kodiak.

PILLAR MOUNTAIN LAND SLIDE:

Neither I nor most residents of the Kodiak community can become too excited about an actual hazard existing at any greater risk than that which most of the fishing fleet may face any day.

There are, however, inherent economic and social dangers connected with the USGS report that must bear concern. The USGS warning of potential hazard was precipitated by the KIB in that their consultant (Kramer, Chin and Mayo) on the Comprehensive Plan requested various State and Federal officials to review the potential hazard which resulted in the USGS warning notice. This level of warning, however is the least serious of the notices that can be issued by the USGS according to the Federal Register. Further, it (the report) has a number of interesting qualifiers. One of which is that a major slide of the type that could do maximum damage is an "extreme case". It is interesting to note, no other similar studies were conducted in the area even though similar surface situations exist along the State Highway System, (i.e. Old Woman's Mt., USCG support Center).

After issuance of the USGS report and the warning notice's distribution to numerous Federal and State agencies as required by the Federal Register, the following took place.

1. The L.A. Times Science Editor took notice or was advised and wrote a "scare story" on the mountain that was picked up as worthy copy by a number of large newspapers including the Miami Herald.
2. The KIB consultant, Kramer, Chin and Mayo, caused to be printed a summary document of the Comprehensive Plan that included numerous references to the Pillar Mt. hazard and implied that no further dock or port expansion could take place until the problem was resolved. Although this document was not supposedly to be distributed until it was approved by the Assembly, the KIB staff chose to furnish copies to the local press.
3. Numerous insurance carriers contacted their local agents to determine the validity of the report.
4. On July 1, 1978, the City's insurance carrier, Insurance Company of North America, excluded coverage related to Pillar Mt. on the General Liability Policy.
5. Much concern was expressed locally as to future availability of investment monies, industrial financing, boat insurance, port expansion, bond sale costs, additional cannery expansion, new freight routes and foreign investment considering Kodiak favorably in the future due to the "hazard".
6. The KIB under took a planning study to explore the joint management of a port in conjunction with the City and Koniag, Inc.

As there appeared to be no further follow up from the KIB, the

City staff immediately contacted the State congressional delegation outlining the problem and seeking guidance and assistance.

Until late fall of 1978, little was accomplished except the passage of letters in the many State and Federal bodies all of which expressed concern but none of whom, including the USGS, offered any concrete aid.

The City staff and writer did, however, undertake the gathering of all available data on Pillar Mt. and related studies and incidents that were felt to be pertinent. These included contact with the previous Alaska Road Commission (territorial) Superintendent, Kodiak, Bureau of Public Roads representatives, consultant reports, dock engineering studies, Department of Transportation and Department of Highways reports, theoretical thesis on effects of predictions, reports of University of Pennsylvania, University of Colorado, Colorado State and others.

At our request, Senator Ted Stevens was instrumental in forcing the USGS to review the problem their prediction could create economically and socially and was helpful in forcing the establishment of the Geotechnical review committee which was initially established December 3, 1978.

The KIB on December, 7, 1978 helpfully passed a resolution covering the formation of the Geotechnical group and charged them with various responsibilities. After a six to eight month hiatus their concern was appreciated by the City staff but rather late and misdirected. Regardless, the Geotechnical Committee met and considered the problem on January 9, 10, 11, 1978 and as expected, the Committee was unable to furnish us with true probabilities of the extreme hazard outlined in the USGS report. Neither the USGS representatives nor other members of the Committee are willing to indicate whether there is a possibility of a major slide within any framework of probability or degree of chance. Therefore, it is probably important for the City to consider remedial action without a great deal of further study because such studies will be qualified and without resolution. Any activity to reduce the seriousness of the possibility of a slide in the area should be undertaken with such monies as may be made available.

The State monitoring system which was initiated at the request of the City through the State Geologist Office will merely give us an indication whether or not we have surface movement. I would liken the results to the United Nations--Much rhetoric, no action.

My recommendation to the Council follows:

1. That further studies are an exercise in futility and that even the most expensive study considered including all phases of work at \$900,000 will not result in essential knowledge.
2. That the problem if it is to be solved will be solved by the

City of Kodiak and that little or no help will be available elsewhere including the KIB. Although the Borough will insist on any study of the problem being a "planning function".

3. Continue close coordination with Senator Stevens office and staff all of whom have been extremely helpful.

a. Senator Gravel has expressed some interest in helping and of course continue to keep Representative Young apprised of the situation.

4. With the aid of your own consultant without extensive studies determine remedial action that can be undertaken locally or in conjunction with other agencies.

i.e. without triggering a slide, start removal of material next to RCA (try to get site surplus due to limited traffic) and dump at toe of slope, fill behind sheet piling, create both dock, van parking and buffer in case of slide, etc. as outlined to you previously. Tie into breakwater construction and allow commercial excavation within controlled engineering plan.

According to those geologists, soils mechanics, etc. we have talked to unofficially, not only do they doubt the possibility of a major ballistic type slide they are of the opinion that removal of the top and portion of the slope by terracing can reduce the center of gravity of a major slide and considerably reduce the potential hazard. There are, however, other ways that this might be accomplished as described to you by Mr. Frank Patton.

Your City staff will continue to evaluate the situation and inform you of possibilities to alleviate the hazard. The attached copy of a Kodiak Fish Wrapper editorial is as accurate, in my estimation, as anything written on the subject.

CITY OF KODIAK
RESOLUTION NO. 5-79

A RESOLUTION EXPRESSING THE INTENT OF THE COUNCIL OF THE CITY OF KODIAK WITH REGARD TO TREATMENT OF ISSUES OF CONCERN TO RESIDENTS OF THE PROPOSED ANNEXATION AREA.

WHEREAS, the Boundary Commission for the State of Alaska has determined to recommend to the legislature that areas generally referred to as Mill Bay and Spruce Cape be annexed to the City of Kodiak; and

WHEREAS, a Committee of citizens concerned with the annexation has held meetings, gathered information and made recommendations to the Council of the City of Kodiak; and

WHEREAS, the Council has determined to accept recommendations from the Committee and desires to adopt these recommendations by Resolution for implementation by ordinance following legislative action on the annexation.

NOW, THEREFORE BE IS RESOLVED by the Council of the City of Kodiak, Alaska, as follows:

Section 1. During such time as full services are not available, differential taxation shall be established and utilized in the area proposed for annexation, pursuant to the tax zone map attached hereto and incorporated by reference, and taxes within those zones shall be based on the following percentages of the City of Kodiak mill rate: Zone 1 - 100%; Zone 2 - 75%; Zone 3 - 35%.

Section 2. Trailers shall be permitted outside established trailer parks in the area proposed for annexation under such terms, in such locations and for such periods of time as will be established by ordinance to be developed after public hearings utilizing comments, information and recommendations received from residents of the area to be annexed.

Resolution No. _____

Page One

Section 3. The city staff shall continue preliminary planning and engineering efforts relating to extension of water and sewer facilities to the area to be annexed, and shall investigate the availability of grants for partial or total funding of such extensions, so that water & sewer service may be made available to the area to be annexed as expeditiously as possible.

PASSED and APPROVED this 25th day of January,
1979.

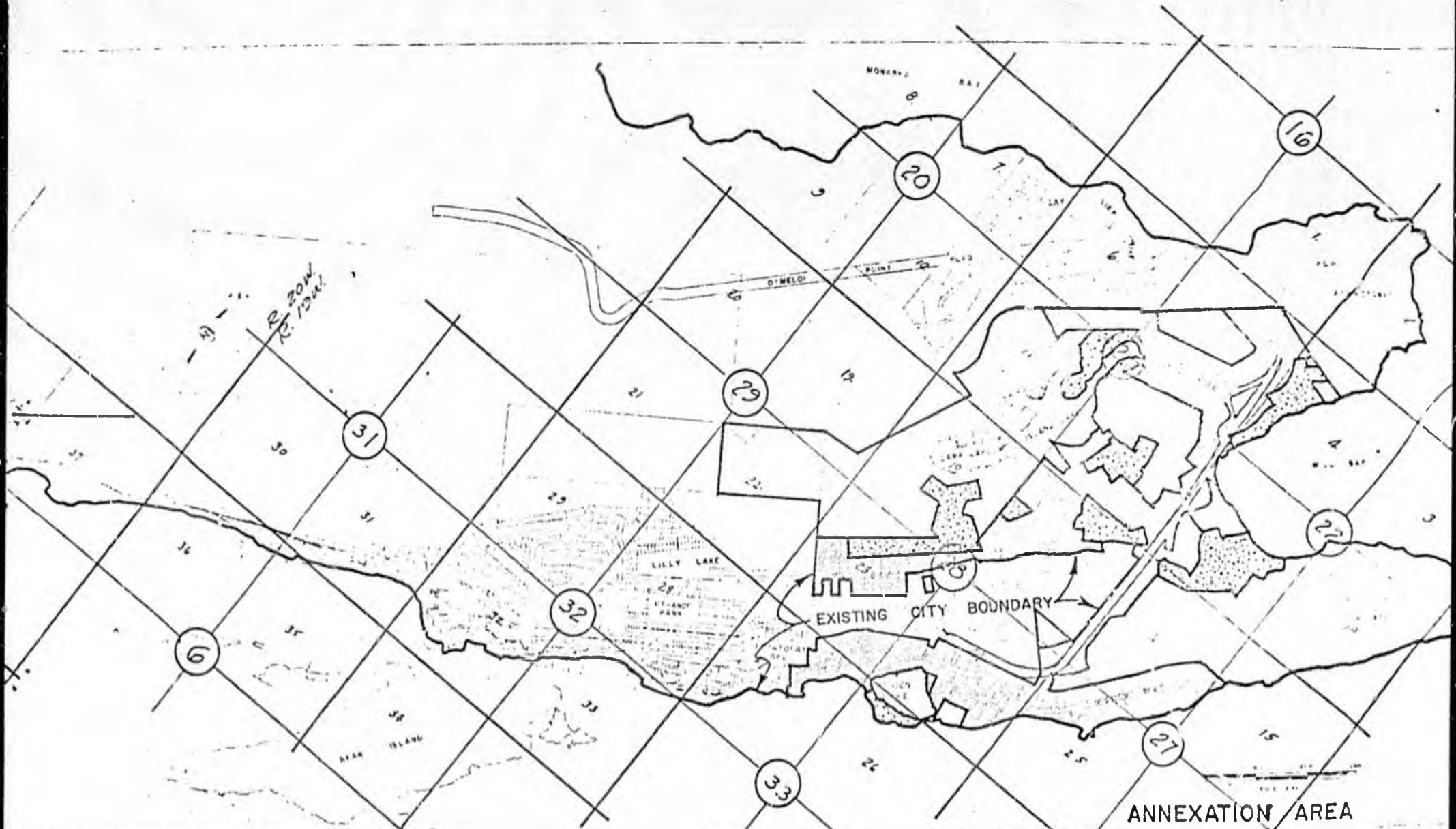

MAYOR

ATTEST:





City Clerk

Resolution No. 5-79

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**ANNEXATION AREA
DIFFERENTIAL TAXATION**

-  ZONE 1 - FULL SERVICES
-  ZONE 2 - LIMITED SERVICES
-  ZONE 3 - INADEQUATE POLICE & FIRE PROTECTION

KODIAK ISLAND BOROUGH

MEMORANDUM:

TO: HARRY HYDE, FINANCE DIRECTOR
FROM: ED HANEY, BOROUGH ASSESSOR
DATE: DECEMBER 21, 1978

RE: ESTIMATED VALUE OF PERSONAL PROPERTY

THE ESTIMATED VALUE OF PERSONAL PROPERTY IN THE FIRE DISTRICT
(TCA 8) THAT PORTION PROPOSED BY THE BOUNDARY COMMISSION TO
BE ANNEXED INTO THE CITY OF KODIAK WILL TOTAL APPROXIMATELY
3,591,630.00 \pm . THE 1978 MILL RATE OF 7.00 MILLS WOULD BE
APPROXIMATELY \$25,141.00 TAX DOLLARS.

MEMORANDUM

TO: Clair W. Harmony, City Manager
FROM: Morris L. Lee, Building Inspector
SUBJ: Borough Building Permits in the Proposed
Annexation Area
DATE: December 26, 1978

The building permits issued in the subject area for the past five years are as follows:

| <u>YEAR</u> | <u>TOTAL VALUATION</u> | <u>TOTAL FEES</u> |
|-------------|------------------------|-------------------|
| 1974 | \$ 73,900.00 | \$ 337.00 |
| 1975 | \$102,400.00 | \$ 481.00 |
| 1976 | \$173,650.00 | \$ 818.00 |
| 1977 | \$866,968.00 | \$3,288.00 |
| 1978 | \$509,400.00 | \$1,804.00 |

The year 1978 was January through June only. The City relinquished the Borough Building Permit Program as of July 1, 1978.

MLL/lkg

TO: Arliss Sturgulewski
Bob Mulcahy
Terry Stimson
Tim Kelly
Pat Rodey

Bill Parker
Pat Corney
Charles Pass
Fred Zharoff
Patric O'Connell
Margaret Branson
Ray Metcalfe

FROM: Clair Harmony, City Manager

SUBJECT: Economic Analysis of Annexation vs Service District

The following analysis attempts to deal with existing costs and minimum costs that might exist. It is an attempt to evaluate, with qualifications, costs that could reasonably be expected.

| ANNUAL SERVICE DISTRICT COSTS | SERVICES | ANNUAL CITY/ANNEXATION COSTS |
|-------------------------------|------------------|------------------------------|
| \$300 | Sewer Rates | \$180 |
| \$165 | Water Rates | \$120 |
| \$619 | Fire Insurance | \$306 |
| \$115 | Fire Dist. Rates | -0- |
| \$350 | Borough Tax Rate | \$350 |
| -0- | City Tax Rate | \$455 |
| \$1,549 | (All Services) | \$1,411 |

Plus Personal Property Tax
(Real Total)

Minus Personal Property Tax
(Real Total)

SEWER RATES--The current monthly sewer rate is \$15 both within and those few areas served outside the City boundaries; however, a recent analysis by the Public Works Department has indicated that a self-supporting enterprise sewer rate should be upwards of \$25 per month. Rather than increasing this cost to the citizens of Kodiak, the City Council transferred \$104,000 from the general fund into the sewer enterprise fund. However, should the City contract for services with a service district, it would be reasonable to assume that a fair and self-supporting rate be established in that contract. The rate would be in excess of \$22 per month and more probably as much as \$25. This explains the higher annual figure for service districts.

WATER RATES--Current water rates in the City are \$120 annually. Rates outside the City are \$165 annually. The increased rate is a standard procedure in many cities to allow for administrative services, real overhead and initial capital investment.

FIRE INSURANCE RATES--Within the City of Kodiak, a \$50,000 home would be charged \$306 for fire insurance. However, most of the proposed annexation area has a fire insurance rating of 9 in comparison to the City's which is 5; therefore, the proposed annexation area residents would pay \$619. The critical factor here is that the City can provide fire hydrants and water mains at an accelerated rate efficiently and effectively because of its expertise and experience, fire services policies and goals, than can single-purpose oriented service districts.

FIRE DISTRICT RATES--Borough residents in the annexation area currently are levied a 2.3 fire district mill rate. If annexation occurs, the residents would not have to pay this mill rate.

BOROUGH TAX RATE--The Borough mill rate of 7.0 would remain whether annexation occurred or not.

CITY TAX RATE--If annexation occurred, the current mill rate of 9.1 would be levied, thus, a \$50,000 property would equal \$455 annually. Of course, with the City mill rate all City services would be provided.

SUB-TOTALS--Annexation for most of the residents and area would cost \$138 less than if annexation did not occur and the Borough were to provide services through a service district.

REAL TOTALS--Since the City pays the personal property tax for its residents to the Borough, there would be a further reduction for City residents and, of course, a further increase for Borough residents.

PRESENTATION MADE BEFORE THE ANNEXATION COMMITTEE
December 12, 1978
By City Manager Clair Harmony

- I. Should annexation become a reality this January, we at City Hall have tried to set up a preliminary plan:
1. What will take place
 2. What the 2,000 residents of the new area might expect in the way of effective delivery of services and of course, what their concerns are now.

We are here tonight to present our best estimates as to costs, taxes, location of services and to offer some options.

We are not in an advocate role, but are simply trying to do some preplanning for an action, which at this point in time, has been initiated and recommended by the Local Boundary Commission and will be going before the State Legislature in January.

The existence of the Annexation Committee and this public hearing before that body are sincere efforts to encourage expressions of public concern and input. Hopefully the committee will formulate a policy statement that can be adopted by the Kodiak City Council, which will provide for the following:

1. Early and special representation.
 2. Reasonable differential property taxing zones.
 3. Efficient priorities on road improvements.
 4. Quality Police and Fire services.
 5. Good delivery of water and sewer services.
 6. Ultimate expansion of Parks/Recreation and Library services.
 7. Modifications that might be envisioned by the community at large, the public here tonight and the committee through its deliberations.
1. As to early representation:
 - a. Voting franchise rights would become effective immediately.
 - b. In addition, a special representative would be elected from the new area, to serve in an advisory capacity with the City Council for three (3) years.

2. The differential taxation zones would attempt to provide some equity based on the delivery of services like roads, police and fire. As long as the City cannot get a fire truck into a home because of poor access routes, there should be less of a tax burden on that homeowner, and so on.

Basically the difference between Fire Zones 1, 2 and 3 are that zone 1 would receive 100% delivery of City services, therefore the full mill rate (9.10). Zone 2 would have no effective delivery of fire service and are those areas where the roads are not maintainable, thus 75% mill rate.

Zone 3 would pay a 50% mill rate and would have poor delivery of police, fire and road improvements. All zones would be changed over the next several years as these services are upgraded.

Annexation Committee Presentation
Page 2
December 12, 1978

3. Improvements to roads would progress at a reasonable rate, funded by increased shares in State Revenue Sharing, highway funding and hopefully the commitment by the State Legislature to fund greater levels of capital improvements. This could excellerate quality delivery of services to the annexation area.
4. Police and fire services can be expanded from revenue sharing funds, together with the slow phasing out of the State Troopers.
5. Water and sewer services which are funded through assessment districts, State and Federal grants could proceed in higher density areas, and be in as early as 1980 in those areas shown on the map here tonight.
6. Parks/Recreation and Library services would expand on a somewhat slower basis, I would guess, and generally would be funded by general assessments and grants.

II. Briefly, advantages of annexation would include:

1. relief to the polluted conditions of Island Lake.
2. Better fire and rescue.
3. Quality delivery of water at a lesser user rate.
4. Exemption of personal property taxes.
5. Reduction in fire insurance rates.
6. An equal voting status with your neighbors inside the present City boundaries.
7. Plus other factors which will insure for the general health and welfare of the whole area.

III. Conclusion

In conclusion, we are here tonight to answer questions about annexation, which may or may not take place. It is sort of out of our hands. We have tried to research the various possibilities without spending an exorbitant amount of time and City dollars. What is really needed are the expressions on your concerns which can help the City Council provide reasonable alternatives and effective delivery of service should annexation become a reality.

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

THIRD JUDICIAL DISTRICT AT KODIAK

CITY OF KODIAK)
Plaintiff,)
vs)
KODIAK ISLAND BOROUGH and)
BETTY WALLIN, Mayor of)
Kodiak Island Borough,)
Defendants.)

No. 3KO-78-120 Civ.

AFFIDAVIT OF RICHARD H. SIMS IN SUPPORT
OF PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.

1. I have been a resident of Kodiak for the past thirteen years.
2. I served on the City Council for the City of Kodiak from the fall of 1969 to the fall of 1972. I served on the Kodiak Island Borough Assembly from the fall of 1970 to the fall of 1972.
3. I have read the affidavits of Stuart O. Denslow, Ed Haughton and Betty Wallin submitted in support of the Borough's opposition to the City's motion for summary judgment. I have read the Borough's counterclaim and affirmative defenses to the City's complaint.
4. Contrary to what is stated in the affidavits, the Borough has not continuously engaged in trying to secure water and sewer service to the residents outside the City. The Borough did not have sewer or water powers and the attitude of the Borough Assembly was to let the City solve the problem of water and sewers and would refer individual applicants for water and sewer to the City.
5. Contrary to what is stated in the affidavits, the Borough Assembly was well aware of the fact that the City would require, when feasible, that individuals residing outside the City and who wanted to hook up to water or sewer to annex to the City.
6. On November 12, 1970, the Borough Chairman, Wilton White came before the City Council with a step annexation proposal that would provide for the annexation of the Spruce Cape Road area and the Hill Bay side of Island

Lake. These areas were consistent with the areas that EPA was trying to force into the sewage collection system. EPA had consistently tried to force a massive sewage project on to the Kodiak Island urban and commercial area. In revising the Comprehensive Plan, in developing the Regional Water Quality Management Plan and in the proposals of the engineering firm of Tryck, Nyman and Hayes, it was both the City's and the Borough's intent to limit the sewage systems proposed in those plans to the areas that the Borough proposed be annexed to the City.

7. The Borough did not have the financial means to pay for any sewer costs, the areas of Spruce Cape and Island Lake could not stand the assessments that would be levied to pay for extensions and it was clearly understood that the areas would go onto the sewer and water systems when the population grew enough to support assessment districts and could be annexed to the City.

8. To assert that the City has secretly harbored theories and misrepresented its position to the Borough is ridiculous. From the formation of the Kodiak Island Borough to, I believe 1974 when the Borough Assembly was reapportioned, two members of the City Council of Kodiak also served as members of the Borough Assembly. As stated before, I served both on the City Council and the Borough Assembly for two years.

9. Had there been any intent for the Borough to become involved in the business of sewer collection and water distribution, the City would have required that the Borough contribute to the costs being incurred by the City in developing the systems.

10. As for the agreements and resolutions and ordinances passed by the Borough Assembly and City Council, they were to meet the demands of EPA and the State in order that the sewer project could be built.

11. During the period I was on the Borough Assembly and the City Council, it was understood that the urban areas outside the City would be served with sewer and water when those areas annexed to the City. That was the understanding of the City government and the Borough government.

12. I was personally active as a Borough Assemblyman in trying to have step annexation of the Spruce Cape and Island Lake areas occur. It was a result of the position of the Local Boundary Commission that a larger area

than was requested and a higher level of services and taxation would be imposed that the legislative annexation attempt is rejected at the request of the City and the Borough.

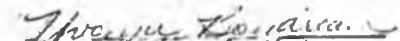
13. It has never been my understanding that any agreement existed between the City and the Borough regarding the City servicing areas outside the City with sewers. See Borough Assembly minutes of June 17, 1971 and July 1, 1971 which I have attached to this affidavit.

14. In preparing this affidavit, I have reviewed both City Council and Borough Assembly minutes for the years 1970-1972.

DATED this 15th day of February, 1979.


RICHARD H. SIMS

Subscribed and sworn to before me this 1st day of January, 1979.


Notary Public in and for Alaska
My commission expires: Nov. 4, 1981

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT KODIAK

CITY OF KODIAK)
)
 Plaintiff,)
)
 vs.)
)
 KODIAK ISLAND BOROUGH and)
 BETTY MAILIN, Mayor of)
 Kodiak Island Borough,)
)
 Defendants.)

No. 3KO-78-120 Civ.

AFFIDAVIT OF ROLLAND JONES IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

ROLLAND JONES, being first duly sworn, upon oath, deposes
and says:

1. I have been a resident of Kodiak since 1964.
2. From June of 1970 to July of 1972, I was City Manager for the City of Kodiak.
3. I have reviewed an agreement dated July 2, 1970, signed by myself, between the City and the Borough. It is my recollection that the agreement simply stated that the Borough did not have sewer powers and the City did and was the only agency capable of applying for grant funds.
4. That it has been my understanding that Alaska law does not allow a service district to be formed if the services could be provided by a city and that any action taken by me as city official would have been with that premise in mind.

DATED this 1st day of February, 1979.

Rolland A. Jones
ROLLAND JONES

SUBSCRIBED AND SWORN to before me this 1st day of February, 1979.

Thomas M. Bondman
Notary Public in and for Alaska.
My commission expires: Feb. 1, 1981

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT KODIAK

CITY OF KODIAK)
)
 Plaintiff,)
)
 vs.)
)
 KODIAK ISLAND BOROUGH and)
 BETTY WALLIN, Mayor of)
 Kodiak Island Borough,)
)
 Defendants.)

No. 3K0-78-120 Civ.

AFFIDAVIT OF CHARLES A. POWELL IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

STATE OF ALASKA)
) ss.
 THIRD JUDICIAL DISTRICT)

CHARLES A. POWELL, being first duly sworn, upon oath, deposes

and says:

1. I have been a resident of Kodiak since August of 1957.
2. I served on the City Council of the City of Kodiak for the fall of 1971 to the fall of 1974. I served on the Borough Assembly from the fall of 1972 to the fall of 1974 and during that period was the presiding officer of the Assembly and Deputy Mayor of the City of Kodiak. I was the first Borough Chairman for the Kodiak Island Borough, serving from 1964 to 1965. I was a member of the State Legislature in 1967-68.
3. During my service on the City Council, the Borough Assembly and as Borough Chairman there was never any doubt that the areas outside the City would be served by the City's sewer and water systems when those areas became urbanized sufficiently to be annexed to the City.
4. It has always been my understanding of municipal law in Alaska that a service area or district could not be formed next to a City, that the Constitution and State Statutes prohibited that.
5. It was understood by the City that when it came time to provide sewer services to the Spruce Cape and Island Lake areas, that they would be annexed to the City.

6. In the agreements and resolutions and ordinances concerning the City's sewer project, the only intent expressed was that the City was the only entity capable of building the sewer system and getting the grant funds and that the Borough would cooperate with the City to do that. It was assumed that when the City extended the sewer it would be to areas that were annexed to the City.

DATED this ____ day of _____, 1979.

CS/
CHARLES A. POWELL

SUBSCRIBED AND SWORN to before me this ____ day of

_____, 1979.

Notary Public in and for Alaska.
My commission expires: _____

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT KODIAK

CITY OF KODIAK,)
Plaintiff,)
vs.)
KODIAK ISLAND BOROUGH and)
BETTY WALLIN, Mayor of)
Kodiak Island Borough,)
Defendants.)

No. 3K0-78-120 Civ.

AFFIDAVIT OF WILTON T. WHITE IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.

WILTON T. WHITE, being first duly sworn, upon oath, deposes and says:

1. I have been a resident of Kodiak since July of 1919.
2. I was the Borough Chairman of the Kodiak Island Borough from the fall of 1965 to 1967. I was a member of the City Council of the City of Kodiak in 1968. I was the Borough Chairman of the Kodiak Island Borough again from the fall of 1969 through 1973. I was again on the City Council of the City of Kodiak in 1974 and 1975 and also sat on the Borough Assembly in 1974 and 1975. I am presently on the City Council of the City of Kodiak having been elected in the fall of 1978.
3. During my years as Borough Chairman that position was an elective office and the Chairman was the chief administrative officer of the Borough government.
4. From 1969 to at least 1975, the total staff of the Kodiak Island Borough consisted of the Borough Chairman, the Borough Clerk, one secretary, an assessor an assessor's clerk and a bookkeeper.

When the City began to apply for funding to build the sewer treatment system, the Borough government was in no position to even consider participating in the financing or construction of sewers outside the City. In 1970 or 1971, the people of the entire Borough passed a school bond issue. All of the bids for construction came in over the amount of bond monies available. Recognizing the simple facts that there

was very limited financial resources and a very limited Borough staff, the efforts of the Borough government were directed at getting the schools built. During this period of time, the Kodiak Island Borough could not have created a sewer service district. It would have been impossible in terms of Borough staff and the tax base to support it. The City already had the departments, manpower, expertise and the financial capability to develop and construct the sewers and treatment system. The Borough was more than happy to let the City do it.

6. I have reviewed: an agreement dated July 2, 1970, marked as Exhibit 1 to Stuart O. Denslow's affidavit; the affidavit of Stuart O. Denslow; the affidavit of Betty Wallin; the affidavit of Ed Naughton; Kodiak Island Borough Resolution No. 73-15A; the 1971 Kodiak Metropolitan Area Interim Water Quality Management Plan and Defendant's memorandum in Opposition to Plaintiff's motion for summary judgement.

7. It is my distinct recollection that there never was any discussion with the Kodiak Island Borough government and the City of Kodiak regarding any agreement for furnishing sewer service outside the city limits of Kodiak. We all knew that there was a problem with sewage in the Island Lake and Spruce Cape area but the Borough was in no position to do anything about it. It was recognized that as the population of those areas increased something would have to be done. We knew that the Borough did not have sewer powers and could not spend monies even if we had had funds available. The only logical solution appeared to be that as the areas outside the City became more populated that they should be annexed to the City.

8. The cooperation of the Kodiak Island Borough with the City of Kodiak in solving the sewer problem was to assist in having the areas in need of sewers annexed to the City. Three large scale annexations were attempted. The first two failed at the polls. The third attempt was a joint effort of the City and Borough with legislative annexation. When the recommendation of the Local Boundary Commission was made to the legislature, it was so different in terms of area and the requirements imposed for immediate services that the City and Borough jointly requested of the legislature that the annexation be disapproved.

9. There was one joint service agreement entered into between the City and the Borough during the years set forth above. That was an agreement for fire and ambulance service. I, as Borough Chairman, negotiated that agreement for the Borough with the City. If there had been any agreement between the Borough and the City regarding sewers, I would have negotiated it

also. There was no agreement.

10. In the fall of 1973, Ross Wood became Borough Chairman and I told him that now that the schools were pretty much completed that the priority facing the Borough was to try to resolve the sewage problems in the Spruce Cape and Island Lake areas. At that time, annexation appeared to be the only viable alternative and still to this day it is the only economically feasible solution.

DATED this 31st day of JANUARY, 1979.

Wilton T. White
WILTON T. WHITE

SUBSCRIBED AND SWORN to before me this 31st day of January, 1979.

Thomas M. Dandaneau
Notary Public in and for Alaska
My commission expires: Nov. 4, 1981

As you are aware, the main item on the agenda is the annexation of Mill Bay Road, from the City limits to Cut-off Road. However, there is a much bigger issue that will be discussed later on. The City's presentation tonight will be a summary of services now being provided to the residents of the City of Kodiak. I will say a few words about each service the City is currently providing and the department head who is responsible for that service will be available if you have any questions.

The City Clerk filed a petition with Community and Regional Affairs on October 19, 1977 and with the Borough on the same date. Public notice of the annexation was published on October 21, 25, 26 and 28, 1977.

In the Alaska Administrative Code, 19AAC 05.010 - 19AAC 20.010, one can find the criteria necessary for qualification for annexation.

Item 1 refers to contiguity with the City. This criteria is met as you can see by the map.

Item number three asks if the property is platted or held for sale for urban residential or commercial purposes. In this case, the land is platted and is for sale for urban residential purposes. The population does not now equal that of the City, however, it is only a matter of time until all the buildable land is utilized, either for residential or commercial purposes. Population of the territory being considered for annexation stems primarily from actual growth of the City beyond its legal boundaries. The property is valued high for prospective urban purposes.

Item number four of the regulations asks if the City can provide services more efficiently than another municipality, if the services are needed. This is certainly so since the only other municipality is the Kodiak Island Borough and with its present powers and staffing it is not in a position to offer any services similar to what the City of Kodiak is now providing its own residents. In most cases, if not all instances, the Borough would have to contract with the City or establish duplicate structures and purchase necessary equipment to provide the same services. This of course, would raise the cost for those utilizing those services. The need for additional services is there because the area is becoming increasingly urban. An ordinance passed on second reading at the last Borough Assembly meeting for service areas actually includes the property under consideration this evening. The ordinance establishing the service area excludes all territory in the City as of November 1, 1977.

Item number five discusses the future development and growth of the City and how that will be felt in the annexed area. The City is currently planning on expansion of utilities in this specific area that will be discussed a little later on.

Item number six speaks to the health or safety of City residents. In the area covered by this proposed annexation, there is a definite need for sewage facilities. The City of Kodiak is the only entity able to provide that sewage service. By annexation of this area the City would be able to alleviate the potential health problems.

Item number seven, there are many areas adjacent to the City where the City limits go back and forth across roads, etc. If a definite straightened boundary existed, the police, fire and other services would be able to serve the City residents much better. In some instances, City employees and services must cross land outside the city limits to necessarily serve residents of the City due to this boundary situation. This also causes problems serving areas inside the City because of the inability to get easements, etc. for water and sewer lines.

Number eight is one of the most important items as it asks what City services are received without tax contribution. At the present time, residents of the area outside the City are receiving limited protection from the City police department, as our officers are authorized to assist the Troopers when necessary. The parks and recreation department, boat harbor, cargo dock and municipal airfield serve everyone and the museum is an attraction to all. In addition, the ferry dock serves all residents. The City is responsible for the landfill for all the Kodiak urban area and the cemetery is also free to Borough and City residents alike. The Borough residents are also using City streets to go to and from work and shopping that are cleared of snow and paid for by the City of Kodiak taxpayers. Water and sewer is provided for the different businesses in town and those living outside the City who are working in town also benefit from that. At the present time, the Borough does pay the City for library and fire protection, however I am certain that a case could be made that whatever is contributed is not equal to the usage, i.e. major equipment expenditures in the fire department.

The present assessed valuation of personal and real property within the City of Kodiak is \$127,48,101. The assessed valuation outside the City limits of Kodiak within the entire Kodiak Island Borough is \$32,806,810. This is a total of \$160,554,911. In percentages, the City of Kodiak has 79.57% or 80% of the assessed valuation of the Kodiak Island Borough. The Borough has 20.43% or 20%.

In terms of dollars and cents, for every dollar that the Borough collects from the taxpayers and ultimately spends, 80 cents comes from City taxpayers and 20 cents comes from Borough taxpayers outside the city limits.

The Borough does give the City \$15,000 for library services. We have facts and figures that show that library usage by the Borough residents is 40% of the total, while City residents use the library 60%. If we take the 80% figure for taxes paid by residents within the city limits, \$15,000 of that \$12,000 comes from City taxpayers. So while the Borough keeps telling us how much they give us for library services, they are actually giving us 80% or \$12,000 of City money and only \$3,000 from Borough taxpayers.

It also can be said that the cargo dock, boat harbor, water and sewer departments are enterprise funds. However, a case can be made that the administrative time taken by the City Council and others is time for by residents outside the City. It is also obvious that if it were not for the City of Kodiak taxpayers in the first place, the people outside of the City boundaries would never be able to enjoy the services they now have. It is the City of Kodiak taxpayers that make it all possible.

At this time I would like to go through the different departments of the City and explain the services that the City now provides.

PARKS AND RECREATION. Each of you has a copy of the services the City is now providing all residents, Borough and City alike, in this important function. The 1977-78 budget is \$128,946 while estimated revenues for this year are \$20,000. That leaves a total of \$108,946 that comes out of general fund revenues which are paid for by City taxpayers. The City does receive State revenue sharing funds for parks and recreation. However, only the population of the City is allowed to be used.

I might mention that the City does utilize the Borough school facilities to provide some recreation services. We are told time and again that this is the contribution from the Borough to the parks and recreation budget. However, that does not hold much water because school facilities are here and they were paid for out of taxes paid in part by the residents of the City. Only 20% of that local support comes from the Kodiak Island Borough residents. If any of you have any questions, Ian Fulp, the City's parks and recreation director, is here to answer them for you.

PUBLIC WORKS. The next department is public works. The City now has a 12-inch water main which is extended to Lot 18 of the proposed annexation area and we are now furnishing water to Lots 1, 14, 15, 16 and 17 in the proposed area. It would be desirable to extend this main through the area and to tie into an existing 12-inch line at Cut-off Road. This would establish another loop in our system which in turn would add more volume of water to the northeast portion of the system for fire fighting purposes. This line will also provide water service to the homes in the area and fire hydrants where such protection is not now available.

The City now has a sewer main extended to the lot line of Lot 15 and has budgeted an additional amount of money to extend it to Lot 18. Should this area be annexed, it would be feasible to extend this line to Lot 23 from this direction and cover the remaining area from a sewer already installed on the northeast side.

The municipal airstrip is partially involved in this annexation. The City has interest in and owns parts of the property involved. It would be advantageous to have it inside the City so periodic maintenance on the field is performed.

Mr. Herman Boukers, the Superintendent of Public Works, is also available to answer any questions you might have.

LIBRARY The library has already been mentioned; however, I will go over that again in case there are any questions. For the first five months of a reregistration period, approximately 40% of the library borrowers were residents of the Borough while 60% were residents of the City.

These figures are for persons who come into the library regularly. The books that are sent to the villages are usually sent to the village schools and are not included in the above statistics. I have already mentioned the library budget and the contribution of the Borough. Elizabeth Carroll, our Library Director is also present tonight.

FIRE. A different situation exists in the fire department. The fire district located in the Borough is in the proposed area under discussion.

The City and Borough have an agreement whereby the City provides fire protection for areas in the Borough. This is based on the mill rate for the fire department that the residents inside the City pay for that service. The basic figures for fire calls, losses and man-hours spent on fires in the Borough is enclosed with your information. So far in 1977, the Kodiak fire department has answered 26 calls in the Borough.

The City of Kodiak also operates the ambulance service for the Kodiak urban area. Recently the Kodiak Island Borough purchased an ambulance and turned it over to the City of Kodiak for the City to operate. In other cities that I have been in, the ambulance service is operated by the hospitals. We do appreciate having an additional ambulance available to answer calls in the Kodiak urban area; however, it is important to note that with health powers, the Borough should have this responsibility. I do not want to belabor the point because of the "generosity" of the Borough in allowing the City to use its ambulance.

Getting back to fire, in the area of insurance, for a \$70,000 home, the City rate at class 5 is \$559. The same \$70,000 home in the Borough without the adequate water and response time is \$1,115 for a difference of \$556. The point is that by having water and adequate fire service available, a resident taxpayer in the Borough would save approximately half the cost he is now paying for fire insurance.

It is also important to note that the City does conduct fire inspections of the residences and businesses in the annexed area.

Chief Magnusen will answer any questions you might have.

CITY ENGINEER. The City Engineer feels that the organization which operates and maintains a utility system should have the final say in how and when the system is developed. For example, in the case of the City water system, he does not believe any extension should be permitted unless it meets the following criteria: (1) The proposed extension conforms to an approved water system development plan. (2) Construction is done in accordance with City standard specifications and (3) Construction is monitored by a City inspector. In short, the City being the owner and operator of the system should control development of that system. There are only two ways in which this could be accomplished, annexation of lands prior to development or a Borough ordinance requiring all new water system to meet the above criteria. He feels it can be easily shown that annexation is the more positive method allowing all water users an equal voice in the organization which operates the system.

One example of the Borough's inability to handle their responsibility is in the area of subdivision development. At the present time, the Sarch Street sewer line is being reconstructed due in part to inadequate control of subdivision development by the Borough.

In the case of sanitary sewer facilities, there is one additional option that may be considered. That is having the Borough own and operate the waste water treatment

plant and take over the responsibility of operating and maintaining the total waste water collection system. This concept is not considered practical, however, as it requires two municipal organizations to control utility systems which overlap.

In conclusion, he feels that orderly growth and development of water and sewer systems within our community is best accomplished by placing all areas served by these systems within the same municipal boundaries. Anything short of this would be a detriment to all concerned.

BOAT HARBOR. The City Council from 1965 to 1971 authorized general fund expenditures to assist the small boat harbor. These expenditures total approximately \$50,000. In 1974, the City Council, in an effort to equalize taxation, placed the harbor on an enterprise system and subsequently wrote off a \$50,000 deficit. From 1972 through 1975, the City expended general fund monies for capital improvements in the boat harbor which included (1) redecking work on the loading dock 1, (2) installing two 3,000 gallon waste oil tanks, (3) building Shelikof Street loading dock, (4) installation of electrical meters, (5) dredging sludge from drainage culverts.

The above capital improvements total approximately \$53,000. Since the small boat harbor was rebuilt in 1965 to the present time, the City has expended in the neighborhood of \$100,000 for the small boat harbor operations.

CARGO DOCK. The 1977/78 budget has an amount from the general fund of \$149,703. This is a deficit that the City is presently incurring in the cargo terminal operation and is due to contract differences with Sea-Land. Many of the improvements at the cargo dock are paid for out of State funds. It is important to note that the City does spend general fund revenues when problems arise. George Cutrell, the Port Operations Manager is here to answer any questions you might have.

POLICE SERVICES. The Police Chief feels that the proposed annexation would benefit the citizens. When they call for emergency and routine service at the present time, it is confusing to the dispatcher whether to dispatch a police officer or State trooper. This is especially true when street addresses are nonexistent.

Due to the broken configuration of property, liability could result if a police officer mistakenly took action in an area out of the City's jurisdiction. There should be no additional cost to the City for providing this service since the police officers are utilizing Mill Bay Road at the present time to reach other areas within the City.

Probably the best document that I can present to you this evening is the petition by the registered voters of the proposed new first class city Spread Eagle. It calls for fire and road services only. These would be provided by the new city.

Duplication of road and fire services will be quite a burden on these taxpayers. If they purchase additional fire equipment, build a building and have volunteers, the fire service would not be any better than it is right now. I believe the only way to improve service would be if the new city hired fire fighters on a full time basis. This has already proven to be too costly for the existing fire district when they hired their firefighters.

Regarding the road service, it is important to note that it would probably be contracted out to a private company would be a considerable expense.

On page 5 of the brief of the petition for incorporation of Spread Eagle, there is a discussion of the aim of the proposed City which would be to maintain large lots and low density housing in order to preserve the existing forest. The manner in which this would best be accomplished would be to give the residents the power to control the development of and provide the services for the area in which they reside.

First class city incorporation will not protect lot size and density. The only way this could be accomplished would be to incorporate as a first or second class borough and have planning and zoning powers. Another city is definitely not the answer.

In conclusion, I would like to reiterate my main points.

1. The property is used for urban purposes, is platted and is an extension of the City's boundaries. The value of the land is due to the proximity to the City.
2. The City can provide services more efficiently than any other municipality.
3. Expansion of utilities is planned for the area.
4. Sewage facilities are needed to protect the health of the residents.
5. A straightened boundary of the City is definitely needed.
6. I have made the point several times regarding City services received by Borough residents without tax contribution. The most obvious problem with the Borough's thinking is they feel they are actually giving the City something. The idea is like a Federal or State grant instead of the City being part of the Borough. Just because there are two separate municipalities involved does not mean we are not the same people.

KODIAK FIRE DEPARTMENT

Office of the Fire Chief
George Magnusen



Post Office Box 1397
Kodiak, Alaska 99615
Phone 486 - 5728 - Res. 486 - 5562

December 7, 1977

Fire Calls & Losses In the Borough

| Year | Calls | Dollar Loss |
|------|-------|-------------|
| 1970 | 13 | Unknown |
| 1971 | 17 | 8,600.00 |
| 1972 | 20 | 17,800.00 |
| 1973 | 22 | 6,360.00 |
| 1974 | 20 | 33,265.10 |
| 1975 | 18 | 6,400.00 |
| 1976 | 22 | 21,600.00 |

This brings the total calls in the Borough in the above period to 134 calls with a dollar loss of \$94,225.10. So far in 1977 the Department has answered 26 calls in the Borough and a dollar loss of \$66,550.00.

Man Power & Man Hours

| Year | Man power | Man Hours | Average Per Call |
|------|-------------|-----------|---------------------|
| 1970 | Unavailable | | |
| 1971 | 301 | 300.6 | 16.7 |
| 1972 | 284 | 445.8 | 15.7 |
| 1973 | 170 | 261.8 | 11.9 |
| 1974 | 244 | 353.5 | 17.6 |
| 1975 | 294 | 261.1 | 15.6 |
| 1976 | 213 | 278.8 | 12.7 |
| 1977 | 271 | 514.0 | 19.4 |

(figures for 1977 incomplete due to one more month for the year.)

MEMORANDUM

TO: Dick Berg
 FROM: Herman Beukers, Supt. of Public Works
 SUBJ: Island Lake Roads
 DATE: November 21, 1978

In accordance with your instructions, the following information is submitted:

MAINTAINABLE ROADS

| | |
|--|------------|
| Island Lake Road from Mill Bay to Lake | 2,500 feet |
| Back Island Lake Road (Platted) | 3,800 feet |
| Balika from Island Lake to Mill Bay Road | 2,500 feet |
| Road from Island Lake to Mike Brechan's | 750 feet |
| Ram Site Road | 1,900 feet |

2 1/5 Miles TOTAL 11,450 feet

It is estimated that the cost per mile for maintaining roads, which includes grading, drainage, snow removal and dust control will be approximately \$12,000 per mile per year.

| | |
|---------------------|------------|
| Shahafka Acres Road | 1,600 feet |
| Melnitsa Lane | 200 feet |

TOTAL 1,800 feet

The above roads will be maintainable with some surfacing work and widening which can be done with City forces. The estimated cost to upgrade these two roads is \$7,200. They then would be part of the maintainable system which would then consist of two and one-half miles of road.

The area is gaining access to its lots on roads that are barely trails and are not constructed in the platted right-of-ways. Eventually the proper roads will have to be constructed. Some could be built in the platted right-of-way, others, especially on the back side, would require acquisition of the right-of-way.

Because of the timber in the area and normal construction problems, it is estimated construction costs would be high, especially as we are required to follow our ordinance which states the right-of-way shall be cleared and a 40 foot gravel surface street shall be constructed. It is estimated that the cost would be \$400,000 per mile. This figure is based on Brechan's costs on Lake View Drive in the area with a 20% (10% a year) inflation factor.

HITB/lkg

TYPICAL ASSESSMENTS

11-21-78

WATER DISTRIBUTION SYSTEM

ESTIMATED TOTAL PROJECT COST \$1,112,460.00
 LESS ADEC GRANT (50%) 556,230.00
 CITY CONTRIBUTION \$556,230.00
 ASSESSABLE AREA 3,000,000 s.f.

ASSESSMENT -
 $\frac{\$556,230}{3,000,000 \text{ s.f.}} = \$0.185410/\text{s.f.}$

SHANAFKA ACRES \$5,291.14
 Block 1, Lot 5A
 28,538 s.f.

MILLER POINT 1st ADD. \$4,311.38
 Block 5, Lot 2
 23,253 s.f.

ISLAND LAKE SUBDIVISION \$1,254.30
 Block 1, Lot 8
 6765 s.f.

ISLAND LAKE SUBDIVISION \$1,668.69
 Block 1, Lot 5
 9,000 s.f.

TYPICAL ASSESSMENTS

11-21-78

WASTEWATER COLLECTION SYSTEM

I. MISSION ROAD

ESTIMATED TOTAL PROJECT COST \$343,620
 LESS ADEC GRANT (50%) 171,810
 CITY CONTRIBUTION \$171,810

ASSESSABLE AREA 1,147,075 s.f.

ASSESSMENT -
 $\frac{\$171,810}{1,147,075 \text{ s.f.}} = \0.149781

U.S.S. 3100 \$2,696.06
 Lot 7
 18,000 s.f.

U.S.S. 3100 \$3,594.74
 Lot 16
 24,000 s.f.

U.S.S. 3101 \$3,819.41
 Lot 3
 25,000 s.f.

U.S.S. 3101 \$2,022.04
 Lot 7
 13,500 s.f.

U.S.S. 3101 \$5,392.11
 Lot 21 A
 36,000 s.f.

II ISLAND LAKE - DARK LAKE AREA

| | |
|-------------------------------------|-------------------|
| ESTIMATED TOTAL PROJECT COST | #2,088,240 |
| LESS EPA GRANT (75% of Interceptor) | 536,445 |
| LESS ADEC GRANT (50% of City Cost) | <u>775,897.50</u> |
| CITY CONTRIBUTION | #775,897.50 |

ASSESSABLE AREA 2,842,655 s.f.

ASSESSMENT -

$$\frac{\$775,897.50}{2,842,655 \text{ s.f.}} = \$0.272948$$

SHAHAFKA ACRES #7,789.26
 Block 1, Lot 5 A
~~552~~ 28,538 s.f.

MILLER POINT 1st ADD. #6,346.92
 Block 5, Lot 2
 23,253 s.f.

ISLAND LAKE SUBDIVISION #1,846.49
 Block 1, Lot 8
 6765 s.f.

ISLAND LAKE SUBDIVISION #2,456.53
 Block 1, Lot 5
 9,000 s.f.

Approved 10/20/78

STATE OF ALASKA
 FFY 79
 PROJECT PRIORITY LIST

| Rank | Project | Score | EPA Project Number | Project Step | Target Award Date | Project Description * | Est. Eligible Cost \$1,000 | EPA Grant Amount \$1,000 | Cummulative Total \$1,000 | FFY 79 Cummulative Total \$1,000 |
|------|--------------------------------------|-------|--------------------------|-----------------|-------------------------|-----------------------------|----------------------------------|--------------------------------|---------------------------------|---|
| 1 | Eagle River | 980 | C-020061-02 | 3 | 79 | STP | 4,953 | 3,715 | 3,715 | 3,715 |
| 2 | King Salmon (Bristol Bay Borough) | 960 | C-020081-02 | 2 & 3 | 79 | INT & STP | 2,762 | 2,072 | 5,787 | 5,787 |
| 3 | Fairbanks Sludge Disposal | 930 | C-020083-01 | 1 | 79 | Upgrade | 40 | 30 | 5,817 | 5,817 |
| 4 | Fairbanks Sludge Disposal | 920 | C-020088-02 | 2 | 80 | Upgrade | 200 | 150 | 5,967 | --- |
| 5 | Fairbanks Sludge Disposal | 910 | C-020088-03 | 3 | 80 | Upgrade | 2,000 | 1,500 | 7,467 | --- |
| 6 | Seward | 884 | C-020051-02 | 2 | 79 | INT & STP | 388 | 291 | 7,758 | 6,108 |
| 7 | Soldotna | 880 | C-020076-03 | 3 | 79 | STP | 2,003 | 1,502 | 9,260 | 7,610 |
| 8 | Anchorage I/I & SSES | 880 | C-020087-01 | 1 | 79 | Rehab | 1,000 | 750 | 10,010 | 8,360 |
| 9 | Seward | 874 | C-020051-03 | 3 | 80 | INT & STP | 6,782 | 5,087 | 15,097 | ---- |
| 10 | Ketchikan Phase II | 832 | C-020053-04 | 3 | 80 | INT & STP | 7,849 | 5,887 | 20,984 | --- |
| 11 | Kodiak Island Lake | 830 | C-020069-01 | 1 | 79 | INT | 40 | 30 | 21,014 | 8,390 |
| 12 | Sitka Phase I | 828 | C-020052-03 | 3 | 79 | STP | 8,288 | 6,216 | 27,230 | 14,606 |
| 13 | Kodiak Island Lake | 820 | C-020069-02 | 2 | 80 | INT | 325 | 244 | 27,474 | --- |
| 14 | Wasilla | 818 | C-020073-02 | 2 | 79 | INT & STP | 450 | 358 | 27,812 | 14,944 |
| 15 | Nome | 810 | C-020062-03 | 3 | 79 | STP | 2,378 | 1,784 | 29,596 | 16,728 |

| | | | | | | | | | | |
|----|-------------------------------|-----|-------------|-------|----|-----------|-------|-------|--------|--------|
| 16 | Kodiak Island Lake | 810 | C-020089-03 | 3 | 81 | INT | 4,857 | 3,628 | 53,224 | --- |
| 17 | Naknek (Bristol Bay Borough) | 795 | C-020082-02 | 2 & 3 | 80 | INT & STP | 2,762 | 2,072 | 35,296 | --- |
| 18 | Anchorage 78" W. Interceptor | 790 | C-020087-10 | 3 | 80 | INT | 8,250 | 6,188 | 41,484 | --- |
| 19 | Kenai | 784 | C-020077-02 | 2 | 79 | INT & STP | 180 | 135 | 41,619 | 16,863 |
| 20 | Fairbanks Ballaine Lake | 770 | C-020083-02 | 2 | 79 | INT | 50 | 38 | 41,657 | 16,901 |
| 21 | Fairbanks Ballaine Lake | 760 | C-020083-03 | 3 | 80 | INT | 500 | 380 | 42,037 | --- |
| 22 | Wasilla | 758 | C-020073-03 | 3 | 80 | INT & STP | 6,983 | 5,237 | 47,274 | --- |
| 23 | Homer Spit | 750 | C-020056-02 | 2 & 3 | 79 | STP | 492 | 369 | 47,643 | 17,270 |
| 24 | Unalaska | 731 | C-020064-02 | 2 | 79 | INT & STP | 550 | 413 | 48,056 | 17,683 |
| 25 | Sitka Phase II | 730 | C-020052-04 | 3 | 80 | INT | 6,738 | 5,054 | 53,110 | --- |
| 26 | Sitka Phase III | 730 | C-020052-05 | 3 | 81 | INT | 5,475 | 4,106 | 57,216 | --- |
| 27 | Kenai | 724 | C-020077-03 | 3 | 79 | INT & STP | 3,570 | 2,678 | 59,894 | 20,361 |
| 28 | Unalaska | 721 | C-020064-03 | 3 | 80 | INT & STP | 8,200 | 6,150 | 66,044 | --- |
| 29 | Ketchikan Phase I | 715 | C-020053-03 | 3 | 79 | INT & STP | 7,231 | 5,423 | 71,467 | 25,784 |
| 30 | Fairbanks Airport Interceptor | 680 | C-020084-01 | 1 | 79 | INT | 40 | 30 | 71,497 | 25,814 |
| 31 | Fairbanks Airport Interceptor | 670 | C-020084-02 | 2 | 80 | INT | 700 | 525 | 72,022 | --- |
| 32 | Seldovia | 661 | C-020071-02 | 2 | 79 | INT & STP | 107 | 80 | 72,102 | 25,894 |
| 33 | Fairbanks Airport Interceptor | 660 | C-020084-03 | 3 | 81 | INT | 7,420 | 5,565 | 77,667 | --- |
| 34 | Whittier | 653 | C-020080-02 | 2 & 3 | 79 | INT & STP | 1,850 | 1,388 | 79,055 | 27,282 |
| 35 | Seldovia | 651 | C-020080-03 | 3 | 80 | INT & STP | 1,920 | 1,440 | 80,495 | --- |
| 36 | Eagle River Road Interceptor | 640 | C-020061-03 | 2 | 79 | INT | 76 | 57 | 80,552 | 27,339 |
| 37 | Eagle River Road Interceptor | 630 | C-020061-06 | 3 | 79 | INT | 814 | 611 | 81,163 | 27,950 |



City of Kodiak

SPECIAL REPORT

ANNEXATION

The area outlined below has been recommended for Annexation by the State of Alaska Boundary Commission. It generally encompasses the area from the existing City limits to Spruce Cape along the water — then to Abercrombie and along Lake View Drive.

ISLAND LAKE ANNEXATION HISTORY

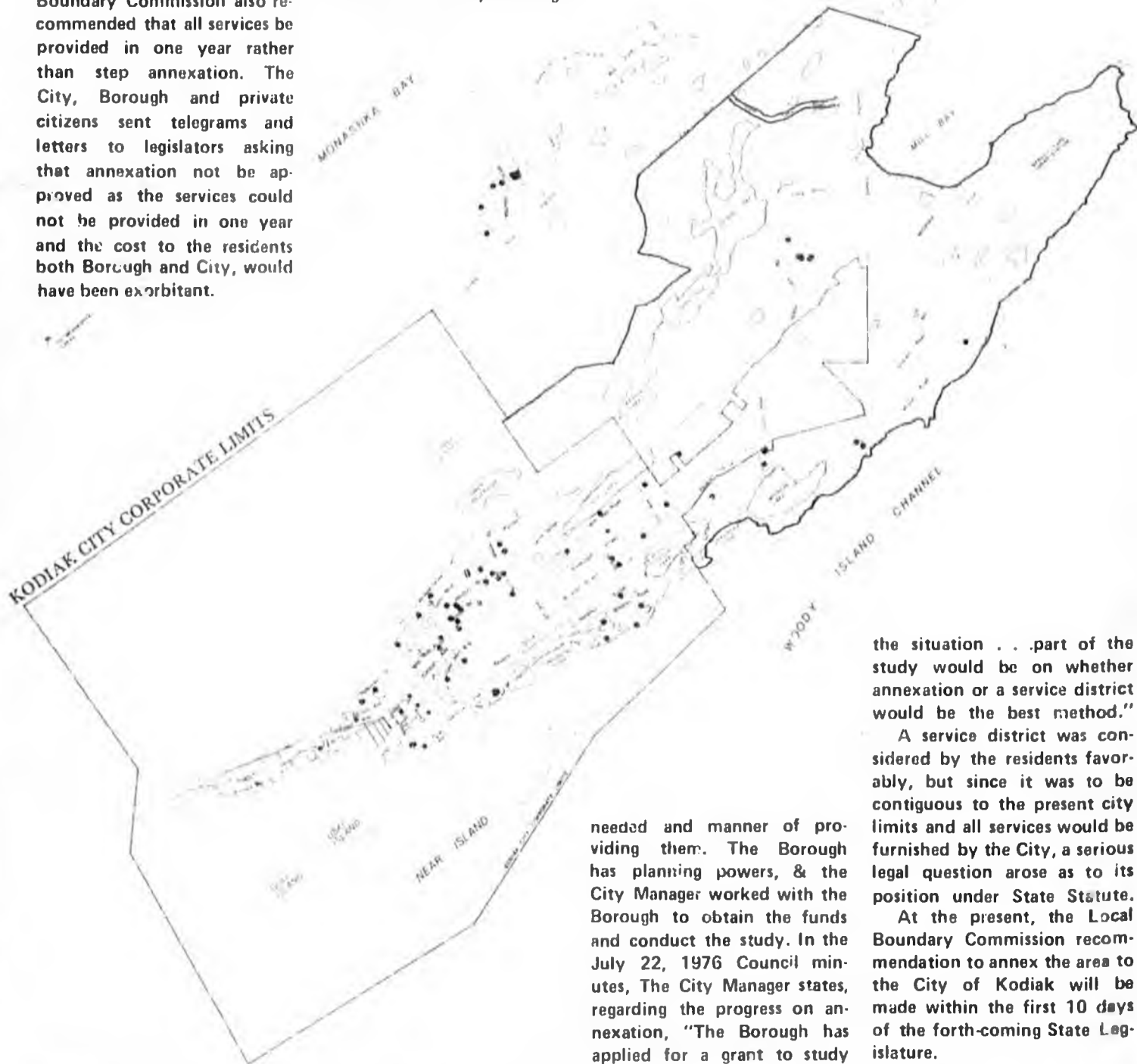
In 1968, the first attempt at annexing Island Lake and Spruce Cape occurred. The main reason for the residents request appears to be fire protection. An election was held and the annexation question was defeated.

In 1970, the Borough initiated step annexation of certain areas (including Island Lake). The Boundary Commission recommendation included a larger area. The Boundary Commission also recommended that all services be provided in one year rather than step annexation. The City, Borough and private citizens sent telegrams and letters to legislators asking that annexation not be approved as the services could not be provided in one year and the cost to the residents both Borough and City, would have been exorbitant.

In 1972, petitions were received from Island Lake residents requesting annexation. However, Municipal Boundary regulations were being revised by the State. After the new regulations were established, the City was told that the petition would have to be done under the new regulations. The City Manager at that time, met several times with the residents of Island Lake concerning annexation.

Then the City Manager

discussed the problem with the Council and it was agreed that the City should proceed rather than asking the people to present another petition. It was then discovered that planning Grant funds would be available for a comprehensive study of the services



the situation . . . part of the study would be on whether annexation or a service district would be the best method."

A service district was considered by the residents favorably, but since it was to be contiguous to the present city limits and all services would be furnished by the City, a serious legal question arose as to its position under State Statute.

At the present, the Local Boundary Commission recommendation to annex the area to the City of Kodiak will be made within the first 10 days of the forth-coming State Legislature.

needed and manner of providing them. The Borough has planning powers, & the City Manager worked with the Borough to obtain the funds and conduct the study. In the July 22, 1976 Council minutes, The City Manager states, regarding the progress on annexation, "The Borough has applied for a grant to study

CITY RESIDENTS CHARGES FOR SERVICES

— BY MILL RATE —

PRESENT CITY

ANNEXATION AREA

| | 1978/79 Budget | Less: | Charges for Services Cargo | | | Payments From Sales Tax | | % | X 9.1 Mills | X | 1978/79 Real Property Assessed Valuation | |
|-------------------------------|--------------------|-------|----------------------------|-----------------|-----------------------|-------------------------|--------------------|-------------|-------------|----------|--|----------------|
| | | | Cargo Dock | Boat Harbor | Water/Sewer Utilities | | | | | | | |
| Legislative & Legal | 72,500 | | | | | | | | | | 17,646,115 | 3,353 |
| Executive | 79,660 | | 4,672 | 9,983 | 7,966 | | | | | | | 3,000 |
| City Clerk | 86,358 | | 2,892 | 4,376 | 8,752 | | | | | | | 3,353 |
| Finance | 242,799 | | 19,604 | 11,541 | 34,708 | | | | | | | 8,647 |
| Police | 873,129 | | | | | | | | | | | 42,174 |
| Fire | 351,284 | | | | | | | | | | | 16,940 |
| Public Works | 771,650 | | 91,862 | 4,000 | 359,061 | | | | | | | 18,175 |
| Parks & Recreation | 111,802 | | | | | | | | | | | 5,470 |
| Library & Museum | 172,679 | | | | | | | | | | | 8,294 |
| Engineering | 184,092 | | | | | | | | | | | 8,823 |
| Non-Departmental | | | | | | | | | | | | |
| Borough Personal Property Tax | 431,600 | | | | | | | | | | | 20,822 |
| Capital project transfer | 588,807 | | | | | 588,807 | | | | | | |
| Bond Payments | 137,158 | | | | | | | | | | | 6,705 |
| Miscellaneous (1) | 306,356 | | | | | | | | | | | 14,823 |
| Totals | \$2,409,874 | | \$59,030 | \$23,900 | \$410,487 | \$588,807 | \$3,327,650 | 100% | 9.10 | X | \$17,646,115 | 160,579 |

| | |
|---------------------------------|----------------|
| (1) Insurance | 115,000 |
| Public utilities, Street Lights | 80,000 |
| Council on Alcoholism | 204,60 |
| Senior Citizens of Kodiak | 2,500 |
| Miscellaneous | 39,000 |
| Contingency | 44,396 |
| Total | 306,356 |



Rates vary within Districts depending on distance of dwelling from Hydrants & Station as well as accessibility.

HOMEOWNERS FIRE INSURANCE RATING AS THE AREA IS AT THIS TIME (example)

| Town Class | House Valuation | Island Lake Area Class |
|------------|--------------------------------------|------------------------|
| Class 5 | | Class 9 |
| \$306 | \$50,000 | \$619 |
| | WITH FIRE SUBSTATION BUT NO HYDRANT | |
| \$306 | \$50,000 | \$536 |
| | WITH FIRE HYDRANTS BUT NO FIRE HOUSE | |
| \$306 | \$50,000 | \$338 |
| | WITH STATION & HYDRANTS | |
| \$306 | | \$306 |

The area that is presently served by contract with the city pays 2.3 mills for fire service.

EXAMPLES OF MILL RATES

| | | | |
|-----------------------------|-----|--------------|------|
| Borough | 7.0 | City | |
| Fire Service (Bell's Flats) | 2.3 | All services | 16.1 |
| | 7.2 | | |

Borough residents in the proposed annexation area now pay:

| | |
|--------------|------------|
| Borough | 7.0 |
| Fire Service | 2.3 |
| Total | 9.3 |

Borough residents at Bell's Flats pay:

| | |
|--------------|-------------|
| Borough | 7.0 |
| Road Service | 7.2 |
| Total | 14.2 |



WHAT ABOUT PARKS/RECREATION/LIBRARY

City Recreation Program system utilized approximately /
City Library System utilized approximately

28% Borough
40% Borough

Residents outside the City
Residents outside the City

Expanded Library Service expected for additional Boro/City Residents as Funds allow

Suggested Park Development Priority

1. Mill Bay Ocean Park
2. Boy Scout - Island Lake
3. Russian Mill Site - Mill Bay
4. Park at Oceanside - Abercrombie (Cry of Ram) Area.

List of Programs

- Teen Center
- City League Volleyball
- Badminton
- Women's Exercise Program
- Swimming Pool Superision & Lessons
- Summer Recreation Program
- Tennis Lessons & Tournaments
- Softball and Baseball
- Cross Country Ski Classes
- Special Recreation for Handicapped
- Crab Festival Games
- A.A.U. Programs - Swimming

WHAT ELSE WOULD YOU
LIKE CONSIDERED ?

WHAT ABOUT WATER & SEWER



The City of Kodiak engineering department has been doing preliminary planning for water and sewer service to the proposed annexation area so that construction could begin as soon as possible, if annexation were approved. Previous studies have been incorporated. It is anticipated that grants will be received for 50% to 75% of the costs.

The City has to the best of its ability incorporate the previous work of the citizens and engineering firm retained by the Borough. Plans showing proposed water and sewer lines will be available at the public meeting.

One unusual concept advanced is to allow acceptable Septic Systems in low density hard to reach areas in order to keep cost down and to allow assessment relief for the life of the System. Detailed engineering can not be realized until annexation is a reality & appropriate Grant monies can be applied for.

WHAT ABOUT ROADS

1st Priority?

1. Unamed Road in U.S.S. 3457
2. Track A Island Lake
3. Unamed Road in U.S.S. 3219, 3103, 3464 Island Lake
4. Cliffside & Cliffside Loop
5. Seabreeze & Woodland
6. Unamed Road in U.S.S. 3099



2nd Priority? What else should be done.

Reconstruct for purpose of snow removal, road grading, fire & police coverage.

There are 2½ miles of maintainable roads in the area. Maintenance means grading, drainage, snow removal and dust control.

With a minimum of work another 2½ miles of road would be maintainable.

WHAT ABOUT POLICE

Available on maintainable road system with one year or more additional coverage of state police - dispatch available on personal, telephone, or C.B. contact. Additional policemen and vehicles will be added as necessary to cover the entire area.

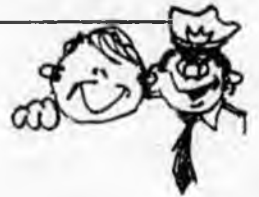


DIFFERENTIAL TAXATION?

WHAT IS IT? A method of allowing new residents a break on taxation until they receive the same type and quantity of services as other residents.

Zone No. 1

Generally that area next to Mission Road outside the present boundaries that may enjoy all City services afforded present City residents. Present Mill Rate for City purposes at 100% would apply.



Zone No. 2

Generally that area north of Mill Bay USS 2467, Shafaka Acres, Block 7 Monashka Bay subdivision that cannot receive full services. Mill Rate at 75% would apply.

Zone No. 3



Generally that area of Woodland Acres, and back of Island Lake that the city is presently unable to reach adequately with fire & police due primarily to present road conditions. 50% of the City Mill rate.

SEE THE CITY'S MAP

EARLY & SPECIAL REPRESENTATION

Early representation is afforded by a City Charter provision which allows any resident who has lived in the newly annexed for 2 years and in Alaska for 3 years the ability to run for Mayor or Council.

Also, the City Council by special provision will ask for the election of a special representative from the annexed area to serve as an advisor with the council for 3 years. Residents of the annexed area will of course vote for all council members and mayor as their respective terms expire.

THE CITY MADE THE FOLLOWING PROMISES IN RESOLUTION NO. 24 - 78

CITY OF KODIAK
RESOLUTION NO. 24 - 78

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska as follows:

1. The City will, to the extent possible, establish and implement in the areas to be annexed, a system of differential taxation for any such areas that do not receive all services of the City supported by taxation or which receive these services at a level different from that provided in other areas of the City.

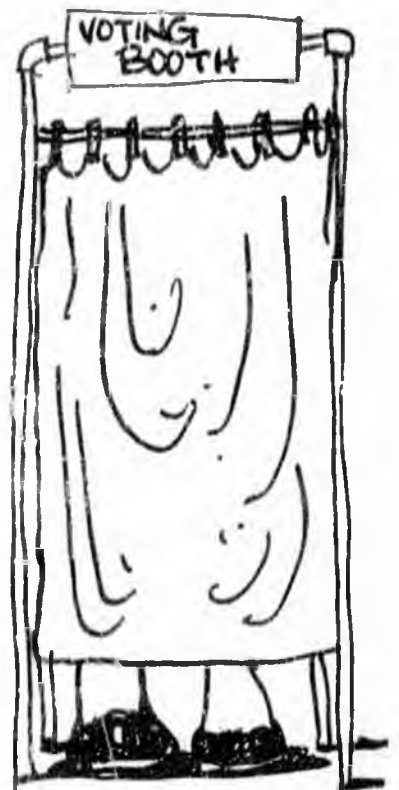
2. The City Manager is hereby directed to develop tentative plans for the provision of services to the areas proposed for annexation and to determine whether the City may be prevented by requirements for capital improvements or for other reasons from providing full services to portions of those areas for any temporary period of time. On or before October 1, 1978, the City Manager shall report to the Council and advise of the areas where provision of full services may be temporarily delayed, the level of service that will be provided and the estimated differential in cost between full services and the services to be provided.

3. The City Manager and the City Attorney shall explore existing legal requirements regarding residency requirements for voting and elective office, and the existing number of Council Members and make recommendations to the Council on or before October 1, 1978, regarding possible changes in law or policy to provide residents of newly annexed areas with representation within the City comparable to that currently available to City residents, and any recommendations regarding required changes in ordinances to implement that objective.

4. The City shall engage in an information program regarding the proposed annexation with the objective of making the public and the legislature aware of the need for and benefits of annexation, and shall employ the services of a qualified person, to the extent determined advisable, to actively support approval of the annexation by the Alaska legislature.

PASSED AND APPROVED this 24th day of August, 1978.

LET THE CITY KNOW WHAT OTHER WRITTEN PROMISES YOU WANT:



GOT A QUESTION?

| Annexation Committee: | Phone Number |
|------------------------------|--------------|
| Bob Waage | 486 - 4493 |
| Emil Norton | 486 - 5178 |
| Marion Johnson | 486 - 5171 |
| Bob Brooks | 486 - 5815 |
| Nick Szabo | 486 - 3853 |
| Pete Resoff | 486 - 4463 |
| City Manager - Clair Harmony | 486 - 3224 |

PUBLIC MEETING

These Ideas are proposals and the City Needs your input.

A Public meeting with the Annexation Committee will be held on December 12, 1978 at 7 p.m. in the Council Assembly Chambers.



1962 - LEGISLATIVE BOUNDARY COMMISSION
 REVIEW COMMITTEE RECOMMENDATION TO AMEND
 1978:
 1) CITY IS COMPACT
 2) TERRITORY NEXT TO CITY
 3) ... 45,000
 QUESTION: ARE (ECONOMIC, ...) ...

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CITIZENS

- LOUIS LINDSON

SPRUCE COPE

- JO HUTON

SPRUCE COPE

+ TOM SWEENEY

BUSINESSMAN

- CHUCK PSWELL

C-C

- T.T. JACKSON

TRAILER MAN (OUTSIDE)

- MARVIN RANDOLPH

SPRUCE COPE

- DEWITT FIELDS

INSIDE AND OUTSIDE

- TOM SIMPLER

MILL BAY

- JUKE JUELSON

SPRUCE COPE

- DICK JUELSON

SPRUCE COPE

+ EDWIN LECHNER

CITY COUNCIL (C-1)

- DON OGG

... (MAYBE NOT HERE)

+ GAYNE HATCHER

CITY COUNCIL

- JOE WELLS

... (MAYBE NOT HERE)

- JIM ESKUS

SPRUCE COPE

- DICK POYB

SPRUCE COPE

- BOB SZABO

ISLAND LAKE

- ELLEN AND BILL RYS

ISLAND LAKE

- PETER BOULEY

ISLAND LAKE

| | | | |
|-----------|-----------------|-----------|-------------------------------------|
| + PETER | <u>RESOFF</u> | CLIFFSIDE | POOD |
| - BILL | <u>BARKER</u> | WOODLAND | UCKES |
| | <u>DICK</u> | CITY | (Cresthill Council + Discretionary) |
| + MORLON | <u>JOHNSON</u> | | |
| - DUKE | <u>CHANDLER</u> | | |
| + KIM | <u>POLLARD</u> | CITY | (and BOLDING) |
| + JON | <u>FILIP</u> | ISLAND | LAKE |
| - TOM | <u>LOHAN</u> | CITY | |
| + BOB | <u>BROWN</u> | SPRING | CAPE |
| - DOLLO | <u>PAGE</u> | SPRING | CAPE |
| - | <u>OH</u> | SPRING | CAPE |
| - MICHAEL | <u>LI GAY</u> | SPRING | CAPE |
| - DR. BOB | <u>JOHNSON</u> | | |
| - TIM | <u>DURDS</u> | SPRING | CAPE |
| - DOUG | <u>DALTON</u> | ISLAND | LAKE |
| - JOHN | <u>WIDENEN</u> | MILLER | POINT |
| - WALTER | <u>BUSH</u> | CITY | |
| - BILL | <u>GLAN</u> | CITY | (...) |
| - JOHN | <u>PEREZ</u> | CRESTHILL | (Cresthill Subdivision) |
| + MARIE | <u>CORY</u> | CITY | <u>SIEMENS</u> |
| - DUANE | <u>FREEMAN</u> | ISLAND | LAKE |
| + TOM | <u>WELBY</u> | CITY | (+ BOND) |
| + ERIC | <u>NORSON</u> | CLIFFSIDE | |
| - TONY | <u>PEREZ</u> | SPRING | CAPE |

STATIONERY DEPT.
COUNTY

Unification Vote Oct. 3, 1979

| | | YES | NO |
|---------|-----------|-----|-----|
| Madison | In City 1 | 95 | 137 |
| | 2 | 80 | 143 |
| | 3 | 107 | 148 |
| | | 282 | 428 |

Total Votes Cast 486 1003

DOCUMENTS/ Basic

1. Map
2. Local Boundary Commission Recommendations re Annexation
3. HJR 10
4. SJR 12
5. 19 AAC 05.010 re Annexation Standards
6. Testimony of Jack Chenoweth to House C&RA Committee re role of State in review of Annexations
7. Memo from Jack Chenoweth re courses of action open to Legislature
8. Kramer, Chin, Mayo Kodiak Island Borough Comp. Plan

KODIAK BOROUGH/Documents

- A. Statement of the Position of the Commanding Officer, U.S. Coast Guard Support Center, Kodiak, with respect to the Proposed Annexation of the U.S. Coast Guard Support Center, Kodiak
- B. Respondent's Brief in Matter of Annexation of Certain Property along the Mill Bay Road (Dec. 9, 1977)
- C. Respondent's Brief re Proposed Annexation of Certain Lands in Kodiak Urban Areas to the City of Kodiak (May 19, 1978) with summary statement.
- D. Kodiak Island Borough Economic Analysis, by G. Hoyden Green Ph.D., and P.J. Hill, Ph.D.
- E. Memorandum, May 19, 1978, to Local Boundary Commission from Kodiak Island Borough re Local Boundary Commission Report Proposing Annexation of Certain Borough Lands to the City of Kodiak

CITY OF KODIAK/Documents

- I Letter from Ivan Widom, City Mgr., re Kodiak Island Borough Ordinance 77-35-0, Nov. 14, 1977
- II Notice of Public Hearing re annexation of Mill Bay Road Area, Dec. 12, 1977
- III Letter from Ivan Widom, City Mgr., to Sigvald Strandberg, re reply to Respondent's Brief, Dec. 16, 1977
- IV Kodiak Mirror Article, March 28, 1978
- V Letter from City of Kodiak re general City/Borough problems, April 24, '78
- VI Letter to Sheila Gallagher, Chairman, Local Boundary Commission, from Ivan Widom, City Mgr., re City services and Proposed Annexation Budget, 5/20/78

LOCAL BOUNDARY/Documents

- 100 AS 44.19.250.300 re Creation of Local Boundary Commission
- 101 Report to Local Boundary Commission on the Proposal to Annex Certain Lands to the City of Kodiak, by Dept. of C/RA, Dec. 8, 1977
- 102 Report to Local Boundary Commission on Proposal to Annex Certain Lands in the Kodiak Urban Areas to the City of Kodiak, by Dept. of C&RA, May 17, 1978

CHRONOLOGY OF EVENTS
RELATED TO ANNEXATION

- Oct. 19, 1977 City submits petition for annexation of the Mill Bay Road area.
- Dec. 12, 1977 Mill Bay Road /Cutoff Road Annexation/ Public Hearing by Local Boundary Commission in Kodiak.
As a result of the December hearing, the Commission elected to postpone action on the City's petition.
- Spring, 1978 Borough plans election on the establishment of a service area for sewer, water and roads. The area roughly covers the same area as the existing Fire District I. (Monashka Mill Bay)
City asks for injunction claiming the election should not be held as services should be provided by annexation. Court ruled that the election be held.
- April 18, 1978 Establishment of Mill Bay Monashka Service Area (water, sewer, roads) approved by voters.
- May 17, 1978 Department of Community & Regional Affairs report to the Local Boundary Commission on the Proposal to Annex Certain Lands in the Kodiak Urban Areas.
- May 20, 1978 Public Hearing in Kodiak held by Local Boundary Commission to consider annexation of Spruce Cape, Mill Bay, Monashka Bay and the U.S. Coast Guard Station to the City of Kodiak.
- August 16, 1978 Final decisional meeting held by Local Boundary Commission.
- October 3, 1978 Voters of both the City of Kodiak and of the areas outside the City of Kodiak reject unification, of the City and Borough. (005-486/428-282)
- January 23, 1979 Local Boundary Commission submits recommendation for annexation of the Spruce Cape and Mill Bay areas to the City of Kodiak for legislative review.

BASIC

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 31, 1979

SUBJECT: Annexation to the City of Kodiak

TO: Representative Bill Parker, Chairman
House Community & Regional Affairs Committee

FROM: John B. Chenoweth, Legislative Counsel

May I take this opportunity to clarify and expand on one point of discussion and inquiry concerning yesterday's testimony.

I suggested that I thought there were four courses of action open to the Legislature with respect to the Local Boundary Commission's recommendation to annex territory to the City of Kodiak. It could, of course, adopt HJR 10, setting aside the recommendation in its entirety. It could, in the alternative, take no action, allowing the annexation to become effective sometime around March 9.

The other alternatives derive from the precedent of an annexation to the City of Seward in 1954. In that year, the Legislature provided that an extensive area to the north of that city be made a part of the municipality. In the next year, 1965, the Legislature sought to provide by direct legislation for detachment of the territory. The House adopted the measure, but the Senate substituted its own resolution, asking the Local Boundary Commission to reconsider portions of the 1964 recommendation during the following interim. The Commission did respond to the Senate's request, submitting a recommendation in 1966 by which portions of the territory which was earlier annexed by Legislative act was subsequently detached. This recommendation was reviewed by the Legislature and not annulled, thus effecting a second boundary adjustment to the City of Seward.

Representative Bill Parker
Page 2
January 31, 1979

I would see, then, the precedent of the Seward annexation as a third possible alternative, together with its converse, the adoption of HJR 10 (annulling the Kodiak City annexation) and the adoption of a separate concurrent resolution requesting the Boundary Commission to reconsider its decision. Representative Parr's observation to the effect that the Legislature cannot "guarantee" a Local Boundary Commission is entirely correct, but I do think that this approach adds a little to the Legislature's ability to assure rational and equitable results in local boundary change matters.

JBC:nem

2665-66
2742-53
2789-61

Extended Home Rule Powers

SECTION 10. The legislature may extend home rule to other boroughs and cities.

Boundaries

SECTION 11. A home rule borough or city may exercise all legislative powers not prohibited by law or by charter.

SECTION 12. A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local government boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission or board, subject to law, may establish procedures whereby boundaries may be adjusted by local action.

Agreements: Transfer of Powers

SECTION 13. Agreements, including those for cooperative or joint administration of any functions or powers, may be made by any local government with any other local government, with the State, or with the United States, unless otherwise provided by law or charter. A city may transfer to the borough in which it is located any of its powers or functions unless prohibited by law or charter, and may in like manner revoke the transfer.

Local Government Agency

SECTION 14. An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities; collect and publish local government information, and perform other duties prescribed by law.

Special Service Districts

SECTION 15. Special service districts existing at the time a borough is organized shall be integrated with the government of the borough as provided by law.

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THE PERSONS WHO APPEAR BEFORE YOU MAY BE AS BROAD, AS IMAGINATIVE, EVEN AS UNRELATED TO THE PARTICULARS OF THE SUBJECT MATTER BEFORE YOU AS IT IS POSSIBLE FOR THEM TO BE. THERE ARE NO LIMITATIONS ON WHAT YOU MAY REQUIRE: THERE IS BUT ONE THING THAT YOU MAY DO -- THE RESOLUTION OFFERED BY MR ZHAROFF IS THE VEHICLE FOR ANNULING THE RECOMMENDED ANNEXATION IN ITS ENTIRETY; YOU CANNOT REDRAW THE LINES. (THAT IS NOT TO SAY THAT, IN THE EVENT YOU CHOOSE TO RECOMMEND ANNULMENT, YOU CANNOT ADOPT THE RESOLUTION OF MR ZHAROFF BUT, AT THE SAME TIME, REQUIRE THE COMMISSION TO RECONSIDER SPECIFIC BOUNDARY CHANGES OF THE CITY, SPECIFYING THE AREAS OF YOUR CONCERN. ALTERNATIVELY, IF THERE ARE AREAS WHICH THE BOUNDARY COMMISSION EXCLUDED FROM ANNEXATION BUT WHICH YOU BELIEVE SHOULD BE RECONSIDERED FOR INCLUSION, YOU MAY DIRECT THAT, BY RESOLUTION, TO THE ATTENTION OF THE COMMISSION.)

NOW, I DON'T KNOW WHETHER THESE MUSINGS FULFILLED THE INTENT OF THE CHAIRMAN IN EXTENDING AN INVITATION FOR ME TO SIT IN THIS CHAIR. BUT I HOPE IT CONTRIBUTES SOMETHING TO YOUR DELIBERATIONS, AND THAT IT MAKES THIS EFFORT AT LEGISLATIVE REVIEW MORE MEANINGFUL TO YOU. I DON'T ENVY YOU THE TASK.

IF THERE ARE ANY QUESTIONS WITH RESPECT TO ANY OF THESE POINTS, I WILL TRY TO RESPOND.

THANK YOU.

MENT UNIT INVOLVED IN AN ANNEXATION, TO SEE WHETHER THE CITY (AS IN THIS INSTANCE) OR BOROUGH (IF THAT WERE THE CASE) WERE CAPABLE OF PROVIDING SERVICES THROUGHOUT AN EXPANDED AREA.

NEXT, I BELIEVE THE LEGISLATURE MAY PROPERLY INQUIRE INTO THE ANTICIPATED EFFECT OF THE BOUNDARY CHANGE OF THE PEOPLE INVOLVED, PRINCIPALLY THE RESIDENTS OF THE AREA IN QUESTION, BUT ALSO THOSE WHO ALREADY RESIDE WITHIN THE UNIT OF GOVERNMENT AND WHO MAY SEE CURRENT SERVICE LEVELS DILUTED IN AN EXTENSIVE AREAWIDE EXPANSION OR, IN THE ALTERNATIVE, AN INCREASE IN THE TAX BURDEN. TAXATION IS ALWAYS THE CENTRAL FACTOR IN ANNEXATION DECISIONS, BUT IT IS ALMOST NEVER PROPERLY FOCUSED. THE QUESTION IS NOT ONE OF TAX INCREASE THAT NORMALLY ATTENDS THE INCLUSION OF NEW TERRITORY INTO AN EXISTING TAX-LEVYING JURISDICTION, BUT RATHER, WHETHER, FIRST, LEVELS OF TAXATION CAN BE RELATED TO LEVELS OF SERVICE TO BE OFFERED AND, SECOND, WHETHER ANNEXATION, WITH ITS ATTENDANT TAX BURDEN CHANGES, WILL CONTRIBUTE TO A BETTER SHARING OF THE BURDENS AND OPPORTUNITIES FOR LOCAL GOVERNMENT THROUGHOUT A METROPOLITAN REGION, EVEN IF, AS IN THIS INSTANCE, THE METROPOLIS IS ONLY THE SIZE OF "GREATER KODIAK."

FOURTH, I WOULD SUGGEST AS A FACTOR OR ELEMENT WARRANTING LEGISLATIVE EXAMINATION IS THE RESULTANT RELATIONSHIP OF THE ANNEXATION ON CITY/BOROUGH RELATIONS. IN TWO DECADES, IT HAS BECOME RATHER CLEAR THAT THE THEORETICAL DIFFERENCES PERCEIVED BY THE FRAMERS OF THE CONSTITUTION WHICH WARRANTED A CONCLUSION ON THEIR PART THAT THERE BE TWO TYPES OF LOCAL GOVERNMENT -- THE CITY AND THE BOROUGH -- GIVE RISE TO OTHER DIFFERENCES IN PRACTICE. CITY-BOROUGH RELATIONSHIPS THROUGH THE LAST 20 YEARS CAN ONLY BE DESCRIBED AS "STORMY."

THE CASE BOOKS AND MEETINGS OF MUNICIPAL GOVERNMENTS ARE REplete WITH THE RESULTS OF LITIGATION, THREATS OF LITIGATION, AND REACTIONS TO LITIGATION AS CITIES AND BOROUGHS STRIVE FOR POLITICAL ACCOMODATION, IF NOT FOR POLITICAL BALANCE. IN THREE MAJOR URBAN AREAS, ANCHORAGE, JUNEAU, AND SITKA, THE PROBLEM HAS BEEN RESOLVED BY UNIFICATION. IN OTHERS, NOTABLY FAIRBANKS AND KETCHIKAN, MINOR BOUNDARY ADJUSTMENTS HAVE SERVED TO ACHIEVE THAT BALANCE. THAT SAME PROCESS MAY NOW BE UNFOLDING IN THE KODIAK ANNEXATION. THE LEGISLATURE MAY DO WELL TO CONSIDER WHETHER FULFILLMENT OF THE ANNEXATION WILL HAVE AN EFFECT ON THE RANGE OF POLITICAL, SERVICE AND OTHER RELATIONSHIPS BETWEEN THE CITY AND THE BOROUGH AND WHETHER, IN THE SHORT-RANGE AND IN THE LONG-RUN, THOSE RELATIONSHIPS WILL GROW STRONGER.

FIFTH, LASTLY, IS THE OPPORTUNITY FOR THE LEGISLATURE TO REVIEW THE DECISION OF THE LOCAL BOUNDARY COMMISSION FOR COMPLIANCE WITH PROPER ADMINISTRATIVE PROCEDURES. WAS THE HEARING PROPERLY NOTICED? WERE THOSE IN ATTENDANCE GIVEN OPPORTUNITY TO COMMENT? DID THE COMMISSION ENTER A DECISION ON THE RECORD? DID THE COMMISSION ADHERE TO ITS OWN REQUIREMENTS? PROCEDURAL COMPLIANCE IS IMPORTANT. AT LEAST ONE ANNEXATION OF THE COMMISSION HAS BEEN SET ASIDE BY THE COURTS FOR FAILURE OF THE COMMISSION TO ATTEND TO STATUTORY REQUIREMENTS. THE LEGISLATURE COULD SAVE TIME AND LITIGATION BY REFUSING AN ANNEXATION, NO MATTER HOW MERITORIOUS, IF THERE HAS BEEN A SUBSTANTIAL FAILURE TO MEET ADMINISTRATIVE REQUIREMENTS.

THE PART OF THE LOCAL BOUNDARY CHANGE PROCESS WHICH REQUIRES OR ALLOWS LEGISLATIVE REVIEW OF A BOUNDARY COMMISSION DECISION IS VERY MUCH A POLITICAL PROCESS. THE INQUIRIES YOU DIRECT TO

*12/11
Jan P. 2
Kody
J. H. H.*

Introduced: 1/24/79
Referred: Community &
Regional Affairs

1 IN THE HOUSE

BY ZHAROFF

2 HOUSE JOINT RESOLUTION NO. 10

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to Local Boundary Commission
6 Recommendation I of January 23, 1979
7 for annexation of territory to the
8 City of Kodiak.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS, under art. X, sec. 12 of the Constitution of the State of
11 Alaska, the Local Boundary Commission has presented to the legislature its
12 Recommendation I of January 23, 1979, entitled "Recommendation for annexation
13 of territory to the City of Kodiak"; and

14 WHEREAS recommendations of the Local Boundary Commission presented to
15 the legislature become effective 45 days after presentation or at the end of
16 the session, whichever is earlier, unless disapproved by a resolution con-
17 curred in by the majority of the members of each house;

18 BE IT RESOLVED by the Alaska State Legislature that Local Boundary Com-
19 mission Recommendation I of January 23, 1979 for annexation of territory to
20 the City of Kodiak is disapproved.

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Introduced: 1/25/79
Referred: Community &
Regional Affairs

1 IN THE SENATE

BY MULCAHY

2 SENATE JOINT RESOLUTION NO. 12

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to Local Boundary Commission
6 Recommendation I of January 23, 1979
7 for annexation of territory to the
8 City of Kodiak.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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18 BE IT RESOLVED by the Alaska State Legislature that Local Boundary Com-
19 mission Recommendation I of January 23, 1979 for annexation of territory to
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TITLE 19. DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PART 1. LOCAL BOUNDARY COMMISSION

Chapter

- 05. Standards for Boundary Changes
- 10. Procedures for Boundary Changes
- 15. Boundary Changes by Local Action
- 20. Miscellaneous Provisions

CHAPTER 05. STANDARDS FOR BOUNDARY CHANGES

Article

- 1. Annexation to Cities
- 2. Detachment from Cities
- 3. Dissolution of Cities
- 4. Merger of Cities
- 5. Annexation to Organized Boroughs
- 6. Merger of Boroughs
- 7. Merger of City and Borough

ARTICLE 1. ANNEXATION TO CITIES

Section

- 10. Annexable territory
- 20. Application of standards
- 30. Annexation of incorporated territory

19 AAC 05.010. ANNEXABLE TERRITORY.

(a) Territory which is contiguous to a city may be annexed to that city if one or more of the following standards are met:

- (1) all land to which the territory is contiguous is within the city's boundaries; or
- (2) all land in the territory is wholly owned by the city; or
- (3) the territory is urban in character. In determining whether territory is urban in character, the commission may consider, without limitation, whether the property is platted or held for sale for urban, residential or commercial purposes, whether the population density of the territory approximates that of the annexing city, whether the population of the territory stems primarily from actual growth of the city beyond its legal boundaries, and

whether the property is valuable primarily by reason of its suitability for prospective urban purposes; or

(4) the territory is presently in need of a municipal service or services which the city can provide more efficiently than another municipality; or

(5) there is a likelihood that future growth and development of the city will occur within the territory and annexation of the territory will enable the city to plan for and control that development; or

(6) the health or safety of city residents is endangered by conditions existing or developing in the territory and annexation will enable the city to remove or alleviate those conditions; or

(7) the extension into the territory of city water, sewer, street, or other facilities, or of city police, fire, health or other services is necessary to enable the city to provide adequate service to city residents; and it is impossible or impractical for the city to extend such facilities or services unless the territory is within the city's boundaries; or

(8) residents of, or owners of property in, the territory receive or may be reasonably expected to receive the benefit of city services without commensurate tax contributions whether such services are rendered or received inside or outside the territory. In determining whether this standard is met, the commission will consider alternate methods available to the city for offsetting the cost of providing services to individuals or property beyond its property taxation powers; or

(9) the annexation is otherwise necessary to accomplish a valid public purpose.

(b) Territory which is not contiguous to the city may be annexed to the city if

(1) all the land in the territory is wholly owned or leased by the city or used primarily for the performance of city functions; and

(2) annexation is necessary to enable the city to achieve adequate control, protection or management of the property.

(c) Territory which does not meet the requirements of (a) of this section may nevertheless be annexed to a city if such territory lies between the city boundary and territory which could be annexed under (a) of this section but for the requirement of contiguity. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 05.020. APPLICATION OF STANDARDS. No annexation will be approved unless the annexing city demonstrates to the satisfaction of the commission that it is capable of extending and willing to extend services to the annexed area as follows:

(1) except in the case of an annexation pursuant to 19 AAC 10.190-19 AAC 10.240, full municipal services shall be extended to the annexed area immediately except where impossible for want of necessary capital facilities. Where full municipal services may not be provided immediately, the annexing city shall satisfy the commission that it will provide those services within a reasonable time;

(2) in the case of an annexation under 19 AAC 10.190-19 AAC 10.240, annexation will be approved only if the commission is satisfied that the city's plan for gradual extension of services is reasonably correlated with the gradual extension of taxation and provides for extension of full municipal services to the annexed area within the transitional period;

(3) notwithstanding (1) and (2) of this section, annexation by a city possessing authority to establish and operate differential taxation zones may be approved if the commission is satisfied that the city is willing and able to use such authority to

(A) provide the territory with such services as may be necessary; and

(B) insure that the annexed area is not subjected to unfair taxation for services not available in the annexed area;

(4) the commission may conduct public hearings or investigations subsequent to the effective date of any annexation to determine

whether the extension of services or taxation, and/or utilization of differential taxation zones, is proceeding in a reasonably expeditious and equitable manner. If the commission determines that the extension of services or taxation, and/or utilization of differential taxation zones, is not progressing in a reasonably expeditious and equitable manner, it may institute detachment proceedings under 19 AAC 05.050. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 05.030. ANNEXATION OF INCORPORATED TERRITORY. (a) In the case of any annexation of territory of another incorporated city, or of an incorporated borough which is providing services to the territory that the city will provide upon annexation, the commission will determine the method by which assets, debts, and liabilities are to be distributed between the city and the municipality formerly providing services.

(b) In determining the method of transfer of service responsibility, and the distribution of debts and assets, the commission will approve any fair and equitable agreement between the municipalities affected, but will independently review any proposed agreement.

(c) Territory which is part of an incorporated city shall not be annexed to another city unless the commission determines the annexation to be in the best interests of the annexing city, the municipality from which the annexed territory is taken, and the annexed area, all considered as a whole; and unless the commission determines that the annexation will not result in a temporary or permanent loss of service to the annexed area.

(d) No separate or additional proceedings are required for detachment of territory within an incorporated city or borough which has become annexed to another city, but the detachment is effected by and at the same time as the annexation itself. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

**CHAPTER 10. PROCEDURES
FOR BOUNDARY CHANGES**

Article

- 1. Annexation, Detachment, Merger, Incorporation and Dissolution
- 2. Step Annexation

**ARTICLE I. ANNEXATION,
DETACHMENT, MERGER,
INCORPORATION AND
DISSOLUTION**

Section

- 10. Petition
- 20. Petitioner
- 30. Form and contents
- 40. Exhibits
- 50. Briefs
- 60. Service
- 70. Review of petitions
- 80. Notice of petition
- 90. Call for hearing
- 100. Answering brief
- 110. Reply brief
- 120. Department report
- 130. Hearing
- 140. Decisional meeting
- 150. Non-compliance
- 160. Determination of procedure
- 170. Certification of boundary changes
- 180. Public meetings

19 AAC 10.010. PETITION. A request for a local government boundary change under this chapter is initiated by filing an original and six copies of a petition and supporting brief with the commissioner of the Department of Community and Regional Affairs. (Eff. 9/26/72, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.020. PETITIONER. (a) A petition may be initiated by

(1) a municipality whose boundaries are to be changed; or

(2) an organized borough in which the territory is located; or

(3) at least 10 percent of the qualified voters residing in the territory to be annexed, detached, or in the municipality to be dissolved, or in each municipality to be merged; or

(4) the Commissioner of the Department of Community and Regional Affairs.

(b) The person or entity initiating the petition shall be designated petitioner. (Eff. 9/26/72, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260

19 AAC 10.030. FORM AND CONTENTS. (a) The petition shall be addressed to the Local Boundary Commission and shall bear a caption which clearly identifies the nature of the boundary change and the municipality or municipalities whose boundaries are to be changed.

(b) The petition shall contain the following:

(1) the name, resident address and mailing address of each petitioner;

(2) the name and mailing address of the attorney or other representative designated by the petitioner(s) to receive service, notice, and all other correspondence relating to the proceedings on behalf of the petitioner(s);

(3) a legal boundary description of the territory affected by the proposed boundary change;

(4) the quantity of land contained in the territory;

(5) the assessed or estimated value of all taxable property, giving separate totals for real and personal property in the territory;

(6) the number of residents in the territory.

(7) the rate or rates at which real and personal property are taxed in the territory;

(8) the rate or rates of any sales tax levied by and/or collected in the territory.

(9) the amount and a full explanation of any outstanding bonded indebtedness for which the territory is wholly or partially responsible. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260 (a)(2)

19 AAC 10.040. EXHIBITS. There shall be appended to the petition the following exhibits:

(1) a map or maps showing

(A) the present boundaries of the territory whose boundaries are to be changed;

(B) the maps shall be sufficiently detailed to show all streets and roadways. All copies of the maps submitted as exhibits to copies of the petition shall conform in color and other distinguishing markings, to the original exhibit;

(2) also, an affidavit of the petitioner, or his representative or attorney who prepared the petition, indicating the source from which the information contained in the petition was acquired; and stating that a census or other reliable enumeration of the territory was conducted by him, or under his direct supervision, specifying the dates when the census or enumeration was begun and completed and verifying that it was taken accurately. If an official census has been made of the territory by the federal, state or municipal government within one year of the date of the petition, a copy of that census may be appended to the petition in lieu of a census affidavit;

(3) all inter-municipal agreements regarding transitional provisions of services and distribution of assets and liabilities;

(4) a certified copy of the resolution or ordinance authorizing the municipality to file the petition if the petitioner is a municipality;

(5) the affidavit of petitioner or his representative or attorney, that service of the petition has been made in compliance with sec.

60 of this chapter. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.050. BRIEFS. The petition shall be accompanied by a written brief. The brief shall fully set forth the reasons supporting the boundary change and shall demonstrate that the boundary change meets the standards prescribed in ch. 5 of this title. The commission may require such additional information as in its view will be useful for evaluation of the petition. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.060. SERVICE. (a) The petitioner shall by certified mail, serve a copy of the petition and brief, together with accompanying exhibits, upon every municipality in or adjoining the territory. Such service shall be made at the same time that the petition is filed with the Commissioner of the Department of Community and Regional Affairs.

(b) The petitioner shall arrange that the petition, exhibits and brief will be available for inspection by the general public at a designated place in or near the territory between the hours of 9:00 a.m. and 4:30 p.m. The affidavit required under sec. 40 of this chapter shall specify the exact location where the petition is available for inspection. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.070. REVIEW OF PETITIONS. The Department of Community and Regional Affairs shall review the petition and brief and determine whether they

(1) are in substantially the proper form; and

(2) contain the factual information required by these regulations.

If the department determines that the petition or brief is deficient as to form or content, it shall return the defective petition or brief to the

correction or completion. If the department determines that the petition and brief are in substantial compliance with these regulations, it shall notify the petitioner that the petition and brief have been accepted. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.080. NOTICE OF PETITION. (a) Upon receipt of notice from the department that the petition and brief have been accepted, the petitioner shall cause notice of the filing of the petition to be published in a newspaper of general circulation in the territory. Such notice shall be in the form specified by the Commissioner of the Department of Community and Regional Affairs and shall include a brief explanation of the proposed boundary change, the name of the petitioner, the name of each municipality whose boundaries are to be changed, and shall indicate the place where the petition and brief may be inspected by the public as provided in sec. 60 of this chapter.

(b) The petitioner shall furnish the Commissioner of the Department of Community and Regional Affairs with proof of compliance with (a) of this section. Upon receipt of such proof, the commissioner shall submit the petition and brief to the commission.

(c) No petition filed with the commissioner shall be deemed to be pending before the commission until the petition and brief have been submitted to the commissioner pursuant to this section. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.090. CALL FOR HEARING. The commission shall determine the time and place of the hearing which shall be held in or near the territory. At least fifteen days prior to the date of the hearing, the commissioner shall cause notice of the hearing to be given and served by certified mail upon:

(1) all municipalities specified at sec. 60 of chapter; and

(2) any person or municipality who has filed an answering brief pursuant to sec. 100 of this chapter. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.100. ANSWERING BRIEF. (a) A person residing or owning property in the territory or municipality whose boundaries are to be changed or in the governing body of any municipality may file a brief in opposition to the proposed boundary change. The original of the brief shall be filed with the commissioner together with proof that one copy was served upon petitioner or designated representative.

(b) A person or municipality filing an answering brief shall be designated a respondent.

(c) The answering brief shall indicate any factual information thought to be incorrectly or incompletely presented in the petition or petitioner's brief and shall demonstrate the manner in which the proposed boundary change fails to satisfy the standards prescribed in ch. 5 of this title. The brief shall include a discussion of the considerations set forth in sec. 50 of this chapter.

(d) The commission shall consider the respondent to have acquiesced in facts or arguments asserted in the petition and petitioner's brief which are not challenged or controverted in the respondent's brief. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.110. REPLY BRIEF. Prior to the hearing, the petitioner may file a brief in reply to any new matter raised in an answering brief. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.120. DEPARTMENT REPORT. The Department of Community and Regional Affairs shall prepare a report on the proposed boundary change. The report shall summarize the issues raised in the petition and briefs and may comment upon those issues or any other issue which the department deems to be relevant to the proposal. The report may contain recommendations to the commission. The report shall be filed with the commission prior to the date of hearing. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.130. HEARING. (a) The petitioners shall first proceed to support the petition through exhibits, testimony and such other means as bear upon the issues raised by the petition. The presentation shall proceed in substantially the following manner:

(1) the presentation shall be conducted by the petitioner or his designated representative or attorney;

(2) the presentation shall be opened with a brief discussion of the nature of the proposed boundary change and the reasons to be advanced in its support. At the conclusion of the opening statement, petitioner shall submit an outline naming the persons who will give statements in support of the petition. Outlines shall be submitted in sextuplicate and copies shall be served upon all adverse parties;

(3) petitioner shall proceed to conduct his presentation in the manner indicated in his outline. The chairman may allow petitioner to deviate from his outlined presentation.

(b) Upon completion of the petitioner's presentation each respondent shall proceed, in the manner established by the chairman and in the same manner as prescribed for the petitioner, to present his views. Respondent's presentation shall include all information and argument which respondent wishes to advance in rebuttal of petitioner's presentation.

(c) Upon completion of the respondent's presentation, petitioner shall have an opportunity to offer rebuttal.

(d) Upon completion of petitioner's rebuttal, the commission will hear the views of all other interested persons or political subdivision, not a petitioner or respondent. To obtain the floor, a person must be recognized by the chairman and must state his name, address and the nature of his interest. A person purporting to speak on behalf of a municipality shall demonstrate his authority to do so. The chairman may impose reasonable limitation of the time allotted each speaker and may curtail repetitive and irrelevant statements.

(e) Members of the commission may at any time pose questions or comment on matters raised during the hearing; however, representatives of the department with consent of the chairman may pose questions or comment on matters raised during the hearing.

(f) The chairman may temporarily suspend the order of proceedings set forth in this section to allow rebuttal, counter-rebuttal, or general public comment on a particular issue or issues. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.140. DECISIONAL MEETING. (a) The commission shall consider all aspects of the written and oral testimony before it and any other relevant and reliable data available to it concerning a boundary change proposal. A majority of the total membership of the commission may decide the issue. The commission shall prepare a written statement of its decision including an explanation of the major consideration upon which it relied in reaching its decision.

(b) Any decision of the commission shall be mailed immediately to the petitioner and to all parties who have submitted a reply brief and to any other interested parties who give written notice to the Commissioner of the Department of Community and Regional Affairs that they desire a copy of the decision. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.150. NON-COMPLIANCE. Compliance with the regulations of this chapter may be waived by the commission if substantial rights of interested parties are not prejudiced by such waiver. Any deviation from the procedures set forth in this chapter is waived by the commission unless the commission or a party objects. (Eff. 9/26/62, Reg. 7; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.160. DETERMINATION OF PROCEDURE. Where there are alternative procedures for effecting a boundary change, the commission may select the procedures which it deems most appropriate under the circumstances. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.170. CERTIFICATION OF BOUNDARY CHANGES. Within 30 days after a boundary change becomes effective, in accordance with Art. X, Sec. 12 of the Constitution, the Department of Community and Regional Affairs shall prepare a certificate of the change. The department shall transmit duplicate originals of the certificate to the organized borough in which the boundary change has taken place and/or to the municipality whose boundaries have been changed. The department shall also record a copy of the certificate in the recording district in which the boundary change has taken place. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.180. PUBLIC MEETINGS. The commission, at its discretion and prior to consideration of any petition requesting a boundary change, may require municipalities whose boundaries are proposed to be changed to conduct meetings or hearings in the area to be annexed to acquaint residents with the purposes sought to be accomplished and the benefits which are expected to be derived by residents should the boundary change be made and to solicit public opinions on the proposed annexation. The Local Boundary Commission

may require that transcripts or minutes be taken of such meetings or hearings for the commission's use and may require that the municipality certify to the commission that such meetings or hearings were conducted as directed by the commission. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(1)

ARTICLE 2. STEP ANNEXATION.

Section

- 190. Petition
- 200. Local election
- 210. Taxes
- 220. Voting
- 230. Ordinances
- 240. Borough services

19 AAC 10.190. PETITION. An annexation petition submitted to the Local Boundary Commission may request that during each of not more than five full fiscal years after the annexation takes effect, the rate of taxation for city services on the annexed properties shall be at a specified percentage of the full city tax rate. The proposal shall provide an increase from fiscal year to fiscal year until the percentage equals 100 percent of the full city tax rate. The city may not tax annexed property at a rate other than the percentage authorized for that year. Provided, however, that the municipality pursuant to AS 29.53.405 may levy taxes in the annexed area at a different percentage from that authorized for the year in question, if such difference is attributed to the cost of provision in the territory of a special service not supported by the general municipal levy. (Eff. 2/28/65, Reg. 14; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 29.53.405
AS 44.19.260(a)(2)

19 AAC 10.200. LOCAL ELECTION. The Local Boundary Commission will require the governing body of the municipality to which annexation is sought to submit the proposal to the voters in the area to be annexed. The municipality shall bear all expenses of said election and shall submit to the Department of Community and Regional Affairs or Local

Boundary Commission such information and/or reports that either may require prior to, during or subsequent to the election. No such election shall be valid unless the notices pertaining to such election, the way in which the proposal is phrased on the ballot, and the timing of the election have been approved by the Commissioner of the Department of Community and Regional Affairs. (Eff. 2/28/65, Reg. 14; am 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.210. TAXES. The percentage of city taxes on newly annexed properties is determined as follows:

(1) city services to be provided during each year are scheduled by the petitioners or the Local Boundary Commission in consultation with city officials;

(2) the cost of each service as a percentage of the gross general fund expenditure for the fiscal year immediately preceding the annexation is computed;

(3) newly annexed residents pay a percentage of the full city property tax rate equal to the total percentage cost of all services provided. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.220. VOTING. Residents in the newly annexed territory have the same voting privileges as other city residents. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.230. ORDINANCES. City sales tax ordinances and all other city ordinances except those applicable to city services not yet provided are immediately effective in the annexed territory. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

19 AAC 10.240. BOROUGH SERVICES. The city must accept immediate responsibility non-arcawide borough services currently provided in the newly annexed territory. (Eff. 10/13/72, Reg. 43)

Authority: Art. X, Sec. 12
State Constitution
AS 44.19.260(a)(2)

CHAPTER 15. BOUNDARY CHANGES BY LOCAL ACTION

Article

- 1. Annexation to Municipalities
- 2. Detachment from Municipalities

ARTICLE 1. ANNEXATION TO MUNICIPALITIES

Section

- 10. Initiation of request for boundary change
- 20. Form and contents of petition
- 30. Exhibits
- 40. Annexation of territory of another municipality
- 50. Filing of petition
- 60. Sufficiency
- 70. Review by Local Boundary Commission
- 80. Election
- 90. Notice of election
- 100. Conduct of election
- 110. Form of ballot
- 120. Canvassing of election
- 130. Effective date of annexation
- 140. Annexation without election
- 150. Annexation of municipally-owned property
- 160. Timeliness

19 AAC 15.010. INITIATION OF REQUEST FOR BOUNDARY CHANGE. (a) A request for an annexation under secs. 10-160 of this chapter may be initiated by a petition signed by at least ten percent of the currently registered voters residing within the territory proposed to be annexed, or by a petition of the municipality seeking annexation.

(b) The person or entity initiating the petition shall be designated petitioner. (Eff. 4/1/73, Reg. 45)

Authority: Art. X, Sec. 12
State Constitution
AS 29.68.010(b)
AS 44.19.260(a)(2)

19 AAC 15.020. FORM AND CONTENTS OF PETITION. (a) The petition shall be addressed to the Department of Community and Regional Affairs and shall bear a caption which clearly identifies the nature of the boundary change and

the municipality whose boundary is to be changed.

(b) The petition shall contain:

(1) the name, residence address, and mailing address of each petitioner;

(2) the name and mailing address of the attorney or other representative designated by the petitioner(s) to receive service, notice and all other correspondence relating to the proceedings in behalf of the petitioner(s);

(3) a legal description of the territory affected by the proposed boundary change;

(4) the estimated number of residents within the territory proposed to be annexed;

(5) the quantity of land contained within the territory proposed to be annexed;

(6) the assessed or estimated value of all real and personal property within the territory proposed to be annexed;

(7) the rate or rates at which real and personal property are taxed within the municipality to which annexation is proposed;

(8) the rate or rates of any sales or use tax levied by and/or collected within the municipality to which annexation is proposed;

(9) the amount of and a full explanation of any outstanding bonded indebtedness for which the territory proposed to be annexed is wholly or partially responsible;

(10) the population and area of the annexing municipality. (Eff. 4/1/73, Reg. 45)

Authority: Art. X, Sec. 12
State Constitution
AS 29.68.010(b)
AS 44.19.260(a)(2)

19 AAC 15.030. EXHIBITS. There shall be appended to the petition the following exhibits;

(1) a map or maps showing the boundaries of the territory proposed for annexation; and

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HOUSE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

Matter of the annexation of territory to the City of Kodiak

January 29, 1979

YOU HAVE ASKED ME HERE BRIEFLY TO PROVIDE AN OVERVIEW OF THE ROLE ENVISIONED FOR THE LEGISLATURE IN ITS REVIEW OF AN ANNEXATION WHICH HAS BEEN RECOMMENDED BY THE STATE'S LOCAL BOUNDARY COMMISSION. THAT IS NOT AN EASY TASK. AND, WHILE MY REMARKS SHOULD BE UNDERSTOOD BY YOU TO BE LESS IN THE NATURE OF "RULES" THAT MUST BE FOLLOWED THAN THEY ARE "OBSERVATIONS" OR "SUGGESTIONS" THAT MAY BE CONSIDERED, I HOPE THAT THEY WILL HELP YOU TO FOCUS ON THE MERITS OF THE ARGUMENTS THAT ARE TO BE PRESENTED ON BOTH SIDES OF THE MATTER FREE OF THE EMOTIONALISM THAT IS CHARACTERISTIC OF VIRTUALLY EVERY SIGNIFICANT BOUNDARY CHANGE.

THERE IS A PURPOSE TO THIS PROCESS. IT IS A MANDATE OF THE ALASKA CONSTITUTION THAT THE ALASKA LEGISLATURE REVIEW AND CONSIDER BOUNDARY CHANGES FAVORABLY RECOMMENDED BY THE STATE'S LOCAL BOUNDARY COMMISSION. THE SOURCE OF THAT MANDATE IS ARTICLE X, SECTION 12, PART OF THE LOCAL GOVERNMENT ARTICLE OF THE STATE CONSTITUTION:

A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective 45 days after presentation or at the end of the session, whichever

is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

THAT RESOLUTION, HOUSE JOINT RESOLUTION 10, OFFERED BY REPRESENTATIVE ZHAROFF, IS, OF COURSE, THE MECHANISM BY WHICH THE LEGISLATURE MAY EXPRESS ITS DISAPPROVAL.

OVER THE WEEKEND, I SPENT SEVERAL HOURS RESEARCHING ANY INFORMATION THAT WOULD SHED LIGHT ON WHAT WAS INTENDED BY THIS CONSTITUTIONAL PROCEDURE. I FOUND SIGNIFICANT COMMENTARY CONCERNING THE ROLE AND RESPONSIBILITY OF A PROPOSED (FROM THE PERSPECTIVE OF 1955-56) COMMISSION OR BOARD TO CONCERN ITSELF WITH DEVELOPMENT OF A LOCAL GOVERNMENT FRAMEWORK ADAPTABLE TO MEET THE NEEDS OF DIFFERENT AREAS OF THE STATE AND THE PRINCIPAL ROLE ASSIGNED TO IT OF REVIEWING AND TAKING ACTION ON CHANGES IN BOUNDARIES OF MUNICIPALITIES. TYPICAL WERE THESE COMMENTS, COMPOSED AFTER THE CONSTITUTION HAD BEEN DRAFTED BUT BEFORE THE PROCLAMATION OF STATEHOOD WHICH WOULD GIVE LIFE TO THE PROPOSED CONSTITUTION:

The constitutional provision regarding local boundaries contained in article X, sec. 12, was written for the purpose of unfreezing municipal boundaries and making them readily adjustable to changing needs resulting from the growth and movement of population and from changes in the demands for local services. The section of the Constitution was designed to overcome roadblocks which vested local interests and prejudices in small segments of natural communities often put in the way of a proper readjustment of local boundary lines. . . .

FURTHER ALONG IN THE SAME DOCUMENT, THERE APPEARS THIS ADDITIONAL OBSERVATION:

The basic assumption in this discussion of annexation is one which is implicit in the local government article of the State Constitution. The assumption is that worthwhile local home rule depends upon the thoughtful and courageous exercise of the state's responsibility for establishing and maintaining ... responsible self-government. The State cannot discharge its responsibility for local institutions by automatically ratifying the petitions or votes of any groups of local citizens that may happen to express themselves favorably or unfavorably with respect to ... annexation. To pursue such a course would result in such a conglomeration of local jurisdictions as would make a mockery of the whole concept of local self-government.

TWO POINTS, THEN, WITH REFERENCE TO THE MATERIAL QUOTED: FIRST, THE ADAPTATION OF LOCAL GOVERNMENT TO CONTINUALLY CHANGING CONDITIONS IS A CHARACTERISTIC OF ALASKA'S LOCAL GOVERNMENT SYSTEM; SECOND, THAT DECISION MUST BE TAKEN NOT BY THOSE IMMEDIATELY AFFECTED BUT BY A STATE AGENCY (THE LOCAL BOUNDARY COMMISSION) ON THE BASIS OF INDEPENDENT EVALUATION.

NOW, WHILE THERE IS A SIGNIFICANT AMOUNT OF MATERIAL ANALYZING OR COMMENTING UPON THE NECESSITY FOR AND PROPER ROLE OF A STATE BOARD TO REVIEW AND CONSIDER LOCAL BOUNDARY CHANGES, THERE IS VIRTUALLY NOTHING TO DESCRIBE THE PURPOSE OF LEGISLATIVE OVERSIGHT. THE COMMENTARY OFFERED BY THE DRAFTSMEN OF THE STATE CONSTITUTION IS UNENLIGHTENING. OTHER SOURCES, NOTABLY EFFORTS BY THE LEGIS-

LATURE AND THE COURTS TO FILL THE GAP, ARE USEFUL AS COMMENTARY, BUT OFFER NO FIRM RULES. LET ME OFFER, THEN, SOME OF MY OWN THOUGHTS.

YOU MUST UNDERSTAND, FIRST, THAT THE CITIES AND BOROUGHS OF THE STATE OF ALASKA ARE POLITICAL SUBDIVISIONS OF THE STATE -- CREATURES OF THE STATE, SOMEONE HAS CALLED THEM, AND, AS THE ELEVENTH BIENNIAL LEGISLATURE WENDS ITS WAY INTO HISTORY, AND YOU ARE CALLED UPON TO CONSIDER TESTIMONY ON ONE OR ANOTHER BILLS BEARING ON LOCAL GOVERNMENT STRUCTURE, FUNCTION, AND FINANCES, YOU WILL BETTER UNDERSTAND THE CHOICE OF THAT WORD "CREATURES." AS POLITICAL SUBDIVISIONS, THE CITIES AND BOROUGHS WHICH HAVE BEEN INCORPORATED ARE ESTABLISHED TO PERFORM PORTIONS OF THE STATE'S RESPONSIBILITIES FOR GOVERNMENT THAT THEY ARE CAPABLE OF PERFORMING. GENERALLY, THE MORE THAT CAN BE PERFORMED AT THE INSTANCE OF LOCAL OFFICIALS, WITHOUT DETAILED ATTENTION FROM STATE OFFICIALS, HOPEFULLY, THE BETTER FOR ALL CONCERNED. BUT THE STATE CANNOT ESCAPE RESPONSIBILITY FOR THE ESSENTIAL QUALITY AND COMPETENCE OF THE UNITS OF LOCAL GOVERNMENT WHICH EXIST AND OPERATE IN ACCORDANCE WITH APPLICABLE STATE STATUTES. THUS, THE LEGISLATURE'S ROLE -- FROM THE OUTSET, EVEN WITH RESPECT TO ANNEXATIONS -- IS ONE OF OVERSIGHT.

LOCAL GOVERNMENT INVOLVES THE DISCHARGE OF LEGAL RESPONSIBILITIES, BOTH THOSE THAT MAY BE ACCEPTED BY THE VOTERS OF THE COMMUNITY AND THOSE WHICH MAY BE IMPOSED BY THE STATE. THE LEGISLATURE SHOULD UNDERSTAND, AND I THINK IT DOES GENERALLY UNDERSTAND, THAT THE CAPACITIES AND ABILITIES OF MUNICIPALITIES TO ACCEPT AND DISCHARGE THOSE RESPONSIBILITIES GREATLY VARIES. THUS, THE REVIEW PROCESS OFFERS AN OPPORTUNITY TO GAUGE THE CAPACITIES OF THE LOCAL GOVERN-

MENT UNIT INVOLVED IN AN ANNEXATION, TO SEE WHETHER THE CITY (AS IN THIS INSTANCE) OR BOROUGH (IF THAT WERE THE CASE) WERE CAPABLE OF PROVIDING SERVICES THROUGHOUT AN EXPANDED AREA.

NEXT, I BELIEVE THE LEGISLATURE MAY PROPERLY INQUIRE INTO THE ANTICIPATED EFFECT OF THE BOUNDARY CHANGE OF THE PEOPLE INVOLVED, PRINCIPALLY THE RESIDENTS OF THE AREA IN QUESTION, BUT ALSO THOSE WHO ALREADY RESIDE WITHIN THE UNIT OF GOVERNMENT AND WHO MAY SEE CURRENT SERVICE LEVELS DILUTED IN AN EXTENSIVE AREAWIDE EXPANSION OR, IN THE ALTERNATIVE, AN INCREASE IN THE TAX BURDEN. TAXATION IS ALWAYS THE CENTRAL FACTOR IN ANNEXATION DECISIONS, BUT IT IS ALMOST NEVER PROPERLY FOCUSSED. THE QUESTION IS NOT ONE OF TAX INCREASE THAT NORMALLY ATTENDS THE INCLUSION OF NEW TERRITORY INTO AN EXISTING TAX-LEVYING JURISDICTION, BUT RATHER, WHETHER, FIRST, LEVELS OF TAXATION CAN BE RELATED TO LEVELS OF SERVICE TO BE OFFERED AND, SECOND, WHETHER ANNEXATION, WITH ITS ATTENDANT TAX BURDEN CHANGES, WILL CONTRIBUTE TO A BETTER SHARING OF THE BURDENS AND OPPORTUNITIES FOR LOCAL GOVERNMENT THROUGHOUT A METROPOLITAN REGION, EVEN IF, AS IN THIS INSTANCE, THE METROPOLIS IS ONLY THE SIZE OF "GREATER KODIAK."

FOURTH, I WOULD SUGGEST AS A FACTOR OR ELEMENT WARRANTING LEGISLATIVE EXAMINATION IS THE RESULTANT RELATIONSHIP OF THE ANNEXATION ON CITY/BOROUGH RELATIONS. IN TWO DECADES, IT HAS BECOME RATHER CLEAR THAT THE THEORETICAL DIFFERENCES PERCEIVED BY THE FRAMERS OF THE CONSTITUTION WHICH WARRANTED A CONCLUSION ON THEIR PART THAT THERE BE TWO TYPES OF LOCAL GOVERNMENT -- THE CITY AND THE BOROUGH -- GIVE RISE TO OTHER DIFFERENCES IN PRACTICE. CITY-BOROUGH RELATIONSHIPS THROUGH THE LAST 20 YEARS CAN ONLY BE DESCRIBED AS "STORMY."

THE CASE BOOKS AND MEETINGS OF MUNICIPAL GOVERNMENTS ARE REPLET WITH THE RESULTS OF LITIGATION, THREATS OF LITIGATION, AND REACTIONS TO LITIGATION AS CITIES AND BOROUGHS STRIVE FOR POLITICAL ACCOMODATION, IF NOT FOR POLITICAL BALANCE. IN THREE MAJOR URBAN AREAS, ANCHORAGE, JUNEAU, AND SITKA, THE PROBLEM HAS BEEN RESOLVED BY UNIFICATION. IN OTHERS, NOTABLY FAIRBANKS AND KETCHIKAN, MINOR BOUNDARY ADJUSTMENTS HAVE SERVED TO ACHIEVE THAT BALANCE. THAT SAME PROCESS MAY NOW BE UNFOLDING IN THE KODIAK ANNEXATION. THE LEGISLATURE MAY DO WELL TO CONSIDER WHETHER FULFILLMENT OF THE ANNEXATION WILL HAVE AN EFFECT ON THE RANGE OF POLITICAL, SERVICE AND OTHER RELATIONSHIPS BETWEEN THE CITY AND THE BOROUGH AND WHETHER, IN THE SHORT-RANGE AND IN THE LONG-RUN, THOSE RELATIONSHIPS WILL GROW STRONGER.

FIFTH, LASTLY, IS THE OPPORTUNITY FOR THE LEGISLATURE TO REVIEW THE DECISION OF THE LOCAL BOUNDARY COMMISSION FOR COMPLIANCE WITH PROPER ADMINISTRATIVE PROCEDURES. WAS THE HEARING PROPERLY NOTICED? WERE THOSE IN ATTENDANCE GIVEN OPPORTUNITY TO COMMENT? DID THE COMMISSION ENTER A DECISION ON THE RECORD? DID THE COMMISSION ADHERE TO ITS OWN REQUIREMENTS? PROCEDURAL COMPLIANCE IS IMPORTANT. AT LEAST ONE ANNEXATION OF THE COMMISSION HAS BEEN SET ASIDE BY THE COURTS FOR FAILURE OF THE COMMISSION TO ATTEND TO STATUTORY REQUIREMENTS. THE LEGISLATURE COULD SAVE TIME AND LITIGATION BY REFUSING AN ANNEXATION, NO MATTER HOW MERITORIOUS, IF THERE HAS BEEN A SUBSTANTIAL FAILURE TO MEET ADMINISTRATIVE REQUIREMENTS.

THE PART OF THE LOCAL BOUNDARY CHANGE PROCESS WHICH REQUIRES OR ALLOWS LEGISLATIVE REVIEW OF A BOUNDARY COMMISSION DECISION IS VERY MUCH A POLITICAL PROCESS. THE INQUIRIES YOU DIRECT TO

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J. S.*

THE PERSONS WHO APPEAR BEFORE YOU MAY BE AS BROAD, AS IMAGINATIVE, EVEN AS UNRELATED TO THE PARTICULARS OF THE SUBJECT MATTER BEFORE YOU AS IT IS POSSIBLE FOR THEM TO BE. THERE ARE NO LIMITATIONS ON WHAT YOU MAY REQUIRE: THERE IS BUT ONE THING THAT YOU MAY DO -- THE RESOLUTION OFFERED BY MR ZHAROFF IS THE VEHICLE FOR ANNULING THE RECOMMENDED ANNEXATION IN ITS ENTIRETY; YOU CANNOT REDRAW THE LINES. (THAT IS NOT TO SAY THAT, IN THE EVENT YOU CHOOSE TO RECOMMEND ANNULMENT, YOU CANNOT ADOPT THE RESOLUTION OF MR ZHAROFF BUT, AT THE SAME TIME, REQUIRE THE COMMISSION TO RECONSIDER SPECIFIC BOUNDARY CHANGES OF THE CITY, SPECIFYING THE AREAS OF YOUR CONCERN. ALTERNATIVELY, IF THERE ARE AREAS WHICH THE BOUNDARY COMMISSION EXCLUDED FROM ANNEXATION BUT WHICH YOU BELIEVE SHOULD BE RECONSIDERED FOR INCLUSION, YOU MAY DIRECT THAT, BY RESOLUTION, TO THE ATTENTION OF THE COMMISSION.)

NOW, I DON'T KNOW WHETHER THESE MUSINGS FULFILLED THE INTENT OF THE CHAIRMAN IN EXTENDING AN INVITATION FOR ME TO SIT IN THIS CHAIR. BUT I HOPE IT CONTRIBUTES SOMETHING TO YOUR DELIBERATIONS, AND THAT IT MAKES THIS EFFORT AT LEGISLATIVE REVIEW MORE MEANINGFUL TO YOU. I DON'T ENVY YOU THE TASK.

IF THERE ARE ANY QUESTIONS WITH RESPECT TO ANY OF THESE POINTS, I WILL TRY TO RESPOND.

THANK YOU.

2665-66
2748-57
2749-60

Extended Home Rule

SECTION 10. The legislature may extend home rule to other boroughs and cities.

Home Rule Powers

SECTION 11. A home rule borough or city may exercise all legislative powers not prohibited by law or by charter.

Boundaries

SECTION 12. A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local government boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission or board, subject to law, may establish procedures whereby boundaries may be adjusted by local action.

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and
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Agreements:
Transfer of Powers

SECTION 13. Agreements, including those for cooperative or joint administration of any functions or powers, may be made by any local government with any other local government, with the State, or with the United States, unless otherwise provided by law or charter. A city may transfer to the borough in which it is located any of its powers or functions unless prohibited by law or charter, and may in like manner revoke the transfer.

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Local Government Agency

SECTION 14. An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities; collect and publish local government information, and perform other duties prescribed by law.

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Elect

Special Service Districts

SECTION 15. Special service districts existing at the time a borough is organized shall be integrated with the government of the borough as provided by law.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 31, 1979

SUBJECT: Annexation to the City of Kodiak

TO: Representative Bill Parker, Chairman
House Community & Regional Affairs Committee

FROM: John B. Chenoweth, Legislative Counsel

May I take this opportunity to clarify and expand on one point of discussion and inquiry concerning yesterday's testimony.

I suggested that I thought there were four courses of action open to the Legislature with respect to the Local Boundary Commission's recommendation to annex territory to the City of Kodiak. It could, of course, adopt HJR 10, setting aside the recommendation in its entirety. It could, in the alternative, take no action, allowing the annexation to become effective sometime around March 9.

The other alternatives derive from the precedent of an annexation to the City of Seward in 1964. In that year, the Legislature provided that an extensive area to the north of that city be made a part of the municipality. In the next year, 1965, the Legislature sought to provide by direct legislation for detachment of the territory. The House adopted the measure, but the Senate substituted its own resolution, asking the Local Boundary Commission to reconsider portions of the 1964 recommendation during the following interim. The Commission did respond to the Senate's request, submitting a recommendation in 1966 by which portions of the territory which was earlier annexed by Legislative act was subsequently detached. This recommendation was reviewed by the Legislature and not annulled, thus effecting a second boundary adjustment to the City of Seward.

Representative Bill Parker
Page 2
January 31, 1979

I would see, then, the precedent of the Seward annexation as a third possible alternative, together with its converse, the adoption of HJR 10 (annulling the Kodiak City annexation) and the adoption of a separate concurrent resolution requesting the Boundary Commission to reconsider its decision. Representative Parr's observation to the effect that the Legislature cannot "guarantee" a Local Boundary Commission is entirely correct, but I do think that this approach adds a little to the Legislature's ability to assure rational and equitable results in local boundary change matters.

JBC:nem

SENATE
JOURNAL SUPPLEMENT

January 24, 1979

Wednesday

No. 3

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION
JUNEAU, ALASKA

RECOMMENDATIONS OF THE LOCAL BOUNDARY COMMISSION
SUBMITTED TO THE ELEVENTH STATE LEGISLATURE
FIRST SESSION ASSEMBLED

SUBMITTED JANUARY 23, 1979

M. B. 9

RECOMMENDATIONS

- Recommendation for annexation of territory to the City of Kodiak.

- Recommendation for correcting an error in the present corporate boundary description of the Kenai Peninsula Borough.

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION
JUNEAU, ALASKA

RECOMMENDATION FOR ANNEXATION
OF TERRITORY TO THE
CITY OF KODIAK, ALASKA

SUBMITTED TO THE ELEVENTH LEGISLATURE,
FIRST SESSION ASSEMBLED

SUBMITTED JANUARY 23, 1979

RECOMMENDATION FOR ANNEXATION OF TERRITORY

to the

City of Kodiak

WHEREAS, the petitioner, the City of Kodiak, has requested that certain property in the Mill Bay area be annexed to the city, to wit: twenty five lots contiguous to and North and East of the City of Kodiak, including residential and commercial properties; and

WHEREAS, upon receipt of the petition, the Department of Community and Regional Affairs determined that the petition was sufficient; and

WHEREAS, subsequent to giving proper notice, the Local Boundary Commission held a public hearing at Kodiak, Alaska, on December 12, 1977, in the Kodiak City Council Chambers; and

WHEREAS, as a result of that public hearing, the Local Boundary Commission determined other urban lands in addition to those defined in the petition might be suitable for annexation to the City of Kodiak; and

WHEREAS, after giving proper public notice, the Local Boundary Commission held an additional public hearing at Kodiak on April 26, 1978, to consider annexation of geographical areas generally described as the Spruce Cape area, the Mill Bay area, the Monashka Bay area, and the United States Coast Guard Station to the City of Kodiak; and

WHEREAS, after giving proper public notice, the Local Boundary Commission held a public meeting in Anchorage on August 16, 1973, to review the record of proceedings on the

petition; and

WHEREAS, the City of Kodiak has stated to the Local Boundary Commission that it is financially capable of providing its full range of general fund services to the area encompassed by the Local Boundary Commission decision; and

WHEREAS, the Local Boundary Commission has determined that the territory to be annexed ~~meets~~ the standards for annexation set forth at 19 AAC 05.010(3) in that the area is generally urban in character, as evidenced by Kodiak Island Borough population estimates, property valuations, and the relatively high level of commercial activity; and

WHEREAS, the Local Boundary Commission has determined that the territory to be annexed meets the standards for annexation set forth at 19 AAC 05.010(4) in that evidence gathered at the public hearings shows that the area to be annexed is in need of municipal services which can be most efficiently provided by the City of Kodiak; and

WHEREAS, the Local Boundary Commission has determined that the territory to be annexed meets the standards for annexation set forth at 19 AAC 05.010(5) in that Kodiak Island Borough planning documents indicate there is likelihood that growth and development will occur in the territory and annexation will enable the city to plan for and control that development and ~~expand~~ the most efficient municipal services plan to accommodate the expected growth;

NOW, THEREFORE, the Local Boundary Commission recommends that, pursuant to Article X, Section 12, of the Alaska

stitution, and Alaska Statutes §4.19.260, the petition to

~~amend~~
~~amend~~ the territory generally described as the Spruce Cape
and the Mill Bay area be approved and that the boundaries

~~d~~ the City of Kodiak be amended to read as follows:

Beginning at Corner 3 of U.S. Survey 3945,
said point being the true point of beginning;
thence,

(1) S 55°21'W, 10,868.88 feet to Corner 2 of
U.S. Survey 3945; thence,

(2) S 34°34'E, 4250.40 feet to Corner 1 of
U.S. Survey 3945; thence,

(3) S 5°06'E, 957.66 feet to Corner 2 of
U.S. Survey 2537-B, identical with Corner 15,
U.S. Survey 3945; thence,

(4) S 5°05'30"E, approximately 260.74 feet,
more or less, to a point intersecting with
the Northerly ROW of the Abbert Highway;
thence,

(5) along the said ROW in a Westerly and
then Southerly direction to a point located
upon the common boundary of Public Land
Orders 5566 (parcel 2) and 5550, located
within U.S. Survey 1673; thence,

(6) S 45°00'E, 2000 feet; thence,

(7) Southeasterly 3,280 feet, more or less,
to point "A", said point "A" lying: S 15°34'E,
1,290 feet, more or less, to the center of
the channel of St. Paul Harbor from the
Southwest corner of Lot 6, Block 20 of U.S.
Survey 2537-B; thence,

(8) N 58°06'E, 7,470 feet to a point in the
channel North of the Easterly tip of Crooked
Island; thence,

(9) N 0°50'W, 1,644.7 feet to a point located
in the channel between Near Island and Holiday
Island; thence,

(10) N 42°22'E, 5,200 feet, to Point "B",
said point "B" lying: S 42°22'W, 3,037.1
feet, more or less, from a point on an

isolated rock which bears S 51°50'E, 191.95 feet from WC 6 MC, U.S. Survey 1822, said point also lying S 32°24'E, 1,162 feet, more or less, from MC 6, U.S. Survey 2873; thence,

(11) N 32°24'W, to a point in the channel which is 1,000 feet from the mean high water line of Kodiak Channel; thence,

(12) along a line, 1000 feet seaward, from the meander line of mean high water in a Northeasterly and then Northwesterly direction to a point 1,000 feet Northerly from the most Northerly tip, at mean high water, of Spruce Cape; thence,

(13) continuing along a line, 1,000 feet seaward, from the meander line of mean high water, proceeding around Mill Bay in a Southwesterly, Northwesterly, and then Northeasterly direction, to a point which is located upon the projected extension seaward of the Northern boundary of Lot 17, Block 1, Second Addition of Miller Point Subdivision, plat approved 11/29/66, said boundary being more specifically described as a line bearing S 73°01'E from the Division of Lands Witness Corner monument located 15 feet West of the Northeast Corner of Lot 17, Block 1, of said subdivision; thence,

(14) N 73°01'W, 1,000 feet to the Northeast Corner of Lot 17, Block 1, of said subdivision; thence,

(15) N 73°01'W, along the Northerly boundary of Lot 17, Block 1, of said subdivision, 327.41 feet, and continuing on approximately the same bearing an additional 1728.59 feet to WC 6 of Lot 3, U.S. Survey 3462; thence,

(16) S 47°56'W, 2551.56 feet to Corner 1, Lot 3, U.S. Survey 3462, identical to the East Corner of Lot 3 of Block 6, Monashka Bay Subdivision, plat approved 9/19/67; thence,

(17) S 45°42'59"W, 295.41 feet, to the South Corner of Lot 3, Block 6 of said subdivision; thence,

(18) N 44°05'04"W, approximately 115 feet, along the Southwesterly boundary of Lot 3, Block 6 of said subdivision to a point which bears N 50°13'26"E from the South Corner of

Lot 7, Block 5, of said subdivision; thence,

(19) S 50°13'26"W, across Otmeloi Way to the South boundary of Lot 7, Block 5, of said subdivision, and continuing along the Westerly ROW of Lake View Drive, 4,433.17 feet, more or less, to the Southeast Corner of Lot 7 of Block 8 of the Monashka Bay Subdivision, plat approved 9/19/67; thence,

(20) S 79°11'50"E, 569.59 feet, to Corner 5 of U.S. Survey 3467; thence,

(21) S 23°54'W, 2500.01 feet, to Corner 4 of U.S. Survey 3457, identical with Corner 4 of U.S. Survey 3168; thence,

(22) S 85°27'W, 746.33 feet, to Corner 3 of U.S. Survey 3468, identical with Corner 3 of U.S. Survey 2538-A; thence,

(23) S 55°21'W, 1893.54 feet, to Corner 4 of U.S. Survey 3945; thence,

(24) N 34°39'W, 2811.6 feet to Corner 3 of U.S. Survey 3945, the true point of beginning.

In accordance with Article X, Section 12, of the Alaska Constitution, this recommendation shall become effective forty-five days after presentation to the legislature or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION
JUNEAU, ALASKA

RECOMMENDATION FOR CORRECTING AN ERROR IN THE
PRESENT CORPORATE BOUNDARY DESCRIPTION
OF THE KENAI PENINSULA BOROUGH

SUBMITTED TO THE ELEVENTH LEGISLATURE,
FIRST SESSION ASSEMBLED

SUBMITTED JANUARY 23, 1979

RECOMMENDATION FOR CLARIFICATION OF SOUTHEASTERLY BOUNDARY
of the
KENAI PENINSULA BOROUGH

WHEREAS, the Local Boundary Commission has requested that the boundary description of the Kenai Peninsula Borough, dated April 30, 1974, be corrected and clarified in the southeasterly part of the boundary description, in the general area of Sargent Ice Field and the Chugach National Forest Boundary; and

WHEREAS, subsequent to giving proper notice, the Local Boundary Commission conducted a public hearing in Soldotna on Friday, January 12, 1979, to consider whether the boundary in question should be clarified and corrected; and

WHEREAS, after giving proper notice, the Local Boundary Commission held a public meeting in Yakutat on Thursday, January 18, 1979, reviewed the original boundaries, the proposed clarification, and all testimony prior to and during the January 12, 1979, public hearing; and

WHEREAS, the Kenai Peninsula Borough is in accord with the proposed clarification;

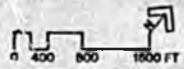
NOW, THEREFORE, the Local Boundary Commission recommends that, pursuant to Article X, Section 12, of the Alaska Constitution, and Alaska Statutes 44.19.260, the recommendation to clarify and correct the southeasterly boundary of the Kenai Peninsula Borough be approved and the following described boundary be adopted:

Beginning at Cape Douglas on the west side of Cook Inlet at the N.E. Corner of Sec. 27, T15S, R24W (projected), Seward Meridian, State of Alaska; thence West to the N.E. Corner of Sec. 29, T15S, R26W (projected); thence South to the S.E. Corner of Sec. 32, T16S, R26W (projected); thence West to the N.E. Corner of T17S, R28W (projected); thence South to the S.E. Corner of T17S, R26W (projected); thence West to the S.W. Corner of T17S, R32W (projected); thence North to the N.W. Corner of T17S, R32W (projected); thence West to the S.W. Corner of T16S, R32W (projected); thence North to the N.W. Corner of T13S, R32W (projected); thence West to the S.W. Corner of T12S, R32W (projected); thence North to the N.W. Corner of T11S, R32W (projected); thence East to the S.W. Corner of T10S, R30W (projected); thence North to the N.W. Corner of T9S, R30W (projected); thence East to the S.E. Corner of T8S, R29W (projected); thence North to the N.E. Corner of T8S, R23W (projected); thence North to the N.W. Corner of T6S, R27W (projected); thence East to the S.W. Corner of T5S, R26W (projected); thence North to the N.W. Corner of T5S, R26W (projected); thence East to the S.W. Corner of T4S, R25W (projected); thence North to the N.W. Corner of T1S, R22W (projected); thence East to the S.W. Corner of T1N, R24W (projected); thence North to the N.W. Corner of T4N, R24W (projected); thence East to the S.W. Corner of T5N, R23W (projected); thence North to the N.W. Corner of T8N, R23W (projected); thence West to the S.E. Corner of T9N, R24W (projected); thence North to the N.E. Corner of T12N, R24W (projected); thence West to the S.E. Corner of T13N, R24W (projected); thence North to the N.E. Corner of T15N, R24W (projected); thence East to the N.E. Corner of T15N, R12W (projected); thence South to the N.W. Corner of T13N, R11W (projected); thence East to the N.E. Corner of T13N, R10W (projected); thence South to the S.E. Corner of T13N, R10W (projected), said Corner being in Cook Inlet at Longitude 150°58'18"W, Latitude 61°10'00"N; thence Southeasterly to the S.E. Corner

of T12N, R9W (projected), said Corner being in Cook Inlet at Longitude $150^{\circ}46'37''$ W, Latitude $51^{\circ}04'49''$ N; thence Northeasterly to the N.E. Corner of T12N, R7W (projected), said Corner being in Cook Inlet at Longitude $150^{\circ}26'01''$ W, Latitude $61^{\circ}10'01''$ N; thence Southeasterly to the N. E. Corner of T11N, R6W (projected), said Corner being in Turnagain Arm at Longitude $150^{\circ}14'40''$ W, Latitude $61^{\circ}04'49''$ N; thence East to the N.E. Corner of T11N, R5W (projected), said Corner being in Turnagain Arm at Longitude $150^{\circ}04'01''$ W, Latitude $61^{\circ}04'49''$ N; thence Southeasterly to the N.E. Corner of Sec. 24, T10N, R2W (projected), said Corner being in Turnagain Arm at Longitude $149^{\circ}32'05''$ W, Latitude $60^{\circ}57'01''$ N; thence Southeasterly to the N.E. Corner of T9N, R1W (projected), said Corner being in Turnagain Arm at Longitude $149^{\circ}21'26''$ W, Latitude $60^{\circ}54'25''$ N; thence East to the N.E. Corner of T9N, R1E (projected), said Corner being in Turnagain Arm at Longitude $149^{\circ}10'48''$ West, Latitude $60^{\circ}54'25''$ North; thence Southeasterly to the N.E. Corner of Sec. 15, T9N, R2E (projected), said Corner being in Turnagain Arm at Longitude $149^{\circ}03'41''$ W, Latitude $61^{\circ}52'41''$ N; thence Southerly to the N. Corner of Sec. 26, T9N, R2E (projected), said Corner being in Turnagain Arm at Longitude $149^{\circ}01'55''$ W, Latitude $60^{\circ}50'57''$ N; thence South to the S.E. Corner of Section 35, T9N, R2E (projected); thence West to the N.E. Corner of Section 2, T8N, R2E (projected); thence South to the N.E. Corner of Sec. 2, T7N, R2E (projected); thence East to the N.E. Corner of T7N, R4E (projected); thence South to the S.E. Corner of T5N, R4E (projected); thence West to the N.E. Corner of T4N, R4E (projected); thence South to the N.E. Corner of Sec. 25, T4N, R4E (projected); thence East to the S.E. Corner of the S.W. 1/4 of Sec. 22, T4N, R5E (projected); thence Southerly to the S.E. Corner of the S.W. 1/4 of Sec. 34, T1N, R5E (projected); thence West to the N.E. Corner of the N.W. 1/4 of Sec. 3, T1S, R5E (projected); thence Southerly to the S.E. Corner of the N.W. 1/4 of Sec. 27, T1S, R5E (projected); thence West to the S.W. Corner of the

N.W. 1/4 of Sec. 27, T1S, R5E (projected); thence South to the N.E. Corner of Sec. 9, T3S, R5E (projected); thence Southwesterly to the S.E. Corner of Sec. 7, T3S, R5E (projected), said Corner being at or approximately at Cape Junken; thence Southwesterly to the S.E. Corner of the N.E. 1/4 of Sec. 4, T4S, R1E (projected), said Corner being at or approximately at Barwell Island; thence Southwesterly to the N.E. Corner of the S.E. 1/4 of Sec. 17, T5S, R1W (projected), said Corner being at or approximately at Pilot Rock; thence Southwesterly to the S.W. Corner of the S.E. 1/4 of Sec. 33, T7S, R2W (projected), said Corner being at or approximately at Seal Rock; thence Southwesterly to the N.W. Corner of Sec. 14, T10S, R7W (projected), said Corner being at or approximately at Pye Reef; thence Southwesterly to the S.E. Corner of the N.E. 1/4 of Sec. 23, T11S, R10W (projected), said Corner being at or approximately at Gore Point; thence Southwesterly to the S.E. Corner of the N.E. 1/4 of Sec. 27, T12S, R13W (projected), said Corner being on or approximately on the Southerly point of East Chugach Island; thence Southwesterly to the S.E. Corner of Sec. 31, T12S, R14W (projected), said Corner being at or approximately at Perl Rock; thence Southwesterly to Longitude 153°00'00"W, Latitude 59°02'00"N, in Cook Inlet; thence Southwesterly to the place of beginning at Cape Douglas, containing 25,600 sq. mi. more or less.

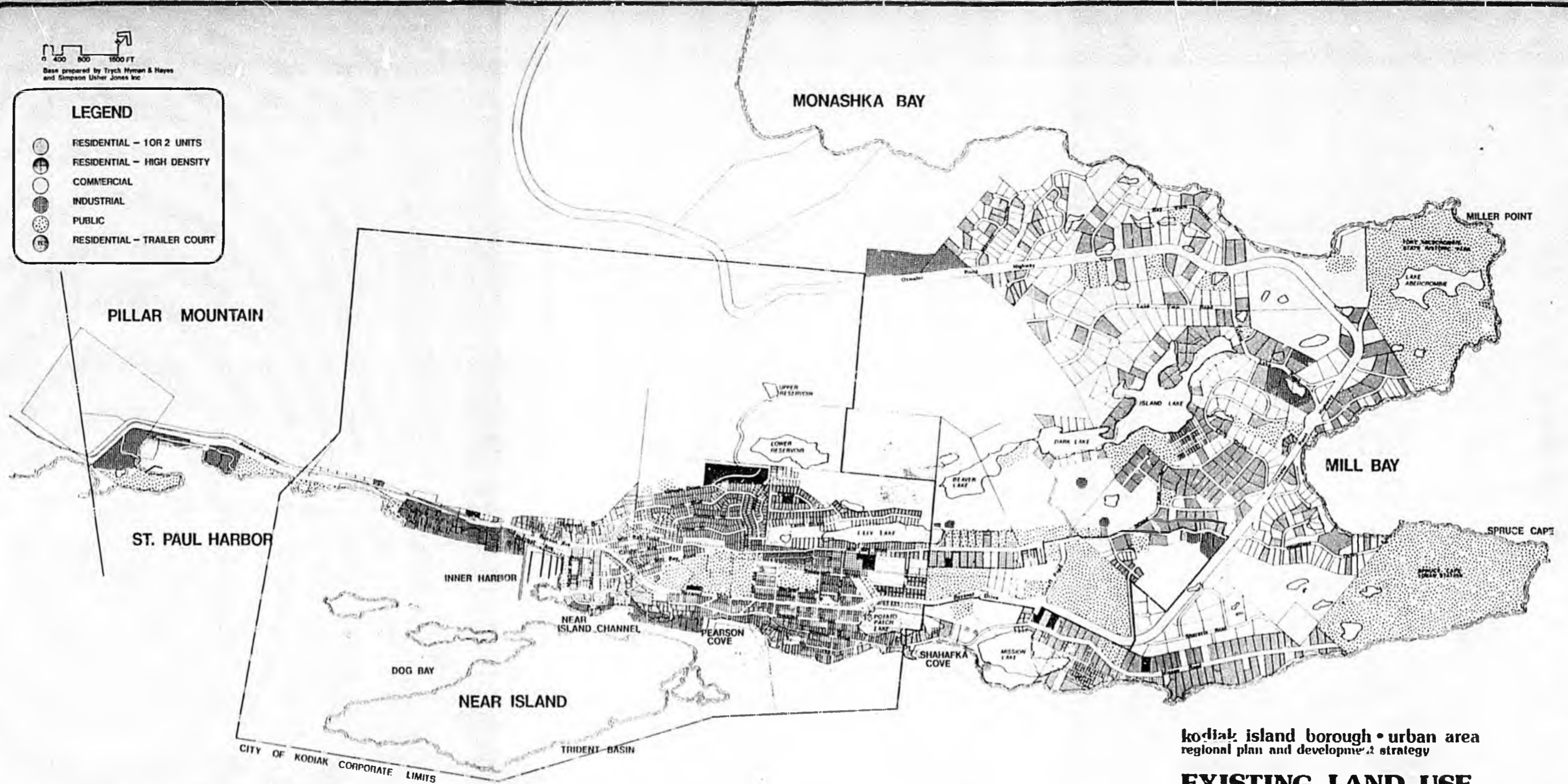
Together with all State waters lying within and appurtenant to the above described boundary; EXCEPT, all waters lying more than three miles Southerly of the boundary line between Perl Rock at or approximately at the S.E. Corner of Sec. 31, T12S, R14W (projected) and Longitude 153°00'00"W, Latitude 59°02'00"N, in Cook Inlet, and the N.E. Corner of Sec. 27, T15S, R25W (projected), at Cape Douglas, Southwesterly offshore jurisdiction terminates at a line beginning at the N.E. Corner of Sec. 27, T15S, R24W (projected), at Cape Douglas; and extending S62°30'00"E three miles.



Base prepared by Tryck Hyman & Hayes
and Simpson Usher Jones Inc

LEGEND

- RESIDENTIAL - 1 OR 2 UNITS
- RESIDENTIAL - HIGH DENSITY
- COMMERCIAL
- INDUSTRIAL
- PUBLIC
- RESIDENTIAL - TRAILER COURT



**kodiak island borough • urban area
regional plan and development strategy**

EXISTING LAND USE

Prepared by Simpson Usher Jones Inc for Kodiak Island Borough
and the Department of Community and Regional Affairs, State of Alaska

BOROUGH



DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD

MAILING ADDRESS

Commanding Officer
USCG Support Center
Box 14
Kodiak, Alaska 99619

20 May 1978

Local Boundary Commission
State of Alaska

STATEMENT OF THE POSITION OF THE COMMANDING OFFICER, UNITED STATES COAST GUARD SUPPORT CENTER, KODIAK, ALASKA, WITH RESPECT TO THE PROPOSED ANNEXATION OF UNITED STATES COAST GUARD SUPPORT CENTER, KODIAK, ALASKA, TO THE CITY OF KODIAK, ALASKA.

To the Local Boundary Commission:

Having received notice of a public hearing to be held by the Local Boundary Commission on 20 May 1978, at Kodiak, Alaska, for the purpose of obtaining public testimony concerning, among other things, the annexation of USCG Support Center Kodiak to the City of Kodiak, I hereby offer to the Commission my written statement of the position of this Command as well as of the Commander, Seventeenth Coast Guard District, with respect to such annexation.

ANNEXATION OF THE ENTIRE SUPPORT CENTER

It has long been and it remains the position of the Support Center Kodiak Command to oppose the annexation of Support Center Kodiak to the City of Kodiak or to the Kodiak Island Borough for the following reasons:

The purpose and rationale behind annexation of any area to a political subdivision is to better serve the needs of the residents of the area through the provision of municipal services and through municipal supervision of the growth and development of the area. Annexation also provides the concomitant rights of the municipality to tax the residents of the annexed area to finance provided services and the right of the residents to a voice and vote in matters affecting the local municipality. The need for services within the area considered for annexation and the ability of the municipality to provide such services immediately or in the near future are the prime requisites necessary to legitimize annexation. In the case of USCG Support Center Kodiak, neither of these requisites is met. Neither the City of Kodiak nor the Kodiak Island Borough provides a single substantial service to the residents of Support Center Kodiak or to the Coast Guard Command. Electrical power is generated by the Coast Guard power plant and shared with Kodiak Electric Association through a wheeling agreement. Water service to the Support Center and its residents and tenants is provided from Coast Guard sources. Sewage disposal and treatment is accomplished by Coast Guard facilities as is solid waste disposal. Road maintenance of all internal Support Center roads is accomplished by Support Center public works personnel. In the

words of the final report of the Department of Community and Regional Affairs dated May 17, 1978, the Coast Guard Support Center "is totally self-sufficient, containing all facilities and providing all services necessary for the well-being of Coast Guard personnel."

Although the Kodiak Island Borough provides schools for children residing on Support Center Kodiak, the Federal Government provides funding to offset the cost of educating those children.

If Support Center Kodiak in its entirety were annexed to the City of Kodiak and/or to the Kodiak Island Borough, certain residents of the Support Center would be subject to potential taxation based upon ownership of personal property. It should be noted that the bulk of otherwise taxable property held by Support Center residents would likely escape taxation because it is owned by military personnel who are protected from local taxation by the Soldiers and Sailors Civil Relief Act. It is nonetheless patently unreasonable to permit potential taxation of some Support Center residents when no services are received in return. The United States Government and its instrumentalities are exempt from local taxation. With the exception of the State-leased airport facility, there are no commercial activities or sales outlets on the Support Center which would be subject to significant local taxation.

It is obvious that Support Center residents do make limited use of City services while in the City of Kodiak. However, Support Center residents support such services through the payment of sales tax on transactions within the City.

The Department of Community and Regional Affairs' preliminary report dated May 10, 1978, indicated the Department's position that the appropriate standards for annexation were satisfied only for the State airport portion of Support Center Kodiak. In its final report, dated May 17, 1978, the Department "suggests" that the entire Support Center be considered for annexation, citing as its only basis for including the entire Support Center the fact that the "territory is urban in character" as evidenced by USCG's own estimate of population to be approximately 3,000 residents."

Even assuming that Support Center Kodiak is "urban in character" it is obvious that this standard is not properly applicable to a self-sufficient, self regulating, internally planned Federal Military installation. The Department clearly failed to look behind the mere words of the Administrative Code and to consider the purpose behind the standard in light of the Commission's analysis guidelines and common sense.

Annexation of the Support Center could result in participation in local elections by a rather substantial, essentially transient, voting population. While it is not the intention of the Support Center Command to argue for or against the inclusion of these persons in the local political structure, such possible consequences should be noted by the Commission.

In summary, unless and until the City of Kodiak and/or Kodiak Island Borough can provide significant services to the Support Center and its residents, the Support Center Command will continue to oppose annexation of the entire Support Center.

ANNEXATION OF THE STATE AIRPORT

The City Manager of the City of Kodiak has indicated, both directly to the Support Center Command and to the Department of Community and Regional Affairs (as indicated in the Department's preliminary report dated May 10, 1978), that the City is seeking annexation of only that part of Support Center Kodiak encompassing the State-leased airport and perhaps such minimal unpopulated portions of the Support Center necessary to provide contiguity.

The Support Center Command does not oppose annexation of the State-leased airport portion of the Support Center provided that the annexing body is willing to undertake at the earliest possible time the provision of all or most of those services now provided to the airport facility by the Support Center.

The Support Center presently provides the airport with water, sewage, electricity for the airport runway lighting, solid waste pickup and disposal, and primary structural fire response. Support Center Kodiak can not and will not expand its provision of these services (sewage service capability being particularly strained at present) as the airport facility expands.

It should be emphasized that the non-opposition of the Support Center Command to the annexation of the State airport as compared to the opposition of the Command to total annexation is based on the following considerations:

1. Annexation of the airport only would not impact negatively on Support Center residents.
2. The Support Center generally receives no major services from the City and/or Borough justifying annexation and such services are unlikely to be available in the near future. The State airport, on the other hand, presently constitutes a drain on Support Center services which could be alleviated to a substantial degree by annexation of that facility with subsequent provision of services by the annexing municipality.
3. The State airport facility constitutes a potential source of tax revenue for the annexing municipality to offset services provided to the facility. The remainder of the Support Center represents minimal additional revenue.

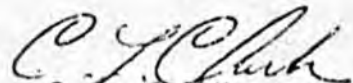
GENERAL COMMENTS

The Support Center Command offers the following comments concerning the procedural aspects of the Department of Community and Regional Affairs' reports and the Local Boundary Commission's Hearing.

Despite the fact that the Department's report bears the date May 17, 1978, it was not available to the Coast Guard in Juneau even as late as May 19, 1978, and was not made available to Support Center Kodiak until the day of the public hearing. Furthermore, the Support Center Command is unaware of any petition submitted by the City of Kodiak or by the Department dealing with annexation of all or any part of Support Center Kodiak. The petition mentioned in the introduction to the Commission's final report dated May 17, 1978, deals with other areas under consideration for annexation.

The Support Center Kodiak Command objects to the hurried approach taken by the Department of Community and Regional Affairs in the preparation of its report and conclusions and in the scheduling of a hearing on Support Center annexation. The Support Center Command further objects to the lack of sufficient time to examine the Department's final report, particularly in light of the major reversal of the Department's position with respect to Support Center annexation. The Support Center Command likewise objects to the Department's failure to require adherence to the Title 19 Alaska Administrative Code requirements respecting petitions for annexation.

Some or all of the material presented herein may be elaborated upon and new material may be presented by the Support Center Kodiak Command representative at the Local Boundary Commission's public hearing.


C. L. CLARK
Captain, USCG
Commanding Officer
USCG Support Center Kodiak

PMSAP

BEFORE THE LOCAL BOUNDARY COMMISSION FOR THE
STATE OF ALASKA

| | |
|--------------------------------|---|
| IN THE MATTER OF ANNEXATION OF |) |
| CERTAIN PROPERTY LOCATED ALONG |) |
| MILL BAY ROAD, KODIAK; |) |
| |) |
| CITY OF KODIAK, |) |
| |) |
| Petitioner, |) |
| |) |
| vs. |) |
| |) |
| KODIAK ISLAND BOROUGH, |) |
| |) |
| Respondent. |) |

RESPONDENT'S BRIEF

I. Introduction

On October 19, 1977, the City of Kodiak submitted a petition for annexation of certain property located along Mill Bay Road in the Kodiak Island Borough to the Department of Community and Regional Affairs. While deficient in several respects (the most glaring of which was the absence of a resolution or ordinance authorizing the City to seek annexation), the petition was accepted by the Department. The City's case, as revealed in its brief, appears to rest on two principal grounds: first, that residents and property owners of the territory are deriving benefits from the City, such that they should be made to pay a commensurate share of the City's tax burden; and second, that the City could provide services to the territory more efficiently under annexation than could otherwise be accomplished. Intruding onto the specifics of this annexation proposal is petitioner's avowed intent to annex substantial other areas of Kodiak Island. See, Memorandum from Ivan L. Widom, City Manager, to the Local Boundary Commission, dated October 17, 1977.

Contrary to the City's allegations, it is the Borough's position that the best interests of the residents and property owners of the affected territory, and of the local governments involved, would not be served by this proposed annexation. As the Borough shall demonstrate, residents and owners of the territory would gain virtually nothing besides a hefty increase in their local taxes should this petition be successful -- an increase for services for which they presently pay more than adequately. The change in status would only serve to foster conflict, moreover, between the City of Kodiak and the Borough, and between the City and affected residents.

II. Lot Ownership and Configuration Within the Territory

At the outset, some factual clarification is required. In addition to the deficiencies in the petition mentioned above, there appear to be errors contained in the notice of hearing and attached lot descriptions provided by the Local Boundary Commission staff. First, Lots 3, 4, 5, 6, 7, 9 and 11 are identified as belonging to the City of Kodiak. Borough research indicates that those lots are currently patented by the State (patent number 50-64-0228 for lots 3-7, and 50-64-0169 for lots 9 and 11). The Borough, moreover, has filed land selections on these lots pursuant to AS 29.18.190, et seq. (Excerpt from Land Selections filed by Dale Tubbs for the K.I.B., Exhibit A.) The Borough, thus, possesses a specific interest in these particular lots, augmenting its underlying concern for the welfare of its residents in general.

In addition to this error, there appears to be an oversight in regard to Lot 27. This lot has not previously been annexed; nor is it included in the petition. It is

certainly possible that the City intentionally deleted this lot, perhaps because of known owner opposition to annexation. Such exclusion, however, would result in a continuation of the alleged misalignment of City boundaries. Since this "misalignment" is one of the grounds advanced by petitioner in support of annexation, the absence of Lot 27 is, at best, confusing. It suggests that this annexation proposal may not have been thoroughly analyzed from a thoughtful, planning perspective.

III. Standards for Annexation

Alaska Administrative Code Section 19.AAC 05.010 sets forth specific standards which provide guidelines for annexation. It is recognized that two of these standards ([1] and [3]) are met by this petition. The City raises no issues under Standards (2), (5), (6) and (9). These standards could not, in fact, be met in this case. Petitioner's case rests primarily on the purported fulfillment of Standards (4), (7) and (8). The Borough contends that there is not, in fact, compliance with these standards.

- A. There is No Need in the Territory for Municipal Services that Could Not be Provided as Efficiently Without Annexation. (Standard No. 4.)

The City asserts that it can provide various services more effectively under annexation than would otherwise be possible. The City's history, however, and the facts regarding each of those services, suggest differently:

1. Sewer and Water. The City argues that sewer and water services would be extended immediately upon annexation. In fact, under a 1970 agreement between the Borough and the City, the City has long since been designated the agency responsible for implementation of water and sewer projects within the area of the road system in the Kodiak

failure to live up to the terms of this agreement accounts for the fact that services have not previously been extended to the lots within this territory. The City's track record is not one to inspire confidence.

2. Law Enforcement. The City simply describes its police force by numbers of officers and size of budget. The only argument made in this context, however, is that "Due to the nature of the boundaries in this area, certain problems can arise". (Petitioner's Brief, p. 1.) The Borough cannot envision what those problems might be. City police may certainly traverse City boundaries to get from one part of the City to another without violating any laws or ordinances. The only response possible to this broad statement is that the State Troopers provide police service to the territory. Residents and property owners have voiced no complaints about the level of service.

3. Fire Protection. The City's analysis of fire protection is, like its presentation of law enforcement, simply a descriptive one. What should be said is that there would be absolutely no change in fire protection provided the residents and property owners of the territory were the annexation to take place. Borough Fire District No. 1 presently covers this territory and is serviced through contract with the City; the contract provides fair consideration. (Exhibit C.) It might be noted, moreover, that the Borough owns one of the fire trucks utilized by the City, as well as a new ambulance similarly operated by the City and used inside and outside its boundaries.

4. Parks and Recreation. The City outlines its services in the parks and recreation area, and alleges a budget of \$128,946 for this department. Apparently the intention is to suggest that Borough residents outside the

City are getting "something for nothing". In fact, the City is able to operate the pool and the gym only because the Borough has made them available. The pool and gym collectively are worth approximately \$3,220,000, substantially more than the City's budgeted amount for this service. (Memorandum from Borough Assessor, Ed Haney, December 6, 1977; Exhibit D.) The joint agreement between the Borough, its School District and the City, further delineates the benefits accruing to the City through the use of these facilities. (Joint Agreement for the Use and Operation of Gymnasiums and Swimming Pool, Exhibit E.)

In addition, the Borough adopted parks and recreation powers within the last year, and has contracted for a major parks and recreation study to be completed by April of next year. City residents will undoubtedly benefit from the exercise by the Borough of its parks and recreation power.

5. Library. In describing its library with attached budgetary figures, the City again fails to make any case showing that Borough residents are taking unfair advantage. Petitioner acknowledges the Borough contribution of \$15,000 to the library financing. There is no showing that this contribution is grossly disproportionate to the use by non-city residents of the library facilities. And there is also no mention of the fact that the Borough operates four libraries of its own which make interlibrary loans to the City library.

6. Cemetery. The City simply states that the cemetery, with its paid contractual employee, is available to Borough residents. There is no indication of how much this employee is paid; he may in fact be part-time. And there is no mention of the fact that the City acquired

the land for the cemetery in 1968 from the Borough for the price of \$1.00. (Minutes of K.I.B. Assembly Meeting, 2/15/68, Exhibit F.) At the time, that land was worth approximately \$29,600. At present, its estimated value is \$300,000.

(Memorandum from Ed Haney, Borough Assessor, to Stu Denslow, Borough Manager, Exhibit G.) Borough residents have more than paid their way into their ultimate resting places. Again, the level of service for the territory affected by this petition would not be increased through annexation.

7. Public Works Functions. The City's one-sentence remark in regard to public works provides little to which the Borough can helpfully respond. The fact that the Public Works Department provides street maintenance and snow removal is essentially irrelevant, since the primary road involved is Mill Bay Road, which is state maintained. Should the residents of the area decide that further local roads are necessary, they could finance them through road service districts, rather than taxing the general public for such neighborhood improvements. It might be noted, moreover, that private contractors are available to the Borough to provide competent road service, as is illustrated by the road service district in the Bells Flats-Russian Creek area. (Contract between the K.I.B. and Alagnak, Inc., Exhibit H.) House numbering, the other item mentioned in connection with public works, is a planning function and will be undertaken by the Borough as it proceeds with implementation of its comprehensive plan.

8. Cargo dock, boat harbor, ferry terminal and airport. The City alleges that these facilities are "to some extent" self-supporting, and then claims that general fund contributions have been made to maintain the facilities. Again, the City's lack of specificity renders the Borough's

attempt to be responsive difficult. Borough research uncovered only a \$149,703 loan from the City's general fund to the cargo dock. (City of Kodiak, 1977/78 Budget, p. 46.) A loan hardly constitutes a "contribution". The City's presentation in this regard raises two additional questions. First, it is not at all clear that the municipal airport, as discussed further below, is an asset to Kodiak. The extreme hazardousness of this strip might merit its closure, rather than its support by taxpayers money. Second, it is not clear why general fund contributions should ever be used to make up deficits in the operating budgets of these enterprise activities. The people who use them should pay for them; those who do not use them, should not.

9. Garbage Collection. Residents of the territory would gain nothing new in the way of garbage collection should annexation take place. At present, they have the option of paying for garbage collection or transporting their own refuse to the dump. Under annexation, that option would be removed and they would pay for the service whether or not they wanted it. There has been no showing that such imposition is necessary.

A review of the above services indicates that the City has not demonstrated that it could improve the lot of territory residents through annexation. In fact, as described above, the residents and lot owners would gain virtually nothing to their advantage by way of annexation. As shown on the table below, however, these people would stand to lose a great deal. Best estimates reveal that, assuming the addition of sewer and water to all lots, the cost to lot owners should they remain outside the City limits would be 9.47 mills taxation plus \$28.75 per month in water and sewer assessments; if the territory were annexed, the rate would

jump to a substantial 16.3 mills, with assessments in the neighborhood of \$25.00 per month.

| | <u>City Resident</u> | <u>Borough Resident Outside City Limits</u> |
|------------------------------|-------------------------------|---|
| Borough Mill Rate | 7.2 | 7.2 |
| City Mill Rate | 9.1 | -0- |
| Fire Protection Mill Rate | -0- | 2.27 |
| Water | \$10.00/mo. | \$13.75/mo. |
| Sewer | \$15.00 | \$15.00 |
| Total | 16.3 Mills \$25.00/mo. | 9.47 Mills \$28.75/mo. |

The City has simply failed to make a showing that such a rate increase is warranted or equitable for those affected.

B. Annexation Will Not Enable the City to Improve any Health or Safety Conditions in the Territory. (Standard No. 6.)

As noted previously, the City has not invoked this standard. It would be dismissed without comment were it not for the irony it brings to light. There is, in fact, a serious safety hazard located within the territory. That hazard is the municipal airport. Yet the City, which exercises complete control over this airport and even mentions it among the services provided to territory residents, has failed in its duty to alleviate the significant safety hazard that it poses. There is no reason to assume the City would perform more responsibly should other such problems arise.

C. It is Practical to Provide all Necessary Services to City Residents Without Bringing the Territory Within the City Boundaries. (Standard No. 7.)

Petitioner's brief includes broad statements to the effect that there is a "misalignment of boundaries [which] causes problems with enforcement of City ordinances and with providing certain services to those areas already annexed". That is the extent of petitioner's analysis. In light of joint Borough-City agreements covering water,

sewer, and fire, the Borough cannot envision any problems that might arise because of the existence of a few City lots within the territory. If the problems were significant, the City presumably would never have annexed those lots causing the present "misalignment".

D. The City is Receiving (or Should be Able to Devise Means of Receiving) Ample Reimbursement for the Services Provided Territory Residents and Lot Owners. (Standard No. 8.)

The City complains that it "provides substantial benefits to residents and owners of properties outside of [its boundaries] without corresponding tax contributions for municipally provided services". (Petitioner's Brief, p. 2.) Yet, sewer and water should be provided only upon assessment; fire protection is paid for by the Borough which levies a 2.27 mill rate on property owners within the District; parks and recreation services are in large part made available through the Borough-donated pool and gym; contribution is made by the Borough directly to the municipal library; the cemetery exists on a \$300,000 plot of land given for \$1.00 to the City by the Borough; the cargo dock, boat harbor, ferry terminal and airport are or should be self-supporting through user fees; and garbage collection is currently paid for by those who use it.

In addition to the direct payments identified above, all Borough residents outside the City fund the City's services and programs, whether or not they receive any benefits from them, through a three percent sales tax levied by the City on all goods and services sold within the City or by City-based businesses, whether the service is provided within or without the City. (City Ordinance 3.08.010 et seq.) Virtually all sales of goods and services on Kodiak Island take place within the City, so all residents

of the Island are sorely affected by this tax. Sales tax receipts, moreover, have been used to pay Borough personal property tax for City residents; owners of personal property within the City have not been required to make such payments out of their own pockets. (City Ordinance 3.04.010B.) Borough residents living outside the City boundaries have thus paid personal property tax twice; first their own, and then a substantial contribution to the payment of taxes for those persons who have personal property located within the City limits. Residents and lot owners in the territory have amply compensated the City for any benefits they might receive.

IV. Procedural Factors Against Annexation

Four intertwined procedural issues are raised by the manner in which this petition has proceeded to date. First, petitioner and the Local Boundary Commission seem determined to propel this matter forward with great speed, presumably because of the approaching start of the Legislative session. Such precipitous action, however, has resulted in failure by the Commission to follow its own guidelines, and has put great strains on the Borough and any other would-be respondent to prepare adequately for the upcoming hearing.

- ① Thus, the petition was apparently accepted notwithstanding the fact that no resolution from the City Council was attached (19 AAC 10.040[4]); the sources of information
- ② contained in the petition were presented only in a statement, not an affidavit (19 AAC 10.040[2]); and the petition was
- ③ wrongly addressed to the Department rather than the Commission (19 AAC 10.030). In addition, the interest in reaching a quick determination in this case resulted in a refusal by the Staff Assistant to grant a few days postponement of the hearing. The Borough's attorney had requested such an

extension in order that a well-informed brief might be prepared and presented to the Commissioners sufficiently in advance of the hearing to enable them to receive the evidence with some foreknowledge of both sides of the case. (See, letter from Joan M. Katz to Pat Poland, Exhibit I.)

Second, as noted throughout the course of this brief, the City's presentation to the Local Boundary Commission consists primarily of broad allegations, without substantiating facts. Such material did not put the Borough in a sufficiently informed posture to respond adequately.

Third, the issue of annexation of the petitioned-for territory is clouded by the avowed intention of the City to extend its boundaries to still other areas. Mr. Poland has indicated to the Borough's attorney that the broader issues of annexation of large portions of the Kodiak Island Borough will in fact enter into the Commission's deliberations in the course of the hearing on the Mill Bay Road territory. Yet no petition has been filed on those other, very different areas; there is no way the Borough can prepare any response. Other interest groups, such as the Native population of Kodiak, may have strong feelings when confronted with the full scope of the proposed annexation. It would appear that any and all questions of annexation on the Island of Kodiak should await a proper petition adequately setting forth all the territory sought to be annexed with ample factual basis for the City's position. Absent such a rational approach, serious error might be committed as Commission deliberations are hurried forward without sufficient groundwork being laid. There is no emergency warranting such procedure.

Fourth, and finally, in connection with the intent to annex considerably more territory than is revealed in this petition, it would seem appropriate to handle this matter by

the step annexation procedure. Of critical concern to the Borough Assembly, staff and people they represent, is the fact that no opportunity has been afforded the people of this territory to vote on the issue of annexation. An election would give the Commission precise information regarding the people's views on this matter. It would also go far to reduce the anger and bewilderment experienced by Borough residents who view the non-elective process as an uncharacteristically undemocratic one for this State to be imposing upon them.

V. Conclusion

The only context in which the City's petition is comprehensible is that of a power play, a grab for land which the petitioner has no demonstrated ability to govern effectively. The evidence shows that the residents of the territory would gain nothing from annexation, but would stand to lose considerably from a financial standpoint. Abstract arguments supporting annexation are overshadowed by the reality of the cost-benefit ratio to those lot owners, by the fact that they do not support this petition, and by the realization that there is no equitable reason for increasing the City's tax base. Honest appraisal tells us that the City's track record for the delivery of services and for fair dealing with citizens on Kodiak Island is seriously deficient. There is no basis for granting the petition. There is sound basis for denying it. The Kodiak Island Borough respectfully requests that the Local Boundary Commission reject the City of Kodiak's petition for annexation.

DATED this 9th day of December, 1977.

JOAN M. KATZ, Attorney for the
Kodiak Island Borough

KIB-26
ADL 200122

KODIAK & VICINITY

State Patented Lands

T27S,R19W,SM

Unclassified

USS 3465

Tract B 9.74 A

Lands Classified Reserved Use

USS 3466

Lot 11 C1#315 1.08 A

USS 3098

Lot 3 C1#315 1.25 A

4 C1#315 1.25 A

5 C1#315 1.25 A

6 C1#315 1.25 A

7 C1#315 1.25 A

9 C1#315 1.25 A

11 C1#315 1.03 A

USS 3463

Lot 1A C1#315 1.56 A

Unclassified

USS 3099

Lot 25 1.55 A

Total 22.46 A

Excerpt from Land Selection Filed By Dale Tubbs
for the Kodiak Island Borough

EXHIBIT A

RECEIVED OCT 12 1977

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

LAND AND WATER MANAGEMENT
SOUTHCENTRAL DISTRICT

3327 Fairbanks Street
Anchorage, Alaska 99503

~~XXXXXXXXXXXXXXXXXXXX~~

October 4, 1977

Mr. Stuart Denslow
Borough Manager
Kodiak Island Borough
Box 1246
Kodiak, AK 99615

Dear Mr. Denslow:

This is to acknowledge receipt of Kodiak Island Borough's
Municipal Selections, ADL 200122.

Further processing of the pending selections by the
Southcentral District Office is not anticipated until
completion of legislative action on House Bill 133 which
addresses the municipal land selection problems in Title 29
of the Alaska Statutes. If, in the meantime, there are
critical priority selections requiring immediate attention
or questions regarding your selection status, we will be
glad to respond to your needs.

Sincerely,

L. A. Dutton
District Manager

cc: Dale Tubbs
Moening-Grey and Associates

10/5
Dale - Sorry we didn't get these recorded
promptly. When I gave your package of selection to
Jack Wiley I evidently didn't make it clear to Jack that
the selection applications were to go to Records.

There will be no filing fees this time as the
fee has not been officially established.

DESIGNATING THE CITY OF KODIAK AS THE AGENCY
RESPONSIBLE FOR IMPLEMENTATION OF WATER AND
SEWER PROJECTS ELIGIBLE FOR FEDERAL FUNDING

THIS AGREEMENT, made and entered into this 2nd day of July, 1970, by and between the CITY OF KODIAK, a municipal corporation, hereinafter referred to as "CITY" and KODIAK ISLAND BOROUGH, a municipal corporation organized under the laws of the State of Alaska, hereinafter referred to as "BOROUGH",

W I T N E S S E T H : \

WHEREAS, BOROUGH is a second class borough and as such has limited authority which does not include the power to provide water or sewer service and

WHEREAS, CITY is a first class city and as such has a Public Works Department and in connection therewith provides sewer and water service to the residents residing within the corporate limits of the CITY OF KODIAK and to some residents residing outside the corporate limits of the CITY OF KODIAK, and

WHEREAS, the parties hereto desire to make application for Federal aid on local sewer and water project and one of the parties hereto must be designated an agency responsible for implementation of such projects.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto mutually agree as follows:

1. CITY is hereby designated the agency responsible for implementation of any water or sewer projects within the area of the road system in the KODIAK ISLAND BOROUGH and is hereby authorized to make application for Federal aid in connection therewith.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their proper officials on the day and year first above written.

CITY OF KODIAK

By: *Richard A. Jones*
City Manager

KODIAK ISLAND BOROUGH

By: *[Signature]*
Borough Manager

CONTRACT TO FURNISH FIRE PROTECTION SERVICE

THIS CONTRACT made this 2ND day of ~~May~~^{July}, 1970,
by and between the CITY OF KODIAK, hereinafter referred to as
"City" and the KODIAK ISLAND BOROUGH, hereinafter referred to as
"Borough", both being municipal corporations organized under the
laws of the State of Alaska.

W I T N E S S E T H

WHEREAS, City is an Alaskan municipal corporation, being
a home-roll or charter city, and as such is lawfully authorized and
empowered to enter into the Agreement hereinafter recited; and

WHEREAS, Borough is an Alaskan municipal corporation of
the second class and has under its powers formed a Fire Service
District as provided by law and therefore is lawfully authorized
and empowered to enter into the Agreement hereinafter recited; and

WHEREAS, Borough is presently without adequate fire
protection in its Fire Service District and desires to have the
services of City's Fire Department and to pay for such services; and

WHEREAS, City is willing to furnish fire protection to
Borough's Fire Protection District provided an adequate payment is
made.

NOW, THEREFORE, City and Borough agree as follows:

SERVICES TO BE RENDERED

FIRST: Subject to the conditions and qualifications
hereinafter recited, the City will furnish to Borough's Fire
Protection District during the period of this Agreement, the
services of City's Fire Department to the same extent as if the
area encompassed within the boundaries of the Borough's Fire
Protection District were a part of the incorporated area of the
City.

TERM OF AGREEMENT

SECOND: The term of this Agreement shall be continuous until terminated by mutual agreement of the Parties or by notice of intention to terminate given in writing not less than ninety (90) days before the intended date of termination when such notice is given and which notice may be given by either Party at any time hereafter.

PAYMENT

THIRD: Borough agrees to pay to City during the term of this Agreement an amount equal to the millage rate levied by City for fire protection service in the City, which amount shall be levied and collected on all properties within Borough's Fire Protection District at the same millage rate. City shall give to Borough, in writing, at the time it sets its millage rate, the millage levied for fire protection within the City and that same millage rate shall thereafter be applied to all properties within the Borough Fire Protection District for the ensuing year and this amount shall be paid to City.

CITY IS NOT RESPONSIBLE FOR CONDITION OF FACILITIES

FOURTH: City assumes no responsibility for the condition of the water mains, adequacy of fire hydrants, water pressure or of any of the facilities to be furnished by Borough's Fire Protection District except to render the best service possible under the conditions which exist at any given time.

RESPONSIBILITY OF FIRE CHIEF

FIFTH: In agreeing to give Borough's Fire Protection District the same type and quality of fire protection service as

that enjoyed by the City, it is understood by Borough that the ultimate decision and discretion as to the method and manner of controlling or extinguishing fires is vested in the Fire Chief of the City. Neither City or Borough shall be allowed any priority in dispatching of fire fighting equipment or personnel, but in any given case, the decision shall be in the discretion of the City's Fire Chief.

FIREMEN TO BE MADE PEACE OFFICERS

SIXTH: City does not agree to furnish any peace officers in connection with the response to any fires within the Borough Fire Protection District unless such powers are conferred upon firemen by the laws of the State of Alaska and in that event the powers and authorities shall be limited to that authority granted.

INSPECTION BY FIRE DEPARTMENT

SEVENTH: The Fire Department of City shall have the same right to make inspections of any and all structures and grounds within the Fire Protection District of Borough and to make appropriate recommendations thereon with the same force and effect as the Fire Department has within the City.

BOROUGH TO ABATE FIRE HAZARDS OR NUISANCES

EIGHTH: Borough agrees to take timely action to abate any fire hazard or nuisance when such is called to the attention of the Borough Chairman or Borough Assembly.

INDEMNITY OF FIRE DEPARTMENT

NINTH: Borough agrees that the Fire Department of the City shall have the same privileges and immunities with respect to liability as said Department has in the City.

ADJUSTMENT OR REVISIONS OF BOUNDARIES

TENTH: Borough agrees that if the present geographical boundaries of the Fire Protection District of Borough are reduced or enlarged or expanded, then and in such event City may either refuse to service such enlarged area or this Agreement shall be amended to provide an added consideration for the additional fire protection to be rendered by City or a reduction in the compensation by reducing the amount thereof by subtracting the millage from those properties withdrawn.

CITY IS INDEPENDENT CONTRACTOR

ELEVENTH: The management, regulation and control of City Fire Department shall remain the sole obligation of City, and the relationship of City to Borough shall, upon this Agreement taking effect, be that of independent contractor.

IN WITNESS WHEREOF, the Parties hereto have executed these presents by resolution of their respective governing bodies, duly authorizing the same.

CITY OF KODIAK

KODIAK ISLAND BOROUGH

BY: *Pete Resoff*
PETE RESOFF, Mayor

BY: *Wilton T. White*
WILTON T. WHITE, Chairman

ATTEST: *Norma Holliday*
NORMA HOLLIDAY, Clerk

ATTEST: *Robert Grafe*
ROBERT GRAFE
Borough Clerk

ADDENDUM

TO CONTRACT TO FURNISH FIRE SERVICE

Whereas the parties hereto have heretofore entered into an Agreement whereby CITY agreed to furnish to BOROUGH's Fire Protection District, the services of CITY's Fire Department to the same extent as if the area encompassed within the boundaries of the BOROUGH's Fire Protection District were a part of the incorporated area of the CITY and

Whereas BOROUGH agreed to pay to CITY during the term of said Agreement, an amount equal to the millage rate levied by the CITY for fire protection service in the CITY but no provision was made, nor account taken of the Capital Improvements of the Fire Department to date or in the future,

Now therefore, the parties hereto agree that the BOROUGH will transfer, and the CITY will accept the equity of the BOROUGH in its fire truck and equipment as the BOROUGH's contribution to the Capital Improvements of the CITY's Fire Department to date, and to make further contributions to the Capital Improvements of the Fire Department through assessment and taxation at the same time and on the same basis as may be done by CITY in the future.

IN WITNESS WHEREOF, the parties hereto have executed these presents by resolution of their respective governing bodies, duly authorizing the same.

CITY OF KODIAK

KODIAK ISLAND BOROUGH

BY: *Rolland A. Jones*
R. A. JONES, City Manager

BY: *Wilton T. White*
WILTON T. WHITE, Chairman

ATTEST: *Norma Holliday*
NORMA HOLLIDAY, Clerk

ATTEST: *Robert Grafe*
ROBERT GRAFE
Borough Clerk

SUMMARY STATEMENT
OF THE KODIAK ISLAND BOROUGH'S POSITION ON
THE CITY OF KODIAK'S PROPOSED ANNEXATION

At the behest of large numbers of constituents, and on the basis of its own judgment, the Kodiak Island Borough Assembly has determined to oppose the annexation of the "Mill Bay Road" and "Mission Road" areas by the City of Kodiak. The Local Boundary Commission has submitted its recommendation in favor of annexation. Kodiak lawmakers Mulcahy and Zharoff have introduced joint resolutions for disapproval of the annexation.

The matter now rests with the Legislature, its discretion to be guided, as in other policy matters, by the best interests of the citizens involved. The Legislature has until March 10, 1979 to adopt the Mulcahy/Zharoff resolutions, or the annexation will become effective. (Art. X, Sec. 12, Alaska Constitution.)

The Borough is concerned with four central issues relating to the proposed annexation. In the hope that legislators attempting to analyze this matter may find identification of these issues useful, they are presented in summary form below.

1. Lack of Democratic Process
in Approving Annexation

The people of Kodiak share a sense of outrage at the manner in which this annexation has proceeded to date. While the Alaska Statutes (AS 29.68.010[b][1]) and the Local Boundary Commission regulations (19 AAC 10.200 and 15.030) authorize a vote on annexation by the residents of the affected territory, no such opportunity was ever afforded the people in this case. Although they came in droves to Commission hearings and testified in opposition to the annexation, their views were not heeded. The Local Boundary Commission chose instead to decree what was "best" for the residents of Kodiak, City and Borough alike. The Boundary Commission was within its legal rights in adopting this procedure. The theoretical "legality" however, does not alter the fact that imposing a government upon a group of citizens against their will is contrary to our fundamental concepts of majority rule, due process, and democracy.

2. The Economic Facts and Equities

One of the grounds for annexation propounded by the City is the purported unfairness of Borough residents availing themselves of City services without -- allegedly -- paying their way. In fact, the Borough makes possible many of the services for which the City takes credit through Borough donation of major facilities (e.g. swimming pool and gymnasium). The City properly charges user fees for port and dock operations. And non-City residents contribute approximately 50 percent of the City's three percent sale tax revenues which fill the municipal coffers each year. The Borough Planning Director, who currently lives outside the City limits, has calculated that fully 70 percent of his local tax dollar actually goes to the City.

In addition to supporting general City operations, these sales tax receipts are used in another, highly significant way: to pay the personal property tax for City residents and others who own personal property within City limits. Residents in the territory proposed for annexation thus pay personal property taxes twice: first their own, and then a substantial contribution to the taxes of persons living inside the City.

From the perspective of individuals living in the Mill Bay and Mission Road areas, annexation would result in an increased tax burden in the neighborhood of 6.8 mills. In light of the fact, as indicated below, that most of these residents do not want or need the "services" which would theoretically become available to them upon annexation, such onerous taxes would be completely unwarranted.

3. Forced Change in Lifestyle

Most of the people in the territory proposed for annexation chose to live in this region specifically to avoid crowded, urban conditions, unnecessary government intrusion, and burdensome tax assessments. Many invested substantial sums in individual sewer and water systems. They have no desire for additional police services. They do not want City refuse collection. They live on State-maintained roads or unpaved local roads, which are just fine with them. They have voted that, to the extent necessary, they want the Borough to provide sewer and water and road service through service districts -- at a level of service they can afford.

Should annexation of these people's land occur, many on larger rural lots will be forced to subdivide to pay their property taxes. A greater need for services will then arise. The City's ability to provide such services will be strained. And a very desirable, very Alaskan lifestyle will have been destroyed.

4. Ability and Integrity of the City

The move for annexation did not come from the people within the City. They have no more desire for annexation than do the residents in the affected territory. The annexation petition originated in City hall alone. It is questionable whether this is a government whose jurisdiction should be extended at this time.

The City of Kodiak has attempted to coerce residents into accepting annexation by denying its ability to provide utility services outside its own boundaries. Yet the Alaska Statutes specifically confer such authority on the City, as does the City's own Charter. (See AS 29.48.040; Kodiak Charter Art. VIII, Sec. 8-1) By agreement with the Borough, moreover, pursuant to federal and state grants, the City is obliged to cooperate in the furnishing of water and sewer services to residents outside the City limits who require this assistance. The City has refused to honor this obligation. The people in the area proposed for annexation do not want to be within the power of a governmental entity which, in their view, has not dealt fairly with them.

City residents have complained moreover, that there are unmet needs within the current City limits. It would seem more appropriate for the City to focus its attention there before taking on additional problems outside its present boundaries.

In summary, the people do not want or need annexation, nor do the equities of the situation require it. To the contrary, fundamental fairness and a basic democratic approach to government mandate the defeat of this annexation proposal.

9

BEFORE THE LOCAL BOUNDARY COMMISSION FOR THE
STATE OF ALASKA

Re: Proposed Annexation of)
Certain Lands in the Kodiak)
Urban Area to the City of)
Kodiak)
)
)
)

BRIEF OF THE RESPONDENT KODIAK ISLAND BOROUGH

Introduction

Annexation entails substantial financial, political and practical consequences for property owners and residents of the lands involved. To assess those consequences in connection with the Kodiak situation, three fundamental questions need to be asked: (1) whether annexation would serve any real purpose so far as the territory to be annexed is concerned; (2) whether the alleged equities on the City's part exist in fact, or have been advanced simply to justify a quest for additional revenues; and (3) whether adverse consequences would befall individuals within the territory, or without, should annexation occur. Respondent's analysis of these questions will address the relevant, specific factors set forth in 19 AAC 05.010, as well as the concerns raised in both the letter of May 1, 1978, from Sheila Gallagher to Stewart Denslow, and in the Preliminary Report from the Department of Community and Regional Affairs, dated May 10, 1978.¹ In light of the fact that this proposed annexation is a legislative one, with no opportunity for the people involved to express their opinions at the polls, abstract theories of symmetry in local government should not be afforded excessive weight. The

¹The final report was not available at the time this Brief was being prepared.

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Attorney at Law
540 "L" Street, Suite 101
Anchorage, Alaska 99501
(907) 274-7634

realities of the Kodiak situation need to be examined.

I. What Needs Exist Within The Territory
That Could Best Be Met By Annexation?

Annexation makes sense only if services are needed and desired by the people affected which can best be provided by the annexing government. The evidence in this case, however, is that people outside the City's current boundaries are generally content with not only their government, but also the kinds and levels of services they are presently receiving.

An attitudes survey conducted by the Anchorage Urban Observatory last year indicates that the three greatest concerns for residents outside the City are litter, roads and the high cost of goods.² Inside the City, residents are most concerned about the same two priority issues, although roads are placed above litter. The problems of physical isolation and "environment" tie for third place. Outside the City only one person in the sample rated utilities as a top priority; only one identified animal control as such. And not a single person identified police or fire service as the most urgent problem.

These findings are highly significant in reflecting a general, marked absence of desire on the part of people in the affected territory to change the kind, or raise the level, of services they receive - even when no price tag is attached. The only exceptions occur in connection with roads and litter.

a. Roads. Kodiak's roads are essentially State maintained, with only 13 miles of road under City jurisdiction and 15.5 miles within the Borough's authority. Annexation for the purposes of road maintenance would be nonsensical for two reasons. First, the people within the City are more dissatisfied with the condition of their roads than are the people outside the City,

²For more detailed information on this survey see Kodiak Island Borough Economic Analysis, submitted by Drs. Green and Hill as part of the Borough's presentation in this proceeding.

suggesting that the City is hardly the appropriate government unit to undertake further road work. In addition to the findings of the Urban Observatory study in this regard, there is the testimony of City residents like Charles Davidson, who stated at the December 12, 1977 hearing that he was opposed to annexation in light of the City's inability to adequately pave and/or oil the roads within its current jurisdiction.

Second, Borough voters have recently elected to adopt road power within Service District I of the Mill Bay-Monashka Service area. This power will enable the Borough to offer road service to those areas in which the property owners vote to foot the bill. Such an undertaking has previously proven successful in the Bells Flat area, where private contractors provide road maintenance. (See Exhibit H to Respondent's Brief of December 9, 1977, regarding the proposed Mill Bay Road Annexation.)

Comments by the Local Boundry Commission staff concerning the absence of a Borough public works department to provide road maintenance are irrelevant to the Kodiak situation. As indicated previously, the roads at issue here do not cover hundreds of miles, but rather approximately 15.5 miles. Private contractors are not only capable of providing maintenance, grading, snow removal, etc. for this amount of road surface; such contractual arrangements would seem to be a boon to the local economy. Finally, it should be noted that in Fiscal 1978 the people of the Russian Creek and Bells Flat areas voted to spend \$38,000 on road maintenance for nine miles of road, while the City spent \$1,110,014 for 13 miles of road maintenance and construction. The people currently living outside the City's boundaries should continue to have the right to choose to spend \$38,000 vs. \$1,110,014 if they are satisfied with the lower level of service. Annexation would deprive them of that right to choose.

b. Litter. Litter, the other major concern of Kodiak residents in and outside of the City, also provides no basis for annexation. The State again has responsibility for maintaining

its roadways and would be charged with litter removal in those areas. The Borough, pursuant to its planning, road and health powers would similarly be able to undertake this responsibility. To support its case for annexation, the City would seem to have the burden of showing that it could better meet this problem.

c. Sewer and Water. The only additional, significant need that the Local Boundary Commission might want to examine would be that for sewer and water. In some areas of the Borough outside the City, sanitation standards necessitate, and the people desire (although not as a top priority) sewer and water improvements. The analysis submitted by the independent consultants from the Alaska Urban Observatory indicates that there is no reason to believe the City could meet these needs at less cost than the Borough. Unlike the services of roads and police, moreover, sewer and water are public utilities, in the same category as telephones. As such, they must pay their own way. They could, theoretically, be provided by a private corporation. The expansion of sewer and water into the territories in question should, therefore, have no bearing on the issue of annexation. (See Green and Hill, Kodiak Island Borough Economic Analysis, at 7.)

A review of services needed in the affected territory thus reveals that annexation represents a theory without any practical application or rational nexus to the facts of this case. There is no cry for expanded police protection. There is no reason to deprive private contractors of the opportunity to provide road maintenance at the level the people can afford. In his letter of December 16, 1977 to Mr. Strandberg, the City Manager himself acknowledged: "I am certain you are aware that as soon as an area gets water and sewer from the core City they have no need to annex. This is especially true in the Kodiak urban area". (Exhibit A, at 2-3) The point made by Drs. Green and Hill, of

course, is that not even sewer and water requirements create any need or justification for annexation. From the territory's standpoint, annexation is simply not needed in any way, to provide any service.

II. Is the City Entitled To Annexation
For Reasons of Equity?

It is arguable, though Respondent would oppose this notion, that even without a need for annexation, such action could be required if the City is presently being placed in an inequitable position by virtue of non-City residents' use and enjoyment of City facilities and services. The City took this position in its Mill Bay Road petition brief; the information presented by Respondent in connection with that annexation is equally applicable here. Respondent's previous brief summarized the facts regarding specific services mentioned by the City in its plea for "equity" as follows:

The City complains that it "provides substantial benefits to residents and owners of properties outside of [its boundaries] without corresponding tax contributions for municipally provided services". (Petitioner's Brief, p.2.) Yet, sewer and water should be provided only upon assessment; fire protection is paid for by the Borough which levies a 2.27 mill rate on property owners within the District; parks and recreation services are in large part made available through the Borough-donated pool and gym; contribution is made by the Borough directly to the municipal library. the cemetery exists on a \$300,000 plot of land given for \$1.00 to the City by the Borough; the cargo dock, boat harbor, ferry terminal and airport are or should be self-supporting through user fees; and garbage collection is currently paid for by those who use it.

Also mentioned in Respondent's previous brief was the highly significant fact of the three percent sales tax levied by the City on all goods and services sold within the City or by City-based businesses. Strong concern with the "high cost of goods" as expressed in the Urban Observatory attitudes survey, indicates the substantial impact of this tax. In a memorandum prepared at the time of the previous annexation hearing in Kodiak.

the Borough Planning Director researched his own financial situation and presented figures establishing that as a non-City resident, he was paying more taxes to the City (as a result of the sales tax) than he was contributing to the Borough through personal and real property taxes. (Memorandum from Planning Director to Borough Manager, December 6, 1977, Exhibit B.)

Local Boundary Commission regulations contemplate that measures such as sales taxes can be used as alternatives, not supplements, to annexation. 19 AAC 05.010(a)(8) provides in part:

In determining whether [property owners in the territory receive the benefit of City services without commensurate tax controls] the Commission will consider alternate methods available to the city for offsetting the cost of providing services to individuals or property beyond its property taxation powers

Through this sales tax (plus the contribution to firefighting equipment, dock user fees, etc.), non-City residents of the Borough more than pay their way. They pay not only for benefits they receive, but for benefits innuring only or principally to City residents. For example, \$60,000 received from sales tax revenues (to which non-City residents contribute as much per capita as City residents) has been used to finance construction of water and sewer facilities within the City in the 1977-78 fiscal year. (City of Kodiak Budget 1977-78 Fiscal year.) Even more significant perhaps, a substantial percentage of the property taxes owed by City property owners are being paid by sales tax receipts garnered from non-City residents as well as City residents. While the appraised value of City property should have netted the City 1.3 million dollars in tax receipts, in fact only \$655,000 is being collected. (City of Kodiak Budget 1977-78 Fiscal year.) Where is the equity in such an arrangement? If City residents are not even paying their own property taxes at this time, what possible justification can there be for seeking to tax people currently outside the City boundaries?

It is apparent, thus, that if any group of people is being treated inequitably, it is the territory residents: they pay City bills through sales taxes while contributing directly through user fees and the like for services that they utilize. The City, in truth, simply wants to spread it's overhead a little thinner - an understandable position, but one decidedly negated by the equities of the situation.

III. Would Annexation Have Any Adverse Effects Upon Territory Residents Or Other Kodiak Citizens?

It is evident that annexation is not warranted because of any need for City services or from any equitable standpoint. It should be recognized, in addition, that annexation could be extremely harmful to territory residents - and ultimately to the Kodiak community at large.

Respondent's previous brief on Mill Bay Road attempted to illustrate the relative costs to territory residents of provisions of water and sewer services with and without annexation. On the assumption that territory property owners would pay existing City taxes to acquire such services, it was determined that the price tag for the annexed resident would be 16.3 mills plus \$25.00 per month in assessments, as opposed to 9.47 mills and \$28.75 per month for non-City residents. (Respondent's Brief 12-09-77 at 3.) Drs. Green and Hill have calculated potential mill rates under annexation on the alternative assumption that annexation would simply shift some of the City's cost to the new territory. In that case the mill rate for City residents would be 15.19 mills - as opposed to 9.47 for non-City residents receiving sewer and water. (See Green and Hill at 12.) The difference under either method of calculation, is clearly substantial.

There is another consideration however, which is as important as the economic detriment to be suffered through annexation.

This is the potential effect on this relatively small community of the hostility that would be engendered by the imposition of annexation on a group of people who are adamantly opposed to it. An effort at unification was initiated by the City on October 27, 1977. (Resolution 23-77, Exhibit C.) The Borough responded in good faith, and scheduled a day long workshop attended by members of the public, City and Borough officials, a representative from Community and Regional Affairs and the former attorney of the Anchorage Charter Commission. As a result of that meeting, the Borough Assembly voted unanimously to put the question of unification on the ballot this Fall. (Resolution No. 78-34-R, April 6, 1978, Exhibit D.)

Unification is an appropriate means by which to avoid duplication of government units and promote more efficient government. Most importantly, it is also a means well suited to healing political wounds and allowing citizens to work together toward common goals. If the Local Boundary Commission were to try to design a tool aimed at destroying any hope for unification in Kodiak, it could propose no better means than the contemplated annexation. As testimony at the December 12, 1977 hearing established, many citizens of the Borough outside the City limits are bitterly antagonistic towards the City as a result of actions or inactions attributable to that government. Many citizens, further, are outraged by their lack of opportunity to vote their views on the annexation question. Should City dominion now be imposed upon them, the chances of a harmonious movement towards unification would be destroyed.

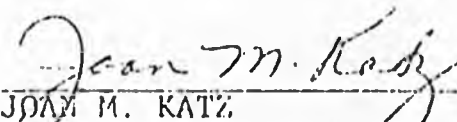
Conclusion

Annexation may have a theoretical appeal along the lines of political neatness. Theory is not reality, however, and the fact is that without annexation there will be service districts.

with annexation, there will probably be differential taxation with inconsistent levels of service, and with unification, there would still -- and again -- be service districts. The difference between the present situation and annexation -- the only two options available to the Local Boundary Commission -- is in the degree of choice to be exercised in the annexed territory. And that choice of course translates into substantial impact on the pocketbooks of the property owners involved.

The Local Boundary Commission is undoubtedly cognizant of its significant power and responsibility in considering legislative annexations. Respondent urges the Commissioners to ask themselves the three questions posed in this Brief while deliberating the merits of this case. The answers, the Borough feels confident, will show no need for services that the Borough cannot provide at a cost comparable to or lower than the City; no inequity done to the City by non-City residents; and adverse effects on both territory residents and other Kodiak citizens alike should annexation be approved. In light of these realities, Respondent respectfully submits that legislative annexation in this case would be an abuse of discretion. Respondent requests that annexation be denied.

DATED this 17th day of May, 1978.



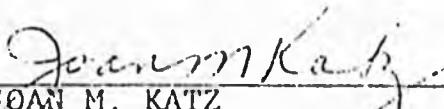
JOAN M. KATZ
Attorney for the Kodiak
Island Borough

BEFORE THE LOCAL BOUNDARY COMMISSION FOR THE
STATE OF ALASKA

Re: Proposed Annexation of)
Certain Lands in the Kodiak)
Urban Area to the City of)
Kodiak)

CERTIFICATE OF COUNSEL

I, Joan M. Katz, counsel for the Kodiak Island Borough,
certify that a copy of the Brief of the Respondent Kodiak Island
Borough was delivered to the staff of the Local Boundary Commis-
sion for service on the City of Kodiak this 19th day of May, 1978.



JOAN M. KATZ
Attorney for the Kodiak
Island Borough

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540 "L" Street, Suite 101
Anchorage, Alaska 99501
(907) 274-7634

KODIAK ISLAND BOROUGH

DATE: December 6, 1977
FROM: Borough Assessor/ Ed Haney
TO: Whom It May Concern

At the time of construction in 1973 the cost of building the Kodiak High School gymnasium was One Million One Hundred Fifteen Thousand Dollars (\$1,115,000). Reproduction today would be approximately One Million Six Hundred Seventy Thousand Dollars (\$1,670,000).

The swimming pool complex in 1973 cost One Million Thirty Five Thousand Dollars (\$1,035,000) to build and to reproduce it today would approximately cost One Million Five Hundred Fifty Thousand Dollars (\$1,550,000).

Totaling the two (2) buildings together shows a cost to build in 1973 of Two Million One Hundred Fifty Thousand Dollars (\$2,150,000).

The reproduction of the two (2) buildings together in 1977 would come to Three Million Two Hundred Twenty Thousand Dollars (\$3,220,000).

EH/sv

cc

JOINT AGREEMENT FOR THE USE & OPERATION

OF GYMNASIUMS & SWIMMING POOL

This agreement entered into this 15th day of November 1977,
by and between the KODIAK ISLAND BOROUGH, hereinafter referred to as the
BOROUGH, the KODIAK ISLAND BOROUGH SCHOOL DISTRICT, hereinafter referred
to as the *DISTRICT*, and the CITY OF KODIAK, hereinafter referred to as the
CITY.

WITNESSETH:

WHEREAS, the *DISTRICT* has under its jurisdiction the operation
and management of three gyms and one swimming pool within *CITY* boundaries,
said gyms being the Kodiak High School gym, the Main School gym, and the
East Elementary gym; and,

WHEREAS, the *BOROUGH* contributes to the *CITY* recreation program
by making school facilities available to the City Parks & Recreation De-
partment for public use; this they do in lieu of providing recreational
funds to the *CITY*; and,

WHEREAS, the *DISTRICT* obligated itself before the election of
February, 1972 to running the pool for the public; and,

WHEREAS, it is inconvenient and costly for the *DISTRICT* to run
a public recreation program; and,

WHEREAS, said swimming pool and gymnasiums are physically con-
venient and capable of being used by the *CITY* and its program conducted

by the Parks & Recreation Department; and,

WHEREAS, maximum use can be made of said swimming pool and gymnasium facilities by the joint use thereof of the DISTRICT and the CITY, and it is in the best interests of the parties hereto and the public that such use be made thereof.

NOW THEREFORE, in consideration of the above premises and the undertaking and covenants of each of the parties as hereinafter set forth, it is agreed by and between the parties as follows:

1. TERMS:

This AGREEMENT shall be effective for a term of 7 1/2 months, commencing on November 15, 1977, and ending on August 1, 1978. The AGREEMENT may be terminated by either party giving 30 days written notice.

2. USE OF POOL & GYMS:

The DISTRICT shall have the right of exclusive use of said swimming pool and gymnasiums upon regular school days, Monday through Friday of each week during each school year, from 7:30 AM to 5:00 PM of each of the said days, except that the CITY reserves the right to use the pool or gymnasiums for the public if they are not being used at that time by the DISTRICT. The DISTRICT shall also, in addition to the hours specified, have the right to use the pool and gymnasium facilities for school activities and athletic purposes, but the gymnasiums and pool shall not be used by the DISTRICT for any program designed, or by its nature competitive with the recreation program carried on by the CITY. However, the DISTRICT

may not retain the gyms or pool for the daily practices of their athletic teams beyond the hour of 7:30 PM. 42

3. FACILITIES:

The *DISTRICT* facilities which are the subject of this agreement include the pool, the gyms, the locker rooms, together with a limited amount of office storage space. 44
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4. SCHEDULING OF FACILITIES:

The *DISTRICT* shall have first priority in scheduling its activities. After the *DISTRICT* establishes its schedule, the *CITY* shall make up its recreation schedule. The *CITY* must provide the *DISTRICT* with at least one week advance notice prior to commencement or change of the *CITY* recreation time schedule. Once the *CITY* established their recreation schedule, the *DISTRICT* must give the City Parks & Recreation director at least one week advance notice before changing their *DISTRICT* schedule, and this schedule change must meet the approval of the City Parks & Recreation director and the School Superintendent. Use of *DISTRICT* facilities by groups outside the realm of the *CITY* or the *DISTRICT*, at times other than during regular school hours, will be scheduled by the *DISTRICT* Community School Coordinator with the approval of the *CITY* Parks & Recreation director. 47
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5. DENIAL OF FACILITIES:

The *DISTRICT* reserves the right to deny the use of their facilities to groups which by their behavior may either do physical harm to the facilities or participants, or by their presence downgrade the moral 60
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and ethical standards of the *DISTRICT*. 63

6. CITY OPERATIONS:

The *CITY*'s responsibility is restricted to public use of the 64
gyms and the pool as well as daily maintenance of the pool. This means 65
that the *CITY* will: 66

a. Hire, terminate, pay, and supervise all *CITY* 67
recreation personnel. 68

b. Schedule all *CITY* recreation use programs and 69
activities. 70

c. Do the pool vacuuming, filtration, chemical 71
up-keep, and locker room clean-up. 72

d. Provide reimbursement to the *DISTRICT* for over- 73
time custodial services incurred when *CITY* recrea- 74
tional activities last later than 10:30 PM, unless 75
prior agreements are made for use of the facility 76
past the allotted time. 77

e. Provide supervisory personnel for all *CITY* re- 78
creation activities and insure that *CITY* recreation 79
participants have vacated *DISTRICT* facilities prior 80
to the supervisor's conclusion of duties. 81

7. DISTRICT OBLIGATIONS:

The *DISTRICT* will at its sole cost and expense: 82

- a. Provide heat, light, power, water, chemical supplies, and equipment necessary for both *DISTRICT* and *CITY* use. 83
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- b. The *DISTRICT* will continue to handle all major mechanical work and the annual pool overhaul. 86
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- c. Provide all necessary building maintenance for the gyms, pools, and supporting facilities. 89
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- d. Provide regular custodial services during the regular school year when facilities are vacated by *CITY* recreation participants and supervisors by 10:30 p. m. 91
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8. FEES:

Since *CITY* expense for operating the pool must be met by gate receipts, all gate receipts collected by the *CITY* are to be the property of the *CITY*. 95
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9. LIABILITY INSURANCE:

The *CITY* shall at all times maintain and keep in effect liability insurance covering its use of said facilities. 98
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10. PROPERTY DAMAGE

The *DISTRICT* facilities or property thereon damaged or 101
destroyed by reason of the negligence or acts of the *CITY* employees or 102
persons using the *DISTRICT* facilities during the times that said facili- 103
ties are subject to the exclusive use of the *CITY* shall be the responsi- 104
bility of the *CITY*, and reimbursement for replacement or repair thereof 105
shall be made by the *CITY* to the *DISTRICT*; provided, however, that noth- 106
ing herein contained shall be construed to obligate the *CITY* to make 107
repairs for damage which is due to ordinary wear and tear. 108

11. TERMS OF THIS AGREEMENT

The terms of the *AGREEMENT* may be renegotiated to meet 109
the prerequisites of the Community Education Program. 110

CITY OF KODIAK

By Ivan L. Wilson
City Manager

ATTEST:

Robert Rossall
City Clerk

KODIAK ISLAND BOROUGH

By Burt J. Miller
Borough Mayor

ATTEST:

Shirley Miller
Borough Clerk

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

By Louise Collins
School Board President

By David C. Crowe
School Board Clerk

- D. Resolution 63-5-R Setting Amount Owed by City for Payment on Personal Property Taxes. The resolution was read. Mrs. Hajou inquired why the Borough was just now collecting these taxes from the City for 1967. Mr. Valkama explained that the City could make better use of these funds than the Borough, and so the delay was beneficial to them; and also that the City is just now collecting its 1967 sales tax, out of which this payment is made. Further, the Borough supplemental personal property roll has just been completed for 1967. Mrs. Springhill moved, seconded by Mr. Arndt, that the resolution be adopted. Mr. Burt and Mr. Bullock wished to review the tax returns before any action was taken. Mr. Valkama commented that if further reviews were made, it would probably turn out that the City would owe more money because in 1967 there were no teeth in the law requiring that people living inside the City file for their personal property. Motion carried by unanimous roll call vote.
- E. Approval of Tax Adjustments Nos. R-67-38 and R-67-39. Both of these lots were taken by ASHA in 1966 and should have been in ASHA's name for 1967 instead of John Thevik's. Mrs. Springhill moved, seconded by Mr. Bullock, that adjustments No. R-67-38 and R-67-39 be approved. Motion carried by unanimous roll call vote.
- F. Approval of November 15, 1968, as Delinquent Date for Second Half Payment of 1968 Taxes. It was explained that the ordinance sets November 1 as the delinquent date, but that enough tax bill forms are left from 1967 to use for 1968 if November 15 is again used as the delinquent date for second half payments of taxes. Mrs. Springhill moved, seconded by Mr. Arndt, that November 15, 1968, be approved as the delinquent date for second half payment of 1968 taxes. Motion carried by unanimous voice vote.
- G. Conveyance of Cemetery in USS 3511 to City. Mr. Best stated that the cemetery is presently being arranged haphazardly, and suggested that it be conveyed to the City since they have the necessary staff to properly carry out proper arrangements. After discussion, Mrs. Springhill moved, seconded by Mr. Arndt, that the cemetery in USS 3511 be conveyed to the City for \$1.00 with the provisions that it be properly laid out for roads and access and in accordance with the Subdivision Ordinance, insofar as practicable for a cemetery. Motion carried by unanimous roll call vote.
- H. Dewitt Fielus re Anton Larsen Road. Mr. Fields stated that he had been asked by Okey Chandler on behalf of the people of Anton Larsen Bay and Port Lions to meet with the Assembly concerning the restoration of this road, which is covered now at high tide for one mile. He stated that a petition concerning the road had been submitted to the Governor, and that the reply stated that \$500,000 would be required to reroute the road. However, local contractors felt that the road could be sufficiently raised for only \$25,000 to \$30,000. Mrs. Hajou suggested that the State be requested to use maintenance funds for this purpose, that they be informed that cost estimates for the job were less than \$100,000, and that the road is needed by the families in the area and by the people from Port Lions and Ouzinkie who use it, after coming in by boat as a means of getting to Kodiak. Mrs. Springhill moved, seconded by Mr. Bullock, that a resolution be drawn up by the attorney incorporating the ideas which were suggested in this discussion to take care of the problem of the Anton Larsen Bay Road. It was suggested that copies of the resolution be sent to the Governor and Kodiak's Representative and Senator. Motion carried by unanimous roll call vote.

X CHAIRMAN'S REPORT

- A. Legislation of Interest. Mr. Best pointed out the following legislation of special interest:

HB 375

HB 376

HB 402 for school construction grants.

HB 463--appropriation bill for HB 402.

SB 175--providing for State to pay for defaults of local school bonds. This would help to give Alaska a better bond rating and may lower interest rates.

SB 298--38 education wage tax.

- B. Building Inspector's Vehicle. Mr. Best suggested that since the City furnishes gas for the vehicle, the Borough furnish necessary repairs. The Assembly concurred.

KODIAK ISLAND BOROUGH

M E M O R A N D U M

TO: Stu Denslow/Borough Manager
FROM: Ed Haney/Borough Assessor/Appraiser
SUBJ: Lot 1, Hospital Subdivision, USS 1822
Appraised Valuation
DATE: November 29, 1977

This lot (5.92 acres) was transferred from the Kodiak Island Borough to the City of Kodiak in 1968 to be used as a cemetery, recorded in Book of Deeds 21 at pages 92 and 93.

Comparable land in this area was selling for \$5,000 per acre in 1968. As this is all high and well-drained land the 5.92 acres would have had a value of \$29,600.00.

The 1978 value of this property were it put to it's best use (not a cemetery) would be \$25,000 per acre or \$148,000. If this land were subdivided into residential lots the market value would total \$300,000. This is possible because of adjacent water, sewer and access.

As a cemetery, it's value is almost an intangible, however to purchase land under today's market conditions would come close to the \$300,000 figure.

EH/sv
cc

EXHIBIT G

CONTRACT

THIS AGREEMENT, made this 1 day of September, 1977,
by and between Kodiak Island Borough, herein
called "Borough", acting herein through its Presiding Officer
(Title of Authorized Official)
and Alagnak, Incorporated
STRIKE OUT (a corporation) (a partnership)
INAPPLICABLE TERMS (an individual doing business as _____)
of Kodiak, State of Alaska
hereinafter called "Contractor".

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the BOROUGH, the CONTRACTOR hereby agrees with the BOROUGH to commence and complete the construction described as follows: Road Maintenance and Snow Removal - Bells Flats/Russian Creek Service Area, hereinafter called the Project, for the amount specified in the attached bid schedule. All expenses in connection therewith, under the terms as stated in the General Conditions of the Contract; and at his (its or their) own proper cost and expense to furnish all the materials, supplies, machinery, equipment, tools, labor, insurance, and other accessories and services necessary to complete the said project in accordance with the conditions and prices stated in the Proposal, the plans, which include all maps, plats, blueprints and other drawings and printed or written explanatory matter thereof, the specifications and contract documents, all of which are made a part hereof and collectively evidence and constitute the contract.

The CONTRACTOR hereby agrees to commence work under this contract on or before a date to be specified in a written "Notice to Proceed" of the BOROUGH and on a timely call out basis thereafter for the duration of the contract.

The BOROUGH agrees to pay the CONTRACTOR in current funds for the performance of the contract.

IN WITNESS WHEREOF, the parties to these presents have executed this contract in three (3) counterparts, each of which shall be deemed an original, in the year and day first above mentioned.

KODIAK ISLAND BOROUGH

Margaret D. Lussac
(Secretary)

BY James E. Proff
Presiding Officer
(Title)

Shirley Miller
(Witness)

ALAGNAK, INC.

(Contractor)

[Signature]
(Secretary)

BY Frank A. [Signature]
President
(Title)

[Signature]
(Witness)

Box 1275 - Kodiak, Alaska 99615
(Address and Zip Code)

NOTE: Secretary of the Borough should attest. If Contractor is a corporation, Secretary should attest.

JOAN M. KATZ
ATTORNEY AT LAW
1614 HIDDEN LANE
ANCHORAGE, ALASKA 99501
(907) 274-3804

November 21, 1977

Patrick K. Poland
Staff Assistant to the
Local Boundary Commission
Department of Community
and Regional Affairs
511 West Fourth Ave.
Anchorage, Alaska

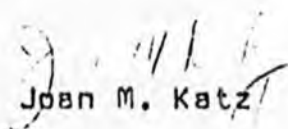
Dear Pat:

This is simply to confirm our conversation of last Friday, November 18, 1977. At that time I requested that the Kodiak hearing now scheduled for December 12, 1977 be rescheduled for later in that week to enable me to prepare the Borough's brief in sufficient time so that Commissioners would have the opportunity to review it prior to the hearing. You denied that request. The Borough is now proceeding with the case within the time frame you have set forth. Should the short time allowed appear to prejudice the Borough at a later date, the objection will be reiterated at that time.

I look forward to hearing from you later today in regard to the review of Commission precedents we discussed.

Thanks for your consideration.

Sincerely,


Joan M. Katz

D 15

G. Hayden Green, Ph.D., MBA

University of Alaska, Anchorage
3221 Providence Dr.
Anchorage, Alaska 99504

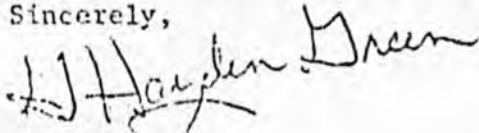
Betty Wallin, Mayor
Kodiak Island Borough
Kodiak, Alaska

Honorable Betty Wallin:

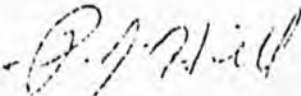
In accordance with your request, Dr. P.J. Hill and I conducted an analysis to determine the economic consequence with regard to the matter of annexation of portions of the Kodiak Borough by the City of Kodiak. To facilitate the study, we have thoroughly dissected the annual operating budgets of both governmental entities, that is, the Borough and City, and analyzed a substantial amount of information contained in reports produced by other consultants and government entities.

We have generally concluded that the residents in the area being considered for annexation will not derive appreciable economic benefit from the City's proposed boundary expansion. From an economic perspective, the only justifications for expanding the governmental and taxing authority of the City are: (1) if the residents outside the City are dissatisfied with the level of service they are receiving, (2) if the City can provide services more efficiently and economically than the Borough and (3) if residents inside the City are carrying a disproportional burden for service shared by area-wide residents. Relevant information suggests that none of these conditions exist; therefore, annexation is not warranted. The basis for these conclusions are summarized in numerical order throughout the remainder of this report.

Sincerely,



G. Hayden Green, Ph.D.



P.J. Hill, Ph.D.

KODIAK ISLAND BOROUGH ANNEXATION ECONOMIC ANALYSIS

1. Borough residents level of satisfaction with existing services:

Members of the Anchorage Urban Observatory research staff were commissioned to conduct a survey of attitudes of residents in the Kodiak Borough as part of an OCS impact study in 1977. As part of that study, respondents were asked questions regarding their level of satisfaction with services received. A total of 472 individuals completed the survey. To determine if the level of satisfaction with services received varies between residents within the City and those residents in the proposed annex area, some additional computer and statistical analyses were conducted of the original questionnaire responses.

Individuals living in the village who responded to the questionnaire were omitted. The balance of the respondents were separated into two groups, that is, those people within the City limits and those in the proposed annex area. One question asked was, "What do you dislike about your area?" Of the 199 respondents living within the City, 15.1% listed roads; and 13.1% listed litter as their main area of dissatisfaction. Of the 119 individuals responding to the questionnaire who live in the proposed annex area, 12.6% listed roads; while 13.4% listed litter. This was the area with which residents registered their greatest level of dissatisfaction (roads and litter). In the Table attached, it can be seen that very little difference exists between the level of dissatisfaction with services between individuals living within the City limits and those living outside. In fact it should be noted that, while 2.5% of the respondents living within the City listed police and fire protection as their number one concern, not one person living outside the City listed it as an area of dislike. (See Table 1)

In another question residents were asked to rank several factors which they considered major problems facing the Kodiak Borough. In Table 2 the percentage of individuals listing various factors as their number one concerns are shown. It should be noted that only 5 percent of the respondents living outside the City listed inadequate public facilities and services as a primary concern.

A third question queried residents about those areas they felt were the communities' most pressing needs. Again, we separated respondents within the City and those in the proposed annex area. The factors listed as being the most pressing need were housing and roads by both sectors of the areas' population. Nine percent of the City's residents listed public services, water and sewer as a pressing need; while only 4.2 percent outside the City listed it as their first concern. (See Table 3)

In a subsequent question, residents were asked to rate community facilities and service as either presently being adequate, needing upgrading at the present time or needing upgrading in the future. A perusal of Table 4 suggests that residents outside the City have equal concerns with the level of services they receive. (See Table 4)

Several important implications pertinent to the issue of annexation are gleaned from the survey data:

1. Individuals within the City limits and those persons outside the City have similar attitudes towards the level of service they receive, that is, a comparable level of satisfaction with regard to public goods in relation to their cost.
2. The services of greatest concern to both City and Borough residents are roads and litter conditions. According to state records, the City maintains 13 miles of roads; while the Borough maintains 9 miles of roads. The remaining road system is state or privately maintained. The survey results suggest that residents do not perceive the City as doing a better job maintaining their road systems than the Borough is with its roads.
3. The survey results clearly suggest that the City is not more astute at providing services to local residences than the Borough government. There is some dissatisfaction among City residents with some services provided by the City of Kodiak, i.e. law enforcement, animal control, airport, parks, and roads. Within those services provided area-wide by the Borough, there exists a relatively high level of resident satisfaction, i.e. medical service and education.
4. The survey results indicate that individuals in the outlying areas are satisfied with the level of service they are receiving. This would suggest that the initiative to expand the boundaries of the City limits originated within the City or from a minority group.

TABLE 1

KODIAK ISLAND BOROUGH COMMUNITY ATTITUDE SURVEY

WHAT RESIDENTS DISLIKE MOST ABOUT AREA

| CATEGORY LABEL | RELATIVE FREQ (%) CITY | RELATIVE FREQ (%) BOROUGH |
|--------------------|------------------------------|---------------------------------|
| NR | 3.5 | 1.7 |
| Environment | 6.5 | 6.7 |
| Roads | 15.1 | 12.6 |
| Litter | 13.1 | 13.4 |
| Utilities | 1.5 | 0.8 |
| Poor Govt. | 2.5 | 2.5 |
| Animal Control | 1.5 | 0.8 |
| Pub. Transport. | 0.5 | 0.8 |
| Police-Fire | 2.5 | 0 |
| Lack Recreation | 2.0 | 1.7 |
| Trans. Facilities | 1.5 | 0 |
| Planning-zoning | 1.5 | 4.2 |
| Devpt.-Growth | 3.0 | 3.4 |
| Oil Devpt. | 0.5 | 0 |
| High Costs Goods | 5.5 | 10.9 |
| High Cost Land | 2.0 | 0.8 |
| High Taxes | 0.5 | 0 |
| Inflation | 3.0 | 2.5 |
| Lack Housing | 5.0 | 5.0 |
| Physical Isolation | 6.5 | 6.7 |
| Pop. Growth | 4.5 | 7.6 |
| Alcohol Abuse | 3.5 | 1.7 |

TABLE 2

MAJOR PROBLEM FACING THE KODIAK BOROUGH

| | City Residents | Outside City Residents |
|--|-------------------|---------------------------|
| Inadequate Public Facilities and Services | 10.6 | 5.0 |
| OCS Impact | 13.1 | 21.8 |
| Shortage of Housing | 48.2 | 41.2 |
| Conflicting Land Use | 13.1 | 15.1 |
| Preservation of Cultural Diversity | 4.5 | 4.2 |
| Preservation of Natural Environment | 8.5 | 10.9 |
| Ocher | 9.0 | 5.0 |

TABLE 3

COMMUNITIES' MOST PRESSING NEEDS

| | RELATIVE FREQ. (%) CITY | RELATIVE FREQ. (%) BOROUGH |
|--------------------|-------------------------------|----------------------------------|
| NR | 8.5 | 8.4 |
| Housing | 36.7 | 42.9 |
| Jobs | 1.0 | 0.8 |
| Roads | 6.0 | 3.4 |
| Road Maintenance | 1.0 | 1.7 |
| Road Constr. | 0.5 | 0 |
| Better Govt. | 1.5 | 1.7 |
| Open up Land | 1.5 | 4.2 |
| Land for Building | 2.0 | 1.7 |
| Boat Harbor | 1.5 | 0.8 |
| Env. Protection | 0.5 | 0 |
| Alt. Energy | 0.5 | 0.8 |
| Protect Fishing | 0.5 | 0.8 |
| Plan Slow Growth | 4.5 | 5.0 |
| Control Oil Devpt. | 1.0 | 1.7 |
| Interethnic Coop. | 1.0 | 0.8 |
| Enforce Zoning | 1.0 | 0 |
| Public Services | 3.0 | 1.7 |
| Water-Sewer | 6.0 | 2.5 |
| Pest Control | 1.0 | 0 |
| Alc-Drug. Rehab. | 3.0 | 0 |

TABLE 4
ATTITUDE TOWARD COMMUNITY FACILITIES AND SERVICES

| ATTITUDE TOWARD | PERCENT WHO RESPONDED PRESENTLY ADEQUATE | | PERCENT WHO RESPONDED NEEDS UPGRADING NOW | | PERCENT WHO RESPONDED WILL NEED UPGRADING | |
|-----------------------|--|---------|---|---------|---|---------|
| | City | Outside | City | Outside | City | Outside |
| | Water Utility | 30.2 | 16.8 | 37.2 | 39.5 | 25.6 |
| Sewer Utility | 29.1 | 14.3 | 40.7 | 47.9 | 20.6 | 16.0 |
| Electric Utility | 23.1 | 19.3 | 42.2 | 40.3 | 29.1 | 31.1 |
| Refuse Collection | 42.7 | 35.3 | 27.6 | 23.5 | 23.6 | 26.1 |
| Telephone Utility | 15.6 | 21.8 | 63.3 | 54.6 | 15.1 | 17.6 |
| T.V. and Radio | 25.6 | 22.7 | 53.8 | 58.8 | 12.1 | 13.4 |
| Highway and Roads | 11.1 | 10.1 | 72.9 | 79.0 | 9.5 | 5.0 |
| State Airport | 30.2 | 42.0 | 41.7 | 36. | 20.6 | 19.0 |
| City Airport | 18.1 | 26.1 | 44.7 | 47.9 | 13.6 | 9.2 |
| Kodiak Dock | 37.2 | 45.2 | 31.7 | 26.1 | 21.1 | 21.8 |
| State Ferry | 52.8 | 55.5 | 28.6 | 22.7 | 11.1 | 17.6 |
| Law Enforcement | 25.1 | 31.1 | 51.8 | 45.5 | 16.1 | 17.6 |
| Fire Protection | 55.8 | 43.7 | 17.8 | 25.2 | 18.1 | 23.5 |
| Animal Control | 29.6 | 21.8 | 48.2 | 51.3 | 10.1 | 10.9 |
| Emergency Medical | 45.2 | 52.9 | 24.1 | 26.9 | 20.6 | 15.1 |
| Court System | 30.2 | 35.3 | 44.7 | 45.4 | 16.1 | 10.9 |
| Elementary School | 40.7 | 36.1 | 33.2 | 31.9 | 18.6 | 21.8 |
| Secondary Education | 36.2 | 32.8 | 37.7 | 37.0 | 18.1 | 20.8 |
| Community College | 44.7 | 47.9 | 23.6 | 25.2 | 21.1 | 20.2 |
| Medical Service | 43.2 | 50.4 | 35.2 | 28.6 | 16.1 | 12.6 |
| Sanitation | 29.1 | 23.5 | 45.7 | 47.9 | 15.1 | 18.5 |
| Public Assistance | 26.1 | 25.2 | 52.8 | 50.4 | 6.0 | 9.2 |
| Employment | 46.7 | 42.0 | 28.6 | 28.6 | 11.6 | 17.8 |
| Social Services | 45.2 | 44.5 | 31.2 | 26.9 | 12.6 | 16.0 |
| Parks | 28.6 | 28.6 | 41.2 | 47.1 | 22.6 | 13.4 |
| Recreation Facilities | 23.6 | 21.8 | 46.2 | 49.6 | 20.1 | 12.6 |
| Open Space | 44.7 | 37.0 | 27.6 | 31.9 | 11.1 | 10.9 |
| Museum | 67.3 | 62.2 | 12.1 | 19.3 | 16.1 | 12.6 |
| Library | 69.3 | 68.9 | 8.0 | 14.3 | 18.1 | 13.4 |
| Postal | 14.6 | 17.6 | 62.8 | 70.6 | 14.6 | 10.1 |

2. Can the City provide services more efficiently and economically than the Borough?

One other area upon which the annexation decision should be predicated is that of providing public services. The City asserted in the original petition that it could provide services to the area in question more efficiently through annexation than otherwise.

In discussing this, several things need to be well defined. First, it is desirable to separate public goods from public utilities especially with respect to governmental finance. There are some goods that local governments provide that are, in reality, public utilities. Sewer and water systems fall under this category. Those who receive the benefits from these goods are easily identified; and these systems should, if possible, be supported by user fees. These facilities should not be financed by general taxes.

Secondly, with respect to the financing of public goods, it is possible to go the service district route efficiently. All that is required is an institutional arrangement whereby those who receive the benefits can be assessed in proportion to the costs. (The costs would include some prorata share of the fixed plant, not just thin marginal cost.) There is no loss in efficiency in doing this through service districts, and there is no economic reason for necessitating annexation. Expansion of services may produce some economies of scale (the larger the operation, the lower is the cost per unit of output); yet these can be realized without annexation. The service district would seem a more desirable route because of the ability of the residents to choose which public utilities they want.

Public goods are those types of goods which must, by necessity, be provided through taxation (police, planning, general administration, parks, etc.); yet there is no reason to believe that they require the annexation process. They could be provided on the basis of service districts and differential taxation. It should be remembered that the benefits of the service (public good) do have geographical limitations.

Further, it is doubtful that any particular government has a unique advantage in terms of production costs. Both the Borough and the City have to buy their resources in the same market, and they face the same types of technology. There is probably no economic rationale for having a service provided by one government over another.

G. Hayden Green, Ph.D, MBA

To provide a basis for comparing the cost and operating efficiency of the two governments, we used the 1977/78 operating budgets of the two entities. (See Table 5)

It should be noted that several duplicated positions exist within the Borough and City governments. These will not be eliminated if the City boundaries are expanded.

A preferable alternative to annexation would be unification. If the two governments were unified, the positions listed in Table 6 could be eliminated. It should be noted, however, that the historical experience of unification efforts have not resulted in substantial cost savings. Where costs are saved in one area, they are often absorbed in others. The primary advantage of unification is the elimination of the conflict that often arises where two governments serve the same citizenry.

TABLE 5

BOROUGH AND CITY BUDGETS

| GENERAL COST Executive & Clerk | City | Borough |
|--|--------|---------|
| 1. Travel & Per Diem | 6,870 | 8,780 |
| 2. Compensation Mayor council | 2,750 | 4,800 |
| 3. Legal | 55,000 | 16,500 |
| 4. Capital Expenditures Office Machines, etc. | 10,100 | 10,000 |
| 5. Manager's salary | 39,500 | 42,462 |
| 6. Manager's Secretary | | 13,687 |
| 7. Clerk/Treasurer | 27,687 | 18,331 |
| 8. Secretary | 13,810 | 13,687 |
| 9. Bookkeeper | | 15,741 |
| 10. Benefits | 24,319 | 6,103 |
| 11. Dues | 6,190 | 4,200 |
| 12. Expenses (Mayor & Council) | 4,800 | 2,000 |
| 13. Overtime | 100 | 1,200 |
| 14. Supplies | 5,350 | 8,000 |
| 15. Professional Services | 7,000 | 5,000 |
| 16. Professional Development | | 5,000 |
| 17. Insurance & Bonding | | 2,500 |
| 18. Group Insurance | | 1,089 |
| 19. Communication, Adv. | 4,490 | 6,790 |
| 20. Printing | 8,000 | |

TABLE 5 (continued)

BOROUGH AND CITY BUDGETS

| GENERAL COST Executive & Clerk | City | Borough |
|-----------------------------------|-------------------------|----------------------------|
| 21. Repairs and Maintenance | 500 | 2,000 |
| 22. Rentals | 4,805 | 1,500 |
| 23. Equipment | | |
| 24. Vehicle Allowance | | 3,000 |
| 25. Post Audit | | 25,500 |
| 26. Election | | 7,000 |
| 27. Boards and Commissions | | 500 |
| 28. Termination Reserves | | 3,000 |
| | <u>Expenses</u> 221,281 | <u>241,870</u> |
| | | 86,648.48 |
| | | <u>328,518.48</u> |
| | | 102,575.00 |
| | | <u>Expenses</u> 431,193.48 |
| Revenues | | |
| earned | 60,514 | 305,050 |
| shared | 36,546 | 750,000 |
| taxes | 124,221 | 51,143 |

TABLE 5 (continued)

CITY

| | | |
|--------------------------|----------|---------|
| Tax Collecting - Finance | Revenues | |
| Expenses | Earned | 31,492 |
| 223,270 | Shared | 36,873 |
| | Tax | 154,904 |
| Police Department | Revenues | |
| Expenditures | Earned | 251,230 |
| 813,379 | Shared | 172,635 |
| | Tax | 389,414 |
| Fire Department | Revenues | |
| Expenditures | Earned | 59,150 |
| 333,241 | Shared | 55,042 |
| | Tax | 219,048 |
| Public Works | Revenues | |
| Expenditures | Earned | 296,142 |
| 631,401 | Shared | 144,279 |
| | Tax | 190,979 |
| Parks & Recreation | Revenues | |
| Expenditures | Earned | 20,500 |
| 128,946 | Shared | 21,295 |
| | Tax | 67,151 |
| Library | Revenues | |
| Expenditures | Earned | 15,000 |
| 137,351 | Shared | 22,935 |
| | Tax | 99,416 |
| Museum | Revenues | |
| Expenditures | Earned | 0 |
| 18,000 | Shared | 2,973 |
| | Tax | 15,027 |
| Engineering | Revenues | |
| Expenditures | Earned | 32,100 |
| 112,159 | Shared | 18,524 |
| | Tax | 61,535 |

TABLE 5 (continued)

| | | |
|--------------------------|-----------------|--|
| Non Departmental | | |
| Expenditures | | Revenues |
| 1,450,239 | | Earned 471,034 |
| | | Shared 239,518 |
| | | Tax 739,687 |
| | | Taxes (including tax on city utilities) |
| | | 2,081,385 |
| | | Earned and Shared |
| | | 1,987,882 |
| BOROUGH | | |
| Assessing Department | | |
| Expenditures | | Revenues |
| 102,386 | | Taxes & |
| | | Reserves 102,386 |
| Planning and Zoning | | |
| Expenditures | | Revenues |
| 173,949 | | Earned |
| | | Shared 15,800 |
| | | Tax 158,149 |
| School Support | | |
| Expenditures | | Revenues |
| 851,498 | | Shared 248,033 |
| | | Tax 603,465 |
| Health | | |
| Expenditures | | Revenues |
| 226,850 | | Shared 162,000 |
| | | Tax 64,850 |
| Building and Maintenance | | |
| Expenditures | | Revenues |
| 191,344 | | Earned |
| | | Tax 191,344 |
| | Taxes & Surplus | 1,171,337 |
| | Earned & Shared | 805,883 |

3. Are residents inside the City carrying a disproportional burden for services?

Kodiak is particularly concerned that they (City residents) are paying for many "public goods" that are used by people who live outside the City boundaries. The charge is that these non-city residents are "free riders." It would be useful to examine sources of revenue for the City and identify revenues that are paid by City residents and by non-residents.

The population of the respective areas (City and surrounding area) is computed as follows: The total population of the City (official population figures used by the State of Alaska for revenue sharing) and the Borough in 1977 is 4,960 and 7,901 respectively. The population of the five second-class cities in the Borough (these are Akhiok, Larsen Bay, Port Lions, Ouzinke and Old Harbor) totaled 940. It will be assumed that there are approximately 200 persons living in other areas (areas outside cities). Therefore, the total population living in the greater Kodiak (City) area is 7,901 less 1,140 or about 6,761. Of that total, 4,960 live in Kodiak city; and about 1,800 live in the surrounding area. Therefore, of the total resident population in the greater area, City residents account for approximately 73 percent which implies that the surrounding area holds about 27 percent of the population.

Additionally, the migratory labor force accounts for a significant portion of those people who are hit by sales taxes. Accounting for a trend, it would appear that, on average, the labor force is 13 percent higher than the permanent residents would support. This is due to the cyclic nature of employment.

Thus, there would appear to be a significant portion of the population that would be hit by the sales tax who are not permanent residents of Kodiak city. Assuming that there are not wide differences in the distribution of income between residents (of the City) and non-residents, it would not be unreasonable to assume that people would pay the same amount in sales taxes to the City, no matter where they lived either within the City, the surrounding area or were transient labor force. Conceivably, what I can account for would seem to indicate that residents of the surrounding area and transient labor force (in covered employment) would probably account for about 40 percent of the total sales taxes collected. Additionally, there are others who pay sales taxes who are not accounted for by this figure (any sales that are made to Borough residents outside the greater Kodiak city area which would include all the outlying villages and any purchases made by the U.S. coastguard personnel). Also, there are significant sales taxes paid by people who work in Kodiak in the summertime who are not in covered employment; this would include all the sales made to fishing boats from the outside. Thus, the portion of sales taxes paid by non-city residents is probably greater than 50 percent.

TABLE 6

POSSIBLE DUPLICATION ELIMINATED THROUGH UNIFICATION

| | Cost | No. of Positions |
|-----------------------------------|------------------|------------------|
| Mayor | \$ 600 | 1 |
| Travel | 2,160 | 6 |
| Transportation | 1,685 | |
| Dues & Subscription, City Manager | 4,500 | |
| City Manager | 39,500 | 1 |
| Benefits | 11,850 | |
| Transportation, City Manager | 3,650 | |
| City Clerk | 27,687 | |
| Benefits | 8,306 | |
| Transportation for City Clerk | 1,100 | |
| Annual Audit | 23,500 | 1 |
| Dues for City Clerk Assoc. | 1,600 | |
| | <u>\$126,138</u> | |

(2% saving on combined budget)

One of the traditional arguments for a sales tax, at least in this instance, would seem to hold true. Sales taxes can be levied to tax people who might otherwise escape taxation, notably, tourists, transients, and non-residents of a political jurisdiction.

Other taxes of the city that are ultimately paid by non-city residents would include their portion of the property taxes that are shifted forward by commercial businesses within the City. Traditionally, across the U.S., businesses account for about 50 percent of property taxes (see Advisory Commission on Intergovernmental Relations, Federal-State-Local Finances: Significant Features of Fiscal Federalism, 1973-74 ed., Washington, D.C., p. 173). It is commonly believed that businesses shift large portions of the property tax on to the consumer in the form of higher prices. For example, the Port of Kodiak included \$83,000 as a payment to City government in lieu of property taxes. This payment was included as part of the rate base in calculating charges for use of the terminal. This shifting is especially true in non-competitive market structures which is characteristic of the Kodiak economy. Thus if 50 percent of total retail sales which are made in Kodiak are made to non-city residents and are passed along in the form of higher prices, then it would be possible to conclude that approximately 25 percent of the property taxes paid to the city are, in fact, paid by non-city residents.

In terms of the total tax revenue Kodiak city collects, the City residents collect a significant portion of their taxes from people who do not reside in the City. Of total property taxes paid, we can attribute \$163,750 to non-residents; and, of the total sales tax revenue (\$1,250,000), approximately half (\$625,000) can be attributed to non-residents. Thus it would seem as though non-residents pay as much as \$788,000 into the purse of Kodiak city which accounts for almost 41 percent of total tax revenue. It can hardly be said that there is a significant "free rider" problem.

It is interesting to examine what would happen to property taxes in the area to be annexed if annexation were to take place and the City spread its property taxes out over a larger tax base. Currently, there are four service areas where differential taxation is imposed. These include: the City (TCA1), the fire district (TCA8), the road district (TCA9) and the villages (TCA9). The fire district and the road district property would be added to that of the City upon annexation; both of these areas hold about 12.85 percent of the total property in the Borough. The City, on the otherhand, contains 81.17 percent of total property in the Borough.

G. Hayden Green, Ph.D, MBA

By using the mill rate and the tax base of the areas to be annexed along with the City, it is possible to examine what would happen if the property tax of the City were spread over the whole area. Currently the City is taxed at a 16.33 mill rate; the surrounding area mill rate is 7.23 with an additional assessment of 0.75 mills in the road district and 2.27 mills in the fire district. If the focus of annexation were to simply shift some of the cost to the outlying areas, the same total amount would be collected with the mill rate of the various areas being equalized. The overall mill rate would be 15.19 mills -- a decrease of 1.14 mills in the City (a decrease of \$85.5 on a \$75,000 home), an increase of 5.69 mills in the fire district (a \$426.00 increase in property taxes on a \$75,000 home), and an increase of 7.21 mills in the road district (an increase of \$540.75 on a \$75,000 home) for residents outside the City.

Further, it might be noted that the area to be annexed includes the U.S. Coast Guard base. Thus the retail sales on the base would be subject to the City sales tax which would add to the City revenues significantly. It is difficult to know how much this will add to the City revenues. The Office of non-appropriated fund for the Coast Guard reported that this total operation was approximately \$3.5 million. While most of that was the BX and similar activity, the precise amount that would be hit by a retail sales tax would be difficult to determine. If, for example, \$2.0 million were covered by the retail sales tax, the City would collect \$60,000. This is about five percent of the total tax revenues for the City.

MEMORANDUM

DATE: May 19, 1978

TO: Chairman and Membership
Alaska Local Boundary Commission

FROM: Kodiak Island Borough

SUBJ: Local Boundary Commission Report Proposing
The Annexation of Certain Borough Lands to
The City of Kodiak

On Friday, May 12th, Kodiak Island Borough was presented with a copy of a Preliminary Report to the Local Boundary Commission proposing to annex certain lands in the urban area of the Borough to the City of Kodiak. The Boundary Commission staff and the City of Kodiak had a number of months to prepare the analysis and recommended annexations, whereas the Borough was given a period of only seven (7) days in which to evaluate the technical and financial consequences of the staff assumptions and recommendations in the report. The Borough has exerted its best efforts to prepare for this hearing. If more detail is required by the Commission we will be glad to provide that as soon as reasonably possible.

A cursory examination of the report noted numerous areas of fact, substance and assumption which appears to reflect a bias by the staff in favor of annexation and resulting in inaccurate conclusions. Specific examples of the above were conveyed to Boundary Commission staff by phone on May 18th, 1978. If required, a more detailed comment will be provided in writing upon the conclusion of our evaluation in the weeks ahead.

Matters of Policy

Section VI of the above referenced report draws conclusions and makes recommendations based on the apparent assumption that annexation is the only viable boundary adjustment technique and that the Local Boundary Commission should review activities in the area for purposes of assuming a mediating role to resolve alleged conflicts related to municipal services and the occupancy of contiguous political and physical space.

Unfortunately, the staff fails to recognize that the City of Kodiak is part of Kodiak Island Borough, in point of fact, representing only slightly over four square miles, in the heart of the Borough urban area, located within the five thousand five hundred square mile archipelago. Within the area of the archipelago the Kodiak Island Borough has operating responsibility for the most significant area-wide public services in the form of education, health services and facilities, planning, zoning and community development, assessment and taxation and non-areawide parks and recreation (see Table 1).

On a more selected basis, Borough voters have chosen to create a series of special service districts to provide for the construction and maintenance of roads, sewer and water utilities and fire protection. No requests have been received for police service or solid waste disposal.

Through their actions voters have expressed the desire to create special service districts which enable them to identify the municipal services

TABLE 1

AREA-WIDE SERVICES

| | <u>COSTS</u> <u>FY '78</u> | <u>POPULATION</u> <u>SERVED</u> |
|--|-------------------------------|------------------------------------|
| <u>EDUCATION:</u> | | |
| Kodiak Island Borough School District | \$6,167,727.00 | 10,351 |
| <u>HEALTH:</u> | | |
| Kodiak Island Hospital | 1,428,137.00 | 10,351 |
| Kodiak Aleutian Mental Health Center | 210,798.00 | 10,351 |
| <u>PLANNING & ZONING:</u> | 176,177.00 | 7,901 |
| <u>ASSESSMENT & TAXATION:</u> | 106,921.00 | 7,901 |
| <u>PARKS & RECREATION:</u> (Planning only - First Year) | 10,783.00 | 7,901 |
| TOTAL | <u>\$8,109,553.00</u> | |

SPECIAL DISTRICTS SERVICES

| SERVICES: | BELLS FLATS/RUSSIAN CREEK SERVICE AREA | SERVICE DISTRICT I MILL BAY-MONASHKA SERVICE AREA | OTHER SERVICE AREAS |
|-----------|---|---|---|
| Roads | \$38,500.00 | \$ 9,750.00* | |
| Sewer | Services Not Requested Private | \$ 3,015,000.00* | |
| Water | Services Not Requested Private | \$ 2,014,000.00* | |
| Fire | Borough Fire District Pending | \$ 54,646.00** | Karluk Fire Service Distri \$1,320.00 |

* Proposed F.Y. '79

** Actual F.Y. '78

they desire to receive, the level of service to be provided and the costs they are willing to bear for the maintenance of those identified levels of service. As a matter of policy the Borough Assembly has agreed to provide only those types and levels of Borough municipal services that are requested by the citizens as they are willing to vote for and, subsequently, pay for them. Through the utilization of service districts non-areawide special services can be identified by citizens to include a determination of level of service and the costs associated with same. This policy approach assures that the voter is consciously committing himself to a service burden based upon need and willingness to pay. In the context of this policy, the City of Kodiak can be looked upon as a service district wherein the voters assumedly have selected a unique combination of services and levels of support appropriate to their needs and wishes. Unfortunately, an assumption appears to have been made by the City of Kodiak and the Boundary Commission staff, that through the act of annexation a package of preselected services from the Kodiak urban service district (City) ought to, in some way, be superimposed on the voters of adjacent service areas. The research of Messers. Green and Hill show conclusively that there are no socioeconomic or political conclusions that warrant annexation actions. /1

Unification On Fall Ballot

Unification of the City within the Borough provides a method of boundary adjustment which can, by a vote of the people, provide a governmental organization that flexibly meets the needs of diverse interests in the

same political and physical space while giving the voting public continuous opportunity for decision making with respect to the identification of services and the determination of levels and costs for the delivery of same. Kodiak Island Borough Assembly Resolution 78-34-R will place the question of unification before the voters of the Borough at the October, 1978 election, which if acted upon affirmatively, in due course, will dissolve the one boundary line of contention.

Determining Levels Of Service

A fundamental of democracy provides that people will be given the opportunity to select both the type and level of services they are willing to vote and ultimately pay for. This condition introduces the opportunity for different levels of service within different portions of the urban area. By way of example, it can be pointed out that the provision of road service in the Bells Flats/Russian Creek Road Service District costs approximately \$4,000.00 per mile per annum. The service includes grading, some ditching and culvert work and snow removal. The service is provided by a private public works contractor employed by the Borough. In contrast, in the City of Kodiak similar street maintenance activities are costing the City approximately \$16,000.00 per mile as provided by the City Department of Public Works. Construction is not included in either example. We can conclude from the numerical comparisons that either City maintenance is four times as good per unit price or some other condition intervenes to justify the differences in cost per equivalent level of service. It should be obvious from the cost savings involved, however, that the Borough will continue to utilize a contractor

for a public works function to meet the level of service expectations. In another example, police service, the Borough has not received a request for service beyond that which is provided by the Alaska State Troopers. In the absence of a request for additional special police service we must conclude that there is a high level of satisfaction with the service currently rendered. Concurrently, in the City of Kodiak \$813,000.00 were spent last fiscal year for police services.

The above examples serve only to point out that in a given urban area significant difference in levels of demand for services exist and the voting public must be provided with an opportunity to select the level of service and through their vote indicate their willingness to pay for the costs of same. The Borough service district mechanism provides the least obtrusive and most flexible method for meeting special public service demands.

/1 Annexation Economic Analysis - Kodiak Island Borough;
Green, Hayden G. Ph.D. and Hill, P.J. Ph.D.; University of
Alaska, Anchorage. May 19th, 1978.

city



City of Kodiak

PHONE (907) 486 - 3224
P.O. BOX 1397
KODIAK, ALASKA 99615

November 14, 1977

Mr. Pat Poland
Local Government Specialist
Department of Community and
Regional Affairs
511 West Fourth Avenue
Anchorage, Alaska 99501

Dear Pat:

Enclosed is a copy of Kodiak Island Borough Ordinance 77-35-0. As you can see, it is establishing the Mill Bay-Monashka Service Area. Also enclosed is a map to give you an idea of the area this encompasses.

I am sending this to you for information purposes only as I feel that this action by the Borough is the kind of procedure we have been expecting for quite some time. In view of the fact that the City has requested the Local Boundary Commission to look into possible annexation of the very same area, I feel it is important that the Commission be made aware of this new development.

You did mention that the Commission has the power to prohibit this type of action from taking place in an area that could very well be annexed to the City. I believe the City could adequately show that this area is now being served in many ways by the City of Kodiak. I feel that if service areas are allowed there will be very little compulsion for these people to want to become residents of the City of Kodiak.

Under Section 29.63.090 (d), service areas, the following is a quote: "A new service area may not be established if, consistent with the purposes of Article X of the State Constitution, the new service can be provided by an existing service area, annexation to a city or by incorporation as a city" (emphasis added). It is obvious that if the Borough were to ask for water and sewer service areas they would have to use the City's facilities for these services. If road powers were the concern of the ordinance mentioned above, the Borough would have to contract or establish a new operation for servicing the roads in this area. At the present time the City has facilities, equipment and manpower to provide this service to the residents of the City of Kodiak. It is one thing to start from scratch or contract

Mr. Pat Poland
Page Two
November 14, 1977

with a private company or to provide a service. Since the City already has men, equipment, a shop, etc. it is obvious that this should be accomplished through annexation instead.

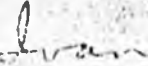
While it is one thing to overlook the State Statutes, I feel that if this service area is allowed it would be contradictory to the Constitution of the State of Alaska which is the supreme document in matters of this case.

I do not have any other information on what the Borough is doing; however, I am sure you have the resources to get the information you need. If I hear of anything more, I will be sure to let you know.

Thank you very much for your review of this most important matter.

Very truly yours,

CITY OF KODIAK


Ivan L. Widom
City Manager

ILW/lp

cc: Mr. Palmer McCarter

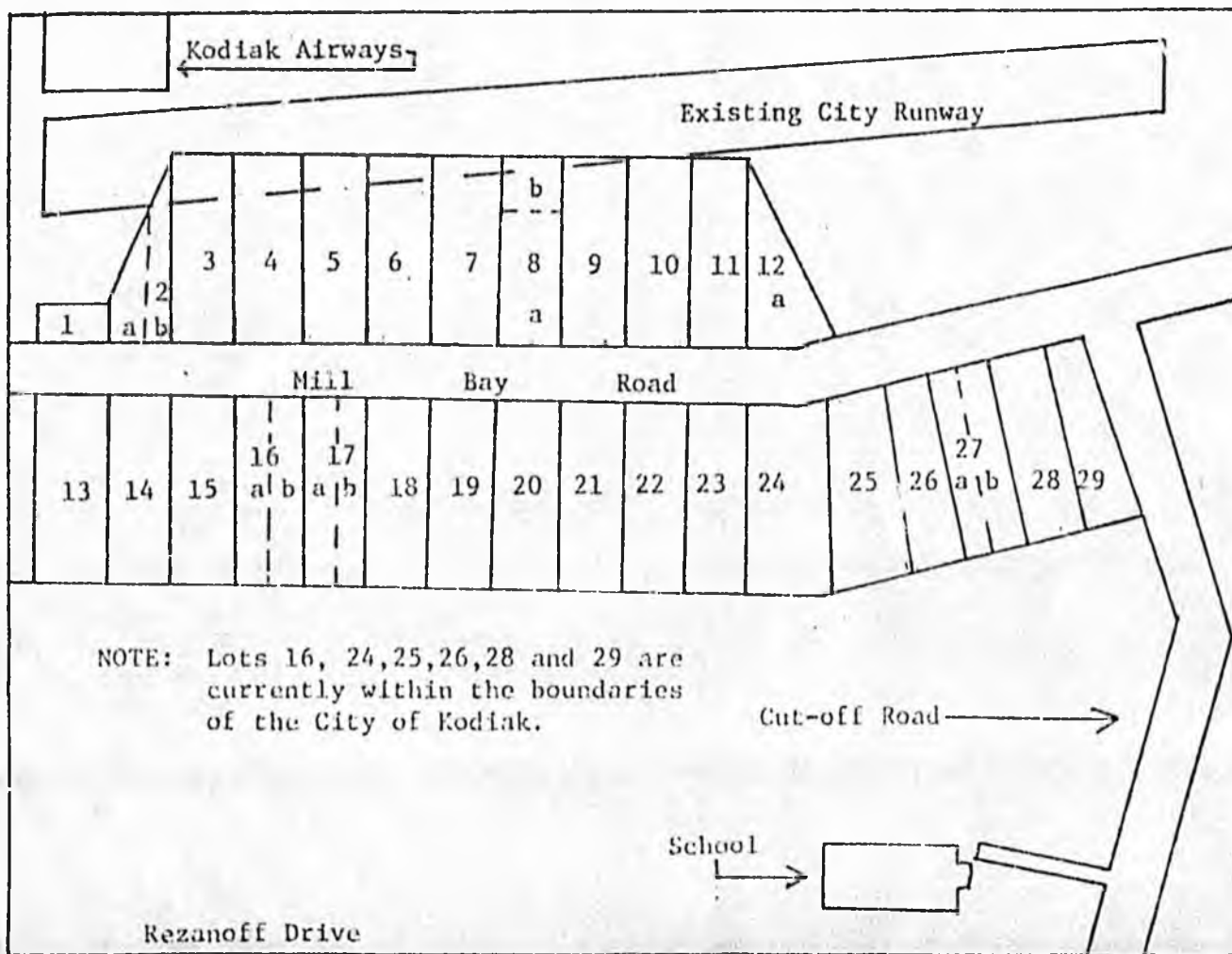
A

NOTICE OF PUBLIC HEARING

Pursuant to AS 44.19.290 and 19AAC 10.090 notice is hereby given that the Local Boundary Commission will conduct a public hearing on Monday, December 12, 1977, at 7:00 p.m. in the council chambers of the City of Kodiak. The purpose of the hearing is to obtain testimony of the public regarding the petition of the City of Kodiak proposing annexation of certain property located along Mill Bay Road to the City of Kodiak. The territory proposed for annexation is more specifically described as:

Lots 1, 2A, 2B, 3, 4, 5, 6, 7, 8A, 8B, 9, 10, 11, 12A, 13,
 14, 15, 17A, 17B, 18, 19, 20, 21, 22 and 23 of United
 States Survey number 3098, comprising some
 21.73 acres.

A map displaying the general location of the property is shown below.



Any person wishing to speak at the hearing may do so. Persons unable to attend the hearing may arrange to have someone speak in their behalf at the hearing or may present written testimony prior to the public hearing. Written comments should be mailed to:

Department of Community and Regional Affairs
Division of Local Government Assistance
511 West Fourth Avenue
Anchorage, Alaska 99501

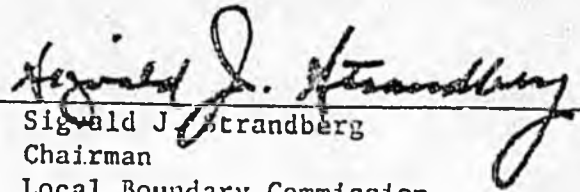
Following the conclusion of the public hearing the Local Boundary Commission may convene a decisional meeting. Pursuant to the authority granted the Local Boundary Commission by Article X, Section 12 of the Alaska Constitution and AS 44.19.260 the Commission may enter any one of three possible decisions:

- 1) To accept the petition as presented; or
- 2) To reject the petition; or
- 3) To amend the boundaries of the area proposed for annexation and accept the petition. Should the Commission decide to amend the boundaries of the area proposed for annexation, it may do so by decreasing the size of the territory proposed for annexation or by adding to the territory proposed for annexation any territory adjacent to the City of Kodiak.

Pursuant to the previously stated authority the Local Boundary Commission's decision is subject to legislative review.

Should bad weather or other factors preclude the conduct of the hearing at the scheduled time and place, the hearing is rescheduled for the following day, Tuesday, December 13, 1977 at the same time and location.

Dated this 9th day of November, 1977, at Anchorage, Alaska.



Sigvald J. Strandberg
Chairman
Local Boundary Commission



111

City of Kodiak

PHONE (907) 486 - 3224
P.O. BOX 1397
KODIAK, ALASKA 99615

December 16, 1977

Mr. Sigvald J. Strandberg
Chairman
Local Boundary Commission
Department of Community and
Regional Affairs
511 West Fourth Avenue
Anchorage, Alaska 99501

Kodiak Island Borough
KODIAK, ALASKA

RECEIVED

DEC 19 1977

7, 8, 9, 10, 11, 12, 13, 14, 15, 16

Dear Mr. Strandberg:

I do not envy the Commission's position when attempting to relate to the problems such as we have here in Kodiak. I respect your willingness to listen to many statements that are irrelevant; however, I do not believe they should bear much weight in your decision.

When I finished my initial remarks, I asked for an opportunity to reply to the Respondent's Brief. For one reason or another, you did not honor my request. I realize your desire not to prolong the hearing; however, there were many points that were made that were not true. It is too bad that you were not willing to give me an opportunity to clear them up for you and those attending the meeting.

I think it should be made known in what capacity your fellow Commission member, Ms. Gallagher, is working for the Borough. It is obvious that if her employment has anything to do with any of the issues mentioned in the annexation proceedings she should disqualify herself from any court proceedings, as well as Commission activities. Her ability to ask questions during the hearing that would bear on possible litigation would seem reason enough for her to disqualify herself. I would like to hear from you or Ms. Gallagher regarding this issue.

There are several points I would like to make that were brought out in the testimony of the citizens.

EXHIBIT A

1. The City sewage treatment plant is 100% funded by the Federal and State Governments and City of Kodiak. The City's portion is financed in part by general obligation bonds. There are no Borough funds involved in this sewage treatment plant.
2. It is obvious that the City is not going to reap any huge benefits from the annexation proposal. Half of the lots are in public ownership, there are no industries, pipelines, etc. that would constitute a windfall to the City if the annexation did occur.
3. Postponing the decision on this annexation until after the legislature begins is not fair. The merits are quite obvious. I should not have to go into any detail on this.
4. As far as I could ascertain, there was not one registered voter from the area in question who spoke against the annexation. If an election were held rather than the public hearing, none of those people would have been able to voice their opinions. I think it was incumbent upon the Commission to make this clear. One of the items I wished to make known was that no resident of the area spoke on the annexation. The only people involved were property owners and those renting or leasing for business purposes.
5. At the Borough meeting on December 1, I tried to explain that the annexation of the Mill Bay Road area was the only item to be considered at the hearing. The Borough overreacted and sent out notices to all post office box holders as well as the notices in the paper. I feel that it is this kind of activity that turns people off toward government and makes all our jobs more difficult.
6. As I understand it, there are five members of the Boundary Commission and since two can hold a public hearing but three need to make a decision, the other two members that were absent also need to concur in the decision to hold another public hearing on this annexation.

It is quite obvious that the residents of the Borough and City residents who own property in the Borough are against annexation because of the additional financial burden. As far as I am concerned, that is no reason for these people not to be annexed. From your comments, you seem to have similar feelings. I am going to ask the Council of the City of Kodiak to wait six months before meeting with the Boundary Commission again since no annexations can occur until 1979. The Borough will go ahead with their service areas and unnecessary duplication of taxing structures will automatically result. I am certain you are aware that as soon as an area gets water and sewer from the core City they have no need

Mr. Sigvald J. Strandberg
Page Three
December 16, 1977

to annex. This is especially true in the Kodiak urban area.

I would like to take this opportunity to thank you for visiting with us. I really feel that you have quite a burden on your shoulders. I appreciate that fact only too well; however, I still feel that you have accepted your positions of trust and you have a responsibility to the municipalities that are depending on you for proper decisions.

Very truly yours,

CITY OF KODIAK

Ivan L. Widom
City Manager

ILW/lp

cc: Commissioner MacAnerny
Governor Hammond
Senator Poland
Representative Snider

KODIAK ISLAND BOROUGH

CONFIDENTIAL MEMORANDUM

TO: Borough Manager
FROM: Planning Director
SUBJECT: Individual Breakdown of City and Borough Taxes
RE: Information Required by Counsel
DATE: December 6, 1977

During our discussions with Mrs. Joan Katz, she requested I prepare a breakdown of my estimated Kodiak Island Borough Real and Personal Property Tax as well as the amount of Sales Tax collected by the City for goods and services.

The following reflects the assessed valuation of the real property I lease:

| <u>Land</u> | <u>Building</u> | <u>Total</u> | <u>KIB Mill Rate</u> | | <u>Amount of Tax</u> |
|-------------|-----------------|--------------|----------------------|---|----------------------|
| \$8,900 | \$32,890 | \$41,790 | \$9.50 | = | \$397.00 |

Personal Property:

| <u>Description</u> | <u>Valuation</u> | <u>Mill Rate</u> | <u>Amount of Tax</u> |
|---|------------------|------------------|----------------------|
| 1965 Dodge $\frac{1}{2}$ Ton P.U. w/Camper | \$ 500 | | |
| 1974 Buick 2 Dr. H.T. | 2,975 | | |
| 1973 Chevrolet K5 Blazer | 2,900 | | |
| 1969 5-HP Outboard Motor | <u>50</u> | | |
| Total | \$6,425 | x \$9.50 | <u>\$ 61.04</u> |
| Total Amount of Tax Revenue Collected by K.I.B. | | | <u>\$440.04</u> |

The following reflects the estimated Sales Taxes I pay:

CONFIDENTIAL MEMORANDUM

To: Borough Manager
From: Planning Director
Subject: City and Borough Taxes, Individual Breakdown
Date: December 6, 1977

Page 2

Sales Taxes:

| <u>Item</u> | <u>Amount of Tax</u> <u>(Month)</u> |
|--|--|
| Food | \$ 21.00 |
| Telephone | 2.25 |
| Electricity | 2.55 |
| Fuel Oil (Furnace) | 7.50 |
| Clothing | 3.00 |
| Automobile Gas and Oil | 1.80 |
| Tire Repair | .54 |
| Cosmetics | 1.00 |
| Water | .42 |
| Dry Cleaning | .60 |
| Cable Television | .51 |
| Entertainment (Movies) | .75 |
| Appliances (Large & small, Replace & repair) | 1.05 |
| Cards, Gifts, Candy | 1.50 |
| Books, Magazines, Newspaper | 1.00 |
| Meals Out | 6.00 |
| Beverages | <u>5.00</u> |

Average Amount of Sales Tax Paid to City of Kodiak, \$ 56.47 per Month;

Total Yearly Amount Sales Tax Paid to City (x 12), \$ 677.64

Average of Combined City and Borough Taxes for non-City Resident, \$1,117.68

Percentage of Total Tax Paid to the City of Kodiak, 60.629%

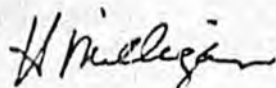
Percentage of Total Tax Paid to Kodiak Island Borough, 39.370%.

Of the \$440.04 paid to the Borough, 2.27 Mills or \$109.44 were paid over to the City of Kodiak for fire protection, thus leaving the Borough with a net tax collected in the amount of \$330.60, and the City of Kodiak with a total \$787.08.

Percentage of Adjusted Total Tax Paid to the City, 70.421%,

Percentage of Adjusted Total Tax Paid to the Borough, 29.579%.

Respectfully submitted,



Harry Milligan

CITY OF KODIAK
RESOLUTION NUMBER 23-77

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK REGARDING
THE ESTABLISHMENT OF A JOINT COMMITTEE TO STUDY UNIFICATION

WHEREAS, major changes are occurring in the entire Kodiak Island
Borough, and

WHEREAS, the tax base is not sufficient to support excessive government
and

WHEREAS, the relationships between the City of Kodiak and the Kodiak
Island Borough demand close cooperation and coordination, and

WHEREAS, unification of the two governments might be in the best interest
of the residents of the Kodiak Island Borough;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak
wishes to participate in a study task force along with the Borough Assembly
members and private citizens to study the advantages and disadvantages of
unification and to recommend whether or not unification would be in the best
interest of the residents of the Kodiak Island Borough. The Council respectfully
requests the Borough Assembly to participate in this task force and to meet
with the Council in worksession to determine how best to implement this study
group.

PASSED AND APPROVED this 27th day of October, 1977.

John F. West
MAYOR

ATTEST:

Sally Pressnell
CITY CLERK

EXHIBIT C

April 18 election opposed

Council votes to sue

Kodiak Mirror, March 28, 1978

The Kodiak City Council voted yesterday to file suit against the Kodiak Island Borough to prevent the borough from holding a scheduled April 18 election to establish a Monashka-Mill Bay Service district.

The suit will be filed by a special attorney, Don Johnson of Anchorage, City Manager Ivan Widom told the Mirror this morning.

The council's decision to file suit was reached after city and borough council members failed to reach any agreement at a joint borough-city meeting Saturday.

The joint meeting was held to discuss who would provide sewer service to the Monashka-Mill Bay area after the city sewage treatment plan is in operation.

"The city is not trying to stop people from voting," city councilman Gary Stevens told the Mirror this morning, explaining that the city feels the special service district election would be illegal.

"We're trying to save the voters the \$1,500 it would cost to

hold the election," Stevens said. "The city's point is," he explained, "that our interpretation of state law is that as long as an area is adjacent to the municipality and the city provides services, a new service district is illegal. The area should be annexed."

If the borough did establish a special service district for the Monashka-Mill Bay area, Stevens said, the borough would probably then contract with the city to provide sewer and water services.

"Hopefully the borough isn't going to start an additional water department," Stevens said.

"If the borough goes in there and builds the water district and then contracts with the city to maintain and operate it," he explained, "the city is at a disadvantage because it was not in on the planning. We will have the same problems we had on Larch Street."

"We want to be in on the planning to assure the system is compatible with ours," Stevens said. "We don't want to waste the taxpayers' money."

Further, he explained, the borough planners have determined that the urban Kodiak area will eventually extend to

(Continued on Page 2)

From page 1

the end of Spruce Cape. "If this is true," Stevens said, "and I believe it is true...it's foolish for there to be two urban areas, one outside and one inside the city." "I hope what is going to

happen," Stevens said, "is that when people see the squabble they will demand unification." Juneau, Sitka and Anchorage went to unification, Stevens said, adding, "It's the answer for Kodiak. Unification would get rid of duplication, squabbling and lawsuits."

City of Kodiak

PHONE (907) 486 - 3224

P.O. BOX 1397

KODIAK, ALASKA 99615



April 24, 1978

Local Boundary Commission
Department of Community and
Regional Affairs
511 West Fourth Avenue
Anchorage, Alaska 99501

RECEIVED
MAY 3 1978

DEPT. OF COMMUNITY
AND REGIONAL AFFAIRS

Gentlemen:

As I understand it, the Boundary Commission is holding a hearing in Kodiak to consider three items. The first is to make a decision on the Mill Bay Road annexation. This was heard by the Boundary Commission on December 12, 1977. The second item is to discuss two 100% annexations; one involving the City's airport property and the other is the Frontier Southern Baptist Church property. The third item is to discuss the boundary question in the total urban area of Kodiak.

The City of Kodiak has supplied the Boundary Commission with a great deal of information regarding the Mill Bay annexation. The Borough has gone ahead with their plans to create a service area in the Kodiak urban area adjacent to the city limits. The City of Kodiak has decided to stop this service area creation through the court system. If it turns out that the courts will not allow the service area to be created, the responsibility will be placed on the City of Kodiak to provide services to the projected service area.

There is another area that I would like to bring to your attention as well. This involves the Coast Guard Base adjacent to the City of Kodiak. At the present time, the State of Alaska leases part of the Coast Guard Base for the State airport and is currently considering expansion of that facility. The Coast Guard Base, including the airport, is not within the boundaries of the Kodiak Island Borough; therefore, we have a difficult situation.

The City of Kodiak Police Department is the security agency involved at the airport. Our police officers provide the necessary anti-hijacking protection for the State. There are areas at the airport that are leased to individuals and the property is not taxed in any way. As the airport grows and develops, increased commercial activity will be present at that facility. It is obvious that the Kodiak Island Borough

April 24, 1978

is missing out on a great deal of personal property tax at the airport. I am not certain about the real property taxes since it is Federal property.

Another issue is the fact that Koniag Native Corporation is receiving excess property from the Coast Guard. There are plans to develop this property, of course. As long as the property remains outside of the jurisdiction of the Planning and Zoning function, the area could be developed without adequate controls. I feel it is important that the Boundary Commission take a look at this situation as well.

The immediate concern is to annex the State airport. I believe that part of the Coast Guard Base could be annexed without any residents taken in. I realize this is another whole dimension to the boundary situation in the Kodiak urban area; however, I think that if you are going to be looking at the total urban area around the City of Kodiak, the Coast Guard facility and State airport should be taken into consideration.

I have done some research regarding the formation of boroughs and utilization of service areas in the context of what is happening currently in the Kodiak urban area. I must apologize that the amount of research done and the limits of my resources does not make this study a complete one; however, the basic issues as I see them are presented below.

The most adequate source of information is a publication called "The State and Local Government System" by Thomas A. Morehouse and Victor Fisher. I was only able to find the SEG interim report #23, March, 1970.

I would like to take the liberty of quoting the specific paragraphs and furnishing you with Xerox copies of specific pages of the report. By utilizing this method, I will not take things out of context and give you incomplete information. This, of course, will make this communication to you a rather lengthy one; however, I think the end result will be much more convincing.

Since the subject report was published in March of 1970, I am certain the research was done in 1969 and before. That means that at least for the last nine years the State of Alaska has been aware of the problems existing between cities and boroughs. There are references to other publications in this study that show that the State of Alaska has been aware of the problem prior to 1969. Due to lack of resources and adequate time, I will not go into a long dissertation regarding the Constitutional Convention, creation of boroughs and other instrumentalities of local government. However, I do plan to dwell on the issues that were brought out by Mr. Morehouse and Mr. Fisher that relate to the specific problem that the Boundary Commission is concerned with in the Kodiak urban area.

On Page I-18, the situation that we now have here is presented. At the top of the page, it mentions the Boundary Commission's responsibilities and ability to affect the necessary controls. The next paragraph talks about the borough form of government and I quote: "In its current stage of evolution, then, the borough possesses the form but not the substance of authoritative area-wide government. It is 'general government' within which a powerful special government--the school district--has maintained and even increased its autonomy. It has 'exclusive authority' for area-wide functions, but in practice, its functions are divided and shared with independent city and school administrations. It is a 'regional government' but it competes with city government for both territory and function. It speaks of promoting 'area-wide' policy and programs but it is so structured as to facilitate the expression of local selfinterest and localized service area needs"

The next paragraph on Page I-18 and I-19 further develop this idea: "The basic problem is that in most areas two forms of local government--the city and the borough--are attempting to occupy political and physical 'space' where there is room only for one. This is so particularly where a borough centers on a single urban core served by a well established city (Anchorage, Fairbanks, Sitka, Ketchikan). The case for a single urban area-wide governmental unit for these places would seem clear. Much less clear, however, is the rationale used for superimposing the borough as a second unit for local general government on the existing municipal base in these more developed regions of the State. On the other hand, where the borough, as a regional government, might serve smaller areas of settlement and rural areas, as well as region-wide needs, more room could be considered available for both borough and city governments (e.g. Kenai, Kodiak, Matanuska-Susitna)."

The fact that growth in the last nine years has placed the City of Kodiak in the same situation as Anchorage, Fairbanks, Sitka and Ketchikan is pointed out by your addressing the same issues as discussed in the report.

On Page I-25, at the top of the page, there is a discussion regarding cities. "City boundaries should be so located as to encompass an entire 'natural' socio-economic and political community. Since most of Alaska's urban settlements are small and relatively compact, there is no technical reason why this criterion cannot easily be met. This would minimize the need for service areas in organized boroughs to perform urban services that can be performed by a city."

On the same page there is a discussion regarding service areas. This goes on to the next page as well and is certainly germane to the discussion at hand. "While it is generally desirable that matters of government organization and functions

be determined locally, past experience of borough-city conflict over annexation and the creation and operation of service areas indicate that the State probably through the Boundary Commission should review local action and play a mediating role. The purpose would be to insure that appropriate incorporation and annexation standards are met, that a new service area is actually warranted and, if so, that it is properly constituted. Any area bordering on a city should be subject to annexation rather than permitting its establishment as a borough service area or its incorporation as a separate city. If annexation or incorporation is not feasible or desirable, expansion of an existing service area would be considered providing that a determination is made that the existing service area should not itself be annexed or incorporated. Only after each of these options is considered in order should it be permissible to establish a new service area and then only with a clear understanding that it is subject to future adjustment within the broader system of organized local government."

Further on in the study, on Page IV-37, the same kind of information is presented. "The State was to assume a continuing responsibility for the overall design and performance of the local governmental system. Specifically for this purpose two new State agencies were mandated by the Constitution: a Local Boundary Commission and a 'local government agency'. The Boundary Commission would assure that borough and city boundaries were properly aligned in the first instance and subsequently were responsive to changing needs and conditions. The Commission was thus authorized by the Constitution to 'consider any proposed local government boundary changes' and subject to legislative veto it could implement such changes."

On Pages VI-16 and VI-17 there is a discussion of city versus borough. "It was apparent from the start that a potential stalemate between cities and boroughs was built into the new local governmental system set forth in the Constitution. Boroughs and the cities within them were very likely to compete with each other for territorial jurisdiction over urbanizing areas outside city limits. To service these places the borough would need to acquire additional powers or create special service areas. If additional area-wide powers were sought, these would be at the direct expense of city authority since area-wide powers assumed by the borough are denied to the cities. If nonarea-wide (outside city) powers were sought or if service areas were created, these could constitute blocks to city expansion."

On Page VI-18, there is a discussion of annexation versus service areas. "As viewed by the Public Administration Service (PAS) in its report to the Statehood Committee in 1959, there were two contrasting approaches to local government reorganization in the more urbanized areas of the state. On the one hand, the borough could be established with a view toward eventual absorption of the city within it. On the other, the jurisdiction of the city could be expanded through annexation of the urbanizing areas around it. In most of urban Alaska, there appeared to be no need for more than one unit of local government to provide urban services.

Population and economic bases were small and duplication of governmental machinery would be wasteful. 'By all odds' reported PAS, 'the most direct and least complicated line of evolution for many communities would be expansion of the central city with all of its existing plant, political structure, credit and fiscal base and political know-how'. But 'if this line of reasoning is valid, what foreseeable use is there for organized boroughs . . . ?'

PAS concluded: "It may be that the best solution for the problems of urban government in most areas will be to concentrate the full responsibility in a single level, the city, or the completely consolidated city-borough. On the other hand, it may be that the borough will provide a very useful agency in rural Alaska for the exercise of local responsibility for administration and at least partial financing of education and a growing list of local or regional services such as local roads, fire protection, utilities (water, sewer and others), health, recreation, etc., some of which would be provided on a borough-wide basis and some in special service areas organized and governed under the authority of the borough."

"Ignoring these considerations, the State layered borough government over the cities of urban Alaska and established no borough units in rural Alaska."

On Page VI-20, this thought continues. "At the same time, the borough service area has been available as a vehicle for meeting service needs for developed enclaves outside the city. This tends to neutralize whatever attraction city annexation may have for those seeking more and higher quality urban services. With the borough service area, residents outside the city may select the particular mix of services they wish and be assured of paying, through differential mill rates, only for those additional services directly received in their immediate area of residence. For this reason, however, service areas also fragment the borough. The separate suburban enclaves develop, a built-in resistance to unified or consolidated area tax and service structures, and service area status insulates their residents from the cost of city facilities and services that they share or benefit from, perhaps most obviously as owners of property whose value is enhanced simply because the city is accessible."

I find that the above paragraph gets to the heart of the problem and I think that to go further would just elaborate this very same thinking and belabor the point.

One of the outgrowths of the current Kodiak Borough-City conflict has been the idea of unifying the governments in the Kodiak Island Borough. Resolutions have been passed by both the City of Kodiak and the Kodiak Island Borough regarding unification. At the Borough Assembly meeting on April 7, the Borough Assembly

did adopt a Resolution to put the question on the ballot next October. Hopefully, the Boundary Commission will look at the problem in the immediate context of what is going on now rather than what might happen in the future. I am certain that you are aware of the unification procedures and the fact that the Kodiak Island Borough is fragmented with a home rule city, five second class cities and the Borough. In addition, there are many residents outside of the cities that compound the complexity of unification. While I personally see unification as the only answer and ultimately it is bound to occur, the process will probably take two to three years before unification becomes a reality.

The Boundary Commission is the only body that has the power, authority and responsibility to mediate the conflicts described above. I feel that the State of Alaska is certainly at fault by allowing the borough-city annexation-service area conflicts to exist in the first place. In the last nine or ten years the situation has gotten worse and it has even reached Kodiak Island which in itself is isolated from the rest of Alaska. This is certainly not the time nor the place to lay blame but to look at answers within the context of legalized solutions.

The obvious is clear. The Boundary Commission should consider steps to annex the total urban area into the City of Kodiak by using the stipulation for differential taxation as described in 19AAC 05.020 (3) and (4). Without the total picture being reviewed and the Boundary Commission taking appropriate action, I see this situation continuing for a number of years. Since the Boundary Commission decided not to act on the Mill Bay Road annexation when you were here in December because of a decision to look at the entire urban area, I think it is incumbent that the Boundary Commission act positively to stop the squabbling and hassles that have resulted because of the City-Borough conflicts.

If Kodiak were an isolated case and our problems were unique to Alaska, I would be the first one to bring that to your attention; however, it is clear that since the creation of the Kodiak Island Borough and the fact that City Council-members do not sit on the Borough Assembly and removal of the weighted voting provision, many conflicts were bound to result. Only through the good offices of the Boundary Commission will the Kodiak Island taxpayers and residents see a resolution to their problem.

Hopefully, unification is the final solution to the problems, perhaps, that is what this is all about. The Constitutional Convention was aware that unification was probably the only answer; however, they did not deem it practical to mandate that from the beginning. It seems as though the only answer is unification; however, in the meantime we must look to the political realities of that process. As mentioned above, the City is taking legal action against the Borough to stop the formation of the service district immediately outside of the city limits. The Borough plans on utilizing City water and sewer to serve the residents of these service areas. As long as the Boundary Commission refuses to take positive annexation action,



City of Kodiak

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KODIAK, ALASKA 99615

April 13, 1978

Mr. Eric Simpson
Local Government Specialist
Community and Regional Affairs
Pouch B
Juneau, Alaska 99811

*Eric,
Here were
the enclosed.
Ivan.*

Dear Eric:

Enclosed are the copies of the letters we discussed on the phone.

As I mentioned to you, I would like to have some more information on what the Boundary Commission is going to be doing in Kodiak. My request is made in part because of the potential misunderstandings that might result due to the number of issues involved. As I see it now, there are three specific issues. One, the Mill Bay Road annexation. Two, the two one-hundred percent annexations that the City processed and three, the entire Kodiak urban area.

I would like to know if these are the issues that the Boundary Commission is going to be discussing. Does the Boundary Commission want me to present all the material on the Mill Bay Road annexation over again or is what they have previously received adequate?

There are many issues involved in discussions about the boundaries in the total Kodiak urban area. I am not certain that I can prepare adequately for that type of discussion in advance unless I have further information from the Boundary Commission. If at all possible, I would like to get additional information so that I can prepare an adequate report on the issues involved. I realize this is putting a burden on you; however, I do not want to get into a position where the City of Kodiak is not given a fair opportunity to present its case.

Please let me know as soon as possible what is on the agenda and the specific issues.

Very truly yours,

CITY OF KODIAK

Ivan
Ivan I. Widom
City Manager

RECEIVED
APR 17 1978

DEPT. OF COMMUNITY
AND REGIONAL AFFAIRS

built into the borough structure. Another method of city representation (e.g., borough sections, at-large, or some combination of both) would not mean the elimination of conflict. Indeed, it is possible that confrontations between completely separate city and borough governments might even be more intense in the absence of assembly "screening" and internal stalemating. However, these confrontations would more likely occur in political arenas larger than the assembly structure, often forcefully presenting themselves for more definitive resolution at the state level.

Annexation Vs. Service Areas

As viewed by the Public Administration Service (PAS) in its report to the Statehood Committee in 1959, there were two contrasting approaches to local government reorganization in the more urbanized areas of the state. On the one hand, the borough could be established with a view toward eventual absorption of the city within it. On the other, the jurisdiction of the city could be expanded through annexation of the urbanizing areas around it. In most of urban Alaska, there appeared to be no need for more than one unit of local government to provide urban services. Population and economic bases were small, and duplication of governmental machinery would be wasteful. "By all odds," reported PAS, "the most direct and least complicated line of evolution for many communities would be expansion of the central city with all of its existing plant, political structure, credit and fiscal base, and political know-how." But, "if this line of reasoning is valid, what foreseeable use is there for organized boroughs . . . [?]"²¹ PAS concluded:

²¹PAS, op. cit., p. 71.

would need to acquire additional powers or create special service areas. If additional areawide powers were sought, these would be at the direct expense of city authority, since areawide powers assumed by the borough are denied to the cities. If non-areawide (outside city) powers were sought, or if service areas were created, these could constitute blocks to city expansion. Moreover, borough assemblymen from outside the city could be expected to resist city annexation cutting into their constituency. And if, at the same time, this meant that assemblymen from the city would acquire the weighted vote advantage because of an increase of the city population (to a majority of the borough population), the resistance would be all the more intense.

Assembly Structure

Since the city is represented on the assembly by city council members, the ground is already prepared for city-suburban splits and polarization because of the assembly's own internal structure. This can directly channel and reinforce the internal divisions that would in any case exist because of the normal political reality of competition and conflict among the different interests that assemblymen are elected to represent.¹⁹ Direct city representation, as required by the constitution,²⁰ enhances certain naturally unstable aspects of the political process that have already been

¹⁹Cf. Paul Ylvisaker, "Some Criteria for a 'Proper' Areal Division of Governmental Powers," Area and Power, Arthur Maass, ed. (Glencoe, Ill.: The Free Press, 1959), p. 39.

²⁰Alaska, Constitution, Article X, Section 4. This, it should be noted, is the only instance in which the article prescribes a specific feature of internal organization, a practice otherwise avoided, and deliberately so, by the article's framers.

serve the city and is obligated to work with the borough planning staff. In the hopeful words of the state's Attorney General, "the system is a carefully balanced one which demands a great deal of cooperation between city and borough."¹⁷

Thus, although the borough presumably has "exclusive" planning and zoning authority, effective arrangements are anything but clear-cut. They are, in part, the outcome of practical, and often unstable, compromises in the writing and interpretation of statutory provisions. Complicating the issue in this case is a concept of planning that does not account for differences in scale or level. Consequently, political and administrative accommodations must be reached at the local level in order that even routine planning tasks -- at project, neighborhood, city, and areawide levels -- can be accomplished. By denying planning authority to the city, the borough act tended to complicate rather than clarify borough-city administrative relationships -- it helped create a structure within which conflict was bound to occur, and one that has in some cases operated to eliminate city planning functions altogether. But the planning conflict only reflects larger differences between the city and borough.

City Vs. Borough

It was apparent from the start that a potential stalemate between cities and boroughs was built into the new local governmental system set forth in the constitution. Boroughs and the cities within them were very likely to compete with each other for territorial jurisdiction over urbanizing areas outside city limits.¹⁸ To service these places, the borough

¹⁷Quoted in Alaska, Local Affairs Agency, Alaska Local Government, Vol. VII, No. 7, October 1964, p. 4.

¹⁸See PAS, op. cit., pp. 63-73.

to the long term goal of a unified local governmental system, and provisions were included in the constitution for the purpose of encouraging close cooperation between boroughs and cities within them.

Cities, then, would continue to exist within the new boroughs and, between them, they would eventually exercise all local government powers in the state. Special districts, including school districts and public utility districts, would be absorbed into these two constitutional forms of local government. While elective school boards could remain in existence, they would be under the general budgetary control of the borough assemblies.

The state was to assume a continuing responsibility for the overall design and performance of the local governmental system. Specifically for this purpose, two new state agencies were mandated by the constitution: a local boundary commission and a "local government agency." The boundary commission would assure that borough and city boundaries were properly aligned in the first instance, and subsequently were responsive to changing needs and conditions. The commission was thus authorized by the constitution to "consider any proposed local government boundary change" and, subject to legislative veto, it could implement such changes. The local government agency, on the other hand, would broadly "advise and assist local governments . . . review their activities," and perform other functions assigned by law.

Within this very open and apparently simple constitutional framework, the state legislature was to specify and elaborate essential features of local government and state-local relations. The ultimate goal, however, was not state control, but maximum local control of the internal

indicate that the state, probably through the Boundary Commission, should review local action and play a mediating role. The purpose would be to ensure that appropriate incorporation and annexation standards are met, that a new service area is actually warranted, and, if so, that it is properly constituted. Any area bordering on a city should be subject to annexation rather than permitting its establishment as a borough service area, or its incorporation as a separate city. If annexation or incorporation is not feasible or desirable, expansion of an existing service area would be considered, providing that a determination is made that the existing service area should not itself be annexed or incorporated. Only after each of these options is considered in order, should it be permissible to establish a new service area, and then only with clear understanding that it is subject to future adjustment within the broader system of organized local government.

Functions and Finances

Issues of governmental structure, functions, and finances are closely interrelated; one cannot properly be considered in isolation from the others. State policies such as the following would help create and reinforce the local government structure outlined above.

1. Financial incentives. State financial aid policies should be designed to (a) eliminate current disincentives to local incorporation or annexation, and (b) provide positive incentives for performance of urban area functions by cities and regional functions (including special service areas) by boroughs. The state should re-examine all provisions of law and fiscal relations (e.g., tax and revenue sharing) that tend

3. Cities. Cities are viewed as the basic units of local government, located both within and outside of organized boroughs. City boundaries should be so located as to encompass an entire "natural" socio-economic and political community. Since most of Alaska's urban settlements are small and relatively compact, there is no technical reason why this criterion cannot easily be met. This would minimize the need for service areas and organized boroughs to perform urban services that can be performed by a city.

The city classification scheme should parallel the borough's. That is, there should be but two classes of municipal corporation -- home rule and general law. As in the case of organized boroughs, general law cities should have the option of assuming home rule status and privileges.

4. Service Areas. Service areas in organized and unorganized boroughs would be vehicles primarily for meeting special service needs and applying differential tax rates, as at present. In unorganized borough areas, they would be directly under the jurisdiction of the state and the advisory councils. The service area should not be used as a substitute for organized borough or city status. The determination of the need to establish a service area should be based upon consideration of settlement patterns within the borough, proximity to a city or existing service area, the desire for special types and levels of service on the part of the area's residents, and their capacity to provide the additional revenues necessary to support the desired types and levels of services.

While it is generally desirable that matters of government organization and functions be determined locally, past experience of borough-city conflict over annexation and the creation and operation of service areas

"space" where there is room only for one. This is so particularly where a borough centers on a single urban core served by a well established city (Anchorage, Fairbanks, Sitka, Ketchikan). The case for a single, urban areawide governmental unit for these places would seem clear. Much less clear, however, is the rationale used for superimposing the borough, as a second unit of local general government, on the existing municipal base in these more developed regions of the state. On the other hand, where the borough, as a regional government, might serve smaller areas of settlement and rural areas, as well as region-wide needs, more room could be considered available for both borough and city governments (e.g., Kenai, Kodiak, Matanuska-Susitna).

Borough government does not exist at all in most of Alaska, for the "unorganized borough" does not function. Current developments in unorganized Alaska suggest, however, that the social and political conditions for increased local self-government are now emergent. Therefore, in considering the governmental needs for unorganized Alaska, it will be necessary to avoid outmoded notions of the "readiness" of its residents for self-government. In the absence of formal governmental institutions, Native leaders are building their own regional organizations and promoting local participation in a number of federally funded social and economic development programs. Unless these realities are taken fully into account, local government policies developed at the state level will meet with no more success in rural Alaska during the 1970's than did state policies concerning the organized borough in urban Alaska during the 1960's.

The momentum of the statehood movement has been spent, making it all the more difficult to effect basic alterations in the existing scheme.

4. The state was to control local government boundary changes that could be made objectively in response to changes in urban population and economic growth patterns. Just as the Boundary Commission was unable to substitute its authority for local determinations in the initial setting of borough boundaries, so it has since played a minor role in controlling subsequent alterations of borough and city boundaries. As in pre-statehood days, most significant boundary changes are subject to several procedural checks and to elections in the areas immediately affected. The "commission has not been in a position to counter or withstand the political pressures brought to bear, particularly when proposed boundary changes are perceived as affecting values associated with local autonomy, suburban separatism, or tax and service independence.

In its current stage of evolution, then, the borough possesses the form but not the substance of authoritative areawide government. It is a "general government" within which a powerful special government -- the school district -- has maintained and even increased its autonomy. It has "exclusive authority" for areawide functions, but in practice these functions are divided and shared with independent city and school administrations. It is a "regional government," but it competes with city governments for both territory and functions. It speaks of promoting "areawide" policies and programs, but it is so structured as to facilitate the expression of local self-interest and localized service area needs.

The basic problem is that in most areas two forms of local government -- the city and the borough -- are attempting to occupy political and physical

It may be that the best solution for the problems of urban government in most areas will be to concentrate the full responsibility in a single level, the city, or the completely consolidated city-borough. On the other hand, it may be that the borough will provide a very useful agency in rural areas for the exercise of local responsibility for administration and at least partial financing of education and a growing list of local or regional services such as local roads, fire protection, utilities (water, sewer, and others), health, recreation, etc., some of which would be provided on a borough-wide basis and some in special service areas organized and governed under the authority of the borough.²²

Ignoring these considerations, the state layered borough governments over the cities of urban Alaska and established no borough units in rural Alaska.

As described above, the state was confronted with the problem of "integrating" all areas served by special districts. City annexation of all, or even a larger part, of these surrounding areas appeared to be politically out of the question. Even in the case of a small public utility district completely encompassed by the city of Anchorage, opposition to city annexation was intense, although the annexation was finally accomplished. In this case, the Boundary Commission exercised its constitutional prerogative of ordering the annexation, subject to legislative veto, without a vote of the residents of the district. Its action was upheld by the state Supreme Court.²³ This was a relatively simple case of a special district that was required under the constitution to be integrated into a city or borough. Completely surrounded by Anchorage, it was an obviously practicable and logical move for the city to annex it. On the other hand, the Boundary Commission had been most respectful of political realities in cases where suburban residents, often fearing that the cost in new taxes will outweigh the benefits of additional services received, object

²² ibid.

²³ City of Anchorage vs. Fairview Public Utility District No. 1, Alaska Supreme Court (1962).

to city annexation. Certain groups of outside-city residents have also been extremely possessive of their identity and autonomy, much in the tradition of suburban and rural separatism, with central cities often cast in somewhat morally suspect roles.²⁴

At the same time, the borough service area has been available as a vehicle for meeting service needs of developed enclaves outside the city. This tends to neutralize whatever attraction city annexation may have for those seeking more and higher quality urban services. With the borough service area, residents outside the city may select the particular mix of services they wish and be assured of paying, through differential mill rates, only for those additional services directly received in their immediate area of residence. For this reason, however, service areas also fragment the borough. The separate suburban enclaves develop a built-in resistance to unified or consolidated area tax and service structures, and service area status insulates their residents from the cost of city facilities and services that they share or benefit from, perhaps most obviously as owners of property whose value is enhanced simply because the city is accessible.

So, following the line of least relative resistance, boroughs were established in large part to solve the special district problem. Critical by-products of this action were the blocking of significant annexation activity by the cities within them and, in several cases, the fragmenting of the urban area. This outcome was foreseen by PAS in its 1959 report: "The conclusion is inescapable that it would often be more difficult to

²⁴ Although Alaska's "central cities" are really small and medium-sized towns by U.S. standards, such anti-city sentiments often seem to be magnified here. This is, in part, the result of Alaska's peculiar socioeconomic characteristics and political "culture" as described in Chapter III above, as well as traditional American attitudes toward the "city."



City of Kodiak

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May 20, 1978

Ms. Sheila Gallagher, Chairwoman
Local Boundary Commission
Dept. of Community & Regional Affairs
Pouch B
Juneau, Alaska 99811

Dear Ms. Gallagher:

In response to your letter of May 1, 1978, I would like to give you the following information.

One of the keys to the situation in the Kodiak urban area is the fact that the City of Kodiak is already providing many services to those outside the City that they are not fully paying for. The City of Kodiak is a full service city. The ongoing services now provided include library, parks and recreation, road (grading, snow removal, pavement patching, storm drainage etc.), water, sewer, sewage treatment, cargo dock (port), boat harbor, ferry dock, fire (and ambulance), police (and animal control), engineering, landfill, museum, airport and cemetery. In addition, the City financially supports the following: Kodiak Council on Alcoholism, Kodiak Senior Citizens, Chamber of Commerce, Head Start, Kodiak-Baranof Productions and similar organizations.

The first service is the library. At the present time, the City of Kodiak has the library and receives a \$15,000 contribution from the Borough. The current library budget is \$143,602. The Borough is contributing 9.57% of the total budget. As of December 31, 1977, there was a total of 2,363 registered borrowers in the library. 1,438 were City residents and 925 were Borough residents. That is equal to 41% of the borrowers coming from the Borough. At the end of March, 1978, there were 1,598 City and 1,066 Borough registered borrowers, for a total of 2,664. The most current figures show that 40% of the registered borrowers are Borough residents. I might also mention that 80% of the locally collected tax dollars that the Borough collects and spends, come from within the City of Kodiak. In other words, \$12,000 of that \$15,000 is paid for by the City of Kodiak residents.

Regarding parks and recreation, we have a similar situation where the City of Kodiak taxpayers fund a recreation program that is a benefit to all. We do not charge more for Borough residents than we do for City residents to participate. This includes the use of the High School swimming pool for public purposes before and after school, weekends and summer months. The City has a contract with the School District to operate and maintain the pool. The City also has a cross country skiing program, a summer youth recreation program, basketball for children, teen-

May 20, 1978

agers and adults and many other winter and summer recreation programs. All the parks in the Kodiak urban area are part of the City of Kodiak's parks and recreation program, other than the State Park at Fort Ambercrombie. The parks and recreation budget for the current fiscal year is \$132,311. The Kodiak Island Borough contributes to this program by allowing the recreation program to utilize Borough buildings, ie. school buildings and playgrounds. As stated with the library, I feel that it is important that you note that the citizens and taxpayers of the City of Kodiak contribute 80% of the funds locally collected and spent by the Borough.

The total police department budget for the current fiscal year is \$871,619. The City Police Department does provide back-up service for the State Troopers when necessary. A copy of the report on Kodiak Police Department activity outside the City is attached.

The Police Department also provides dispatching service after regular hours for the State Troopers, as well as the jail facility for those incarcerated by the Troopers-- this includes Bristol Bay and the Aleutian Chain.

Also provided are alcoholism services through an agreement with the Kodiak Council on Alcoholism for the sleep off center that is located behind the police station. The alcoholism problem in Kodiak is severe and certainly does not limit itself to residents of the City. Currently the City is providing \$12,120 to the Kodiak Council on Alcoholism for their services.

There is currently a fire district in the area in question. The City of Kodiak charges the fire district for service based on the dollar amount of property valuation. The current fire department budget is \$357,135. The amount received from the Borough service area is \$54,646. In addition to providing fire protection, the City also provides the ambulance service. Since the Borough has health powers, the Borough is not compensating the City adequately for this service. There are presently two ambulances utilized by the fire department, one of those was provided by the Kodiak Island Borough. However, the real cost of ambulance service is the time of the emergency medical technicians who actually work with the ambulances. At the present time, the City of Kodiak's taxpayers are subsidizing the Borough in this regard. This goes for the residents of the area in question for annexation, as well as for the entire Kodiak Island Borough including the villages. There are many times when the fire department responds to a medi-vac and takes people from the State airport to the Kodiak Island Borough Hospital.

The City of Kodiak provides the services at the Cargo Dock. Since this is an enterprise fund, the City does not contribute funds out of the general fund unless there are exceptional circumstances involved. This current year is an example. There are \$73,926 going into the Cargo Terminal Fund from the general fund as a loan. The City of Kodiak provides the mechanism for cargo to come across the dock. If the City were not in the business, it would probably be private enterprise offering the same service and making a profit. This, of course, would raise the cost of freight.

depend a great deal on the area involved. Library services will not be expanded. Parks and recreation services could be extended if the City were to annex the area, because additional land would be available that we could use for parks, trails etc. The cargo dock and boat harbor would not change in any way. As the area in question grows, police services will become more of an issue. However, at the present time, the City Police are backing up the State Troopers and as the area grows and develops, there will be more of a need for police services. The City of Kodiak would be able to provide police services to the newly annexed areas as the need develops. To reflect reduced services, differential taxation could be utilized to the extent required.

The City and Borough have been discussing an additional fire station to better serve the residents of the area in question. While the people out there are already served by the Kodiak Fire Department, there is the problem of reaching a fire in an adequate amount of time. From what I understand, there is little desire for the residents in the fire service area to create their own fire department. The City would be called on to provide these services. It is obvious to me that the City should build the building, purchase the equipment and coordinate, in every way possible, with the main fire department.

The creation by the Borough of the service area for water, sewer and roads plays an important part in these annexation proceedings. As described above, the City of Kodiak now provides water and sewer service to the areas in question. New sewer and water lines are needed in the Island Lake area. Since it is the City of Kodiak that is to provide these services through its water system and sewage treatment plant, it is obvious that we can best serve the residents of these areas through annexation. At the present time, the City of Kodiak is in court with the Borough over the creation of this service area because it is in conflict with the State Constitution and Statutes.

If water and sewer lines are built and are supposed to be connected onto the City systems, then it is only proper that the City design these lines and have control over their construction. The other key point is that, as I understand it, it is the intent of the Borough and service area to contract with the City for water and sewer services. This means that the City of Kodiak's employees will actually be doing the work such as repairing lines, making connections and so forth. It is very difficult for me to understand how this can be provided by anyone else without starting up a whole new public works department. Either through the new public works department or by contracting with the City, the costs for water and sewer services would be more than if the area were annexed to the City and it became part of the City's system. No matter how the water and sewer lines are built, there will be assessments or taxes against the property for construction costs. No money will be saved by the residents through the service area for water and sewer service.

The same holds true with road powers. As I understand it, it is the intent of the Kodiak Island Borough not to start a new road department. Therefore, the people would be served by the City of Kodiak Road Department or a private contractor through contract. This, of course, is a very expensive way to go and the City would pass on administrative as well as other costs to provide these services. It is only logical that the area be annexed and that road service be provided by the City of Kodiak. It is also important to note that the fire service depends on the ability to get the fire engine to the scene of the fire. If the roads are not cleared and maintained properly, then the City's ability to service in this regard is questionable. If these were both City functions it would be much simpler to provide the necessary fire and road service through coordinated efforts.

The new Borough Comprehensive Plan describes future growth as going into the Spruce Cape, Island Lake and adjacent areas. In fact, the plan promotes growth in that direction. It is difficult for me to understand how the Borough can promote growth and development of the area and then oppose annexation at the same time. You have been given maps that show the projected increases in population and extension of water and sewer into the subject area. This is a map prepared for the Borough by their consultant.

By your letter of May 1, you requested that we address ourselves to questions relating to the services which the City feels the areas adjacent to Kodiak should receive, the level of those services and the expense and income associated with those services. It is the feeling of the City that the areas defined by the staff of the Department of Community and Regional Affairs as the Mission Road Area and the Mill Bay Road area should receive all services available from the City of Kodiak and that those services should be provided at the same level as they are provided within the existing City. Water, sewer and road service have been determined to be needed as a result of the election to create a service district to provide those services. Fire and ambulance service are currently being provided by contract between the service district and the City of Kodiak. Police service has not been requested for any service area and that service is currently provided by the Alaska State Troopers with back up from the City of Kodiak. If annexed it is probable that the State Troopers will discontinue that service.

It is also the belief of the City of Kodiak that those services should be provided at the same level as they are provided within the existing City. By contract, fire and ambulance service is provided at that level, and there is no reason to believe that water, sewer, road service or police protection will be needed at a lower level.

The estimated expenses and income related to providing all services at a level consistent with the level of such services in the City is as follows:

ANNEXATION BUDGET

Library - no change, already serving the residents at no cost. However, those annexed would help pay for services that they are already receiving.

Parks and Recreation - no change unless additional facilities are built in newly annexed area. However, those annexed would help pay for services that they already are receiving.

Police - depends on level of service provided. For full service:

| | |
|-----------------------|----------------------|
| 3 new police officers | \$75,000 |
| 1 desk officer | \$20,000 |
| Supplies | \$ 5,000 |
| Repairs & Maintenance | \$ 8,000 |
| 2 vehicles | \$14,000 (Sales Tax) |
| TOTAL | \$122,000 |

Fire - a new fire station will have to be built in the next year or so in the subject area. If not annexed, the costs would be borne by residents of the Fire Service District. New fire engines will also be needed. This would be from a bond issue or sales tax.

| | |
|-------------|-----------|
| New station | \$210,000 |
| New engines | \$100,000 |
| TOTAL | \$310,000 |

Manpower depends on level of service desired. For the first few years there could be volunteers and then paid personnel. If paid personnel immediately, then costs would be very high since it would be necessary to have a least 2 firefighters on 24 hours to cover adequately.

| | |
|---|-----------|
| 7 firefighters, 3 shifts and 1 to cover in case of vacation, sick leave etc. | \$150,000 |
| Supplies, utilities etc. | \$ 25,000 |
| TOTAL | \$175,000 |

The important thing to remember about fire is that the new station and employees are needed now. By annexing, the City would spread the cost to all the City taxpayers. If not annexed, it would be the responsibility of the residents of the Fire Service Area.

Cargo Dock - no change, already serving the residents.

Boat Harbor and Ferry Dock - already serving the residents.

Public Water - New water lines are needed. The residents would be assessed for any improvements. They would not have to pay the 37-1/2% surcharge they pay now. No new employees or vehicles would be needed in the near future.

Sewer - New sewer lines are needed in Island Lake now. The residents will be assessed for any improvements. There is no surcharge on sewer service at the present time. No new employees or equipment are needed in the near future until the sewer lines are constructed. The costs to provide sewer lines would be no different if the City or Borough applied for Federal and State funds because each is eligible for the same grants and loans.

Roads - The City would have to purchase new equipment and hire several new employees. However, this would have to be done anyway if it were contracted out by the service area to the City. This would be more expensive because of having to contract with the City and paying additional costs.

| | |
|------------------|----------------------|
| 2 new employees | \$45,000 |
| 1 new dump truck | \$45,000 (Sales Tax) |
| 1 new grader | \$80,000 (Sales Tax) |
| Supplies etc. | \$ 5,000 |
| 1 Pickup truck | \$ 6,500 (Sales Tax) |
| TOTAL | \$181,500 |

Solid Waste - The City's ordinance and contract would probably have to be modified to fit the needs of the new residents. All the new residents would be required to pay something towards the operation of the landfill based on actual costs. Mandatory trash pickup and payment is now part of the monthly utility billing for all City residents. Service is provided by contract and would continue at the level desired.

Cemetery - The newly annexed residents pay a proportionate share of costs.

Municipal Airport - If the area were to be annexed, the City would have more revenue to draw from.

Income to the City is another matter. Since the residents now pay sales tax on almost everything they buy in Kodiak, no change would be made there unless new businesses are started in unannexed areas. There are currently before the Planning and Zoning Commission applications for business zoning in the subject area.

The only change would be an increase in the mill levy. This is a very complicated issue. At the present time, the City of Kodiak has no personal property tax.

Our real property tax mill levy is 9.10. The Borough does have a personal property tax. Some years ago, the City of Kodiak agreed to pay the Borough personal property tax for City residents. The current Borough mill rate is 7.23 mills. Under the present situation, the City would pay the Borough personal property tax for the residents if annexed.* This would lower their tax bill for personal property tax to zero.

However, they would then have to pay an additional 9.10 mills to the City for real property. This is further confused by the fact that the residents of the area in question already pay 2.27 mills for fire service. After annexation this would be included in the 9.10.

| | Borough Current | Borough If Annexed |
|---------------------------------------|--------------------|-----------------------|
| CITY MILL LEVY (Real Property) | | 9.10 (Real Property) |
| BOROUGH MILL LEVY (Real & Personal) | 7.23 | 7.23 (Real Property) |
| FIRE SERVICE AREA (Borough Residents) | 2.27 | None |

Here is an example of what the costs will be:

\$70,000 House (Real Property)
\$ 5,000 Car (Personal Property)

BOROUGH RESIDENTS

7.23 (General) Real and Personal Tax
2.27 (Fire) Real and Personal Tax
9.50 TOTAL

9.50 x \$70,000 = \$665
9.50 x \$ 5,000 = \$ 48
 \$713

37-1/2% Water
Surcharge 45
TOTAL \$758

CITY RESIDENTS - Full service,
police, road maintenance etc.

9.10 City Taxes
7.23 Borough Taxes
16.33 TOTAL

16.33 x \$70,000 = \$1143
* - 0 - x \$ 5,000 = - 0 -
 \$1143

| | |
|----------------------------------|------------------|
| CITY TAXES | \$1143 |
| BOROUGH TAXES w/fire service) | <u>758</u> |
| | \$385 Difference |

*Note In December of 1977 the City Council adopted an ordinance effective December 31, 1978, which will repeal the exemption of personal property within the City from Borough taxes. If that ordinance becomes effective, the above will not apply.

The current City mill levy is 9.10 mills. The only logical way to apportion costs to new residents would be to break the 9.10 mill down according to the separate general fund departments. The Water and Sewer Fund is separate and is self-supporting except for capital improvements. These are paid for out of sales tax revenues.

If the City were to provide full service to the residents of Mission Road, Spruce Cape, Mill Bay, Island Lake and Monashka (all the area presently within the Fire Service Area (the revenues would be according to Attachment #2). The revenues

based on assessed valuation (\$14,749,160) of the total area would be \$134,217. State Revenue Sharing for all City provided services would add another \$56,199. These revenues could increase by 50% if current State legislation is passed. Federal General Revenue Sharing and Federal Anti-Recessional Assistance would add approximately another \$50,000. This would total \$240,416. The operation and maintenance costs as stated above approximate \$333,000. This does not include the building of a new fire station (which would come from a bond issue or sales tax) but does include 7 new fire fighters.

There would be a shortfall of revenue of approximately \$92,584 which could come from additional sales tax revenues. This is how the rest of the general fund departments are supplemented.

It would appear that the Monashka Bay area, if annexed to the City would be provided with fewer services or services at a lower level and the use of differential taxation would therefore seem appropriate. Based on the petition for the incorporation of Spread Eagle, Alaska, it seems that many people in the urbanized portion of the Monashka Bay area do not desire any additional services. They are currently in a fire service district and receive service under contract from the City of Kodiak, except to the extent prohibited by the lack of road maintenance services.

Under AS 29.18.100 (b), the Commission could reject the petition for incorporation of Spread Eagle if it determined that desired municipal services can be more practically and economically provided by the Borough or by annexation to an existing city. If the municipal boundary of the City of Kodiak is extended to annex areas adjacent to the proposed Spread Eagle it would appear that any additional services could be provided more practically and economically by that contiguous city. It may therefore be logical to annex the area to the City with provisions for the establishment of differential taxation until it receives the same services at the same level as provided in other portions of the City.

The only portion of the Coast Guard base that could reasonably require any City services at the present time is that area encompassing the airport facilities. The services would seem to be limited to police services. In view of the fact that all other services are provided by the Coast Guard and would presumably be continued by the Coast Guard. The City of Kodiak would request that annexation of all or any portion of the base, including the airport, be deleted from consideration until the City has had an adequate opportunity to consult and coordinate with the Coast Guard and determine whether additional services could or should be provided, and evaluate the revenue and expense factors of such annexation. If determined to be appropriate, a petition for annexation will be submitted in the future.

SUMMARY

The City of Kodiak feels there are areas that should be annexed to the City. The Mill Bay Road annexation originally petitioned for is just a small part of the total picture as the Boundary Commission has realized. The City has shown that many

Sheila Gallagher, Chairwoman

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May 20, 1978

residents outside the City area are already using City services and utilities. However, the City feels those utilizing the services should bear a fair share by becoming part of the City and having an opportunity to participate in where and how these services are provided.

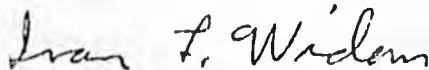
Along with that, is the concept of utilizing the City utility system, ie. water and sewer, on a contract basis. This places a burden on the City to plan for areas not within its jurisdiction. Annexation of the Mill Bay - Monashka Service Area would bring our utility system into a proper position for planning and control.

The final point is that we live on an island and essentially are groups of similar people who have chosen to live here. Having a City and adjacent service areas through the Borough is not correct according to the State Constitution and Statutes. We are only talking about 8,000 people. Our similarities far outweigh our differences and the situation we are now confronting must be resolved. As mentioned in my April 24th letter, service areas seem to divide the population and cause problems such as you are considering tonight.

Thank you for your time and attention.

Sincerely,

CITY OF KODIAK



Ivan L. Widom
City Manager

ILW/yb

Enclosures

BOUNDARY

Comm.

§ 44.19.230

ALASKA STATUTES

§ 44.19.260

Editor's note. — The repealed section derived from § 7, ch. 101, SLA 1955.

Sec. 44.19.230. Rural development fund.

Repealed by § 1 ch 69 SLA 1964.

Editor's note. — The repealed section derived from § 8, ch. 101, SLA 1955.

Sec. 44.19.240. Rural and remote areas defined.

Repealed by § 1 ch 69 SLA 1964.

Editor's note. — The repealed section derived from § 3, ch. 101, SLA 1955.

Sec. 44.19.250. Local boundary commission. There is in the Department of Community and Regional Affairs a local boundary commission. The local boundary commission consists of five members appointed by the governor for overlapping five-year terms. One member shall be appointed from each of the four major senatorial election districts and one from the state at large. The member appointed from the state at large is the chairman of the commission. (§ 7 ch 64 SLA 1959; am § 5 ch 200 SLA 1972)

Cross reference. — As to appointment, qualifications, and terms of office of members of departmental boards, councils, or commissions, see AS 39.05.060.

Effect of amendment. — The 1972 amendment substituted "Department of Community and Regional Affairs" for "Local Affairs Agency" in the first sentence.

When constitutional provision effective. — The method for making

boundary changes, contemplated by art. X, § 12, of the Alaska Constitution, was operative upon the enactment of AS 44.19.250 and 44.19.260. Fairview Pub. Util. Dist. No. 1 v. Anchorage, Sup. Ct. Op. No. 61 (File Nos. 69, 71), 368 P.2d 540 (1962), cert. denied, 371 U.S. 5, 83 S. Ct. 39, 9 L. Ed. 2d 49 (1962).

Cited in Mobil Oil Corp. v. Local Boundary Comm'n, Sup. Ct. Op. No. 989 (File No. 1947), 518 P.2d 92 (1974).

Sec. 44.19.260. Powers and duties. (a) The local boundary commission shall

- (1) make studies of local government boundary problems;
- (2) develop proposed standards and procedures for changing local boundary lines;
- (3) consider a local government boundary change requested of it by the legislature, the commissioner of community and regional affairs, or a political subdivision of the state; and
- (4) develop standards and procedures for the extension of services and ordinances of incorporated cities into contiguous areas for limited purposes upon majority approval of the voters of the contiguous area to be annexed and prepare transition schedules and prorated tax mill levies as well as standards for participation by voters of these contiguous areas in the affairs of the incorporated cities furnishing services.

(b) The local boundary commission may

(1) conduct meetings and hearings to consider local government boundary changes and other matters related to local government boundary changes, including extensions of services by incorporated cities into contiguous areas and matters related to extension of services; and

(2) present to the legislature during the first 10 days of a regular session proposed local government boundary changes, including gradual extension of services of incorporated cities into contiguous areas upon a majority approval of the voters of the contiguous area to be annexed and transition schedules providing for total assimilation of the contiguous area and its full participation in the affairs of the incorporated city within a period not to exceed five years. (§ 7 ch 64 SLA 1959; § 2 ch 45 SLA 1960; am §§ 1, 2 ch 55 SLA 1964; am §§ 1, 2 ch 161 SLA 1966; am § 6 ch 200 SLA 1972)

Cross reference. — For further statement of powers of local boundary commission, see Alaska Constitution, art. X, § 12.

Effect of amendment. — The 1972 amendment substituted "commissioner of community and regional affairs" for "director of local affairs" in paragraph (3) of subsection (a).

Editor's note. — Section 9, ch. 200, SLA 1972, provides: "Where the titles 'Local Affairs Agency' or 'Rural Development Agency' appear in the law of this state, they shall be read as the 'Department of Community and Regional Affairs.'"

Section 11, ch. 200, SLA 1972, provides: "All litigation, hearings, investigations and other proceedings pending under a law amended or repealed or functions which may be transferred by this Act, continue in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided for in this Act. Certificates, orders, rules or regulations issued or filed under authority of a law amended or repealed by this Act or functions which may be transferred by this Act, remain in effect for the term issued, until revoked, vacated, or otherwise modified under the provisions of this Act. All contracts or other obligations created by a law amended or repealed by this Act or by virtue of functions which may be transferred by this Act, and in effect on July 1, 1972, remain in effect until revoked, or modified under the provisions of this Act. Appropriations, records, equipment and other property of agencies of the state integrated with the Department of Community and Regional Affairs

established under this Act are transferred to the department. Appropriations and other money available and to become available to agencies the functions, powers and duties of which have been transferred to the Department of Community and Regional Affairs established under this Act shall be available for the objects and purposes for which appropriated or otherwise made available, subject to the terms, restrictions, limitations or other requirements imposed under this section or federal law."

Legislative committee report. — For legislative committee report on ch. 161, SLA 1966, see House Journal (1966), p. 575.

Powers and duties of local boundary commission. — When grouped together, the powers and duties of the local boundary commission are as follows: (1) To consider any local government boundary change (§ 12, art. X, Alaska Constitution); (2) to present proposed changes to the legislature (§ 12, art. X, Alaska Constitution; § 7, ch. 64, SLA 1959); (3) (subject to law) to establish procedures whereby boundaries may be adjusted by local action (§ 12, art. X, Alaska Constitution); (4) to make studies of local government boundary problems (§ 7, ch. 64, SLA 1959); (5) to develop proposed standards and procedures for changing local boundary lines (§ 7, ch. 64, SLA 1959); (6) to hold hearings on proposed boundary changes (§ 7, ch. 64, SLA 1959). 1959 Ops. Att'y Gen., No. 30.

The local boundary commission has the power and authority to recommend borough boundaries to the legislature. 1959 Ops. Att'y Gen., No. 30.

By this section and AS 44.19.340 it is provided that the commission must make studies of local government boundary problems, develop proposed standards and procedures for changing boundaries, and consider boundary changes requested of it by political subdivisions. The commission may conduct hearings on boundary changes and present proposed changes to the legislature. The change becomes effective unless the legislature disapproves; legislative silence permits the change. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

When constitutional provision effective. — See same catchline in note to AS 44.19.250.

Alaska Const., art. X, § 12 established two methods by which local boundaries might be changed: (1) by direct action of the local boundary commission subject to legislative disapproval, and (2) by establishment by the commission of procedures for the adjustment of boundaries by local action. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Step annexation allows for gradual assimilation. — As an alternative to immediate annexation, the step-annexation provision allows for gradual assimilation of contiguous areas into incorporated cities where direct annexation would be premature or impractical. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

How step annexation commenced. — Ordinarily, a step annexation will be commenced by a municipality's petition specifically requesting that alternative, although presumably the commission could require the municipality to annex by the step method. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Section implements Alaska Const., art. X, § 12. — The legislature implemented Alaska Const., art. X, § 12 by enacting AS 44.19.260. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

The intention of Alaska Const., art. X, § 12 and this section was to provide an objective administrative body to make state-level decisions regarding local boundary changes, thus avoiding the chance that a small, self-interested group could stand in the way of boundary changes which were in the public interest. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op.

No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

The duties imposed upon the commission in subsection (a) are mandatory. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

And those in subsection (b) are discretionary. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

The development of standards is a precondition to the commission's exercise of its discretion under subsection (b) of this section. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

The exercise of the commission's discretion under subsection (b) of this section is conditioned upon the development of standards and procedures for changing local boundary lines under subsection (a)(2) of this section. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Under subsection (a) of this section the legislature requires the commission to develop standards in order to recommend boundary changes. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Since mandatory terms were used, the legislature clearly intended the local boundary commission to adopt regulations concerning modification of local boundary lines. *Mukluk Freight Lines v. Nabors Alas. Drilling, Inc.*, Sup. Ct. Op. No. 577 (File No. 1870), 516 P.2d 408 (1973).

There are three purposes underlying the statutory requirement of annexation standards. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

First, such standards expose the basic decision-making processes of the commission to public view and thus subject commission action to broad corrective legislation. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Second, the standards guide local governments in making annexation decisions and in preparing proposals for the commission. Frustration of these purposes cannot harm the opponent of annexation. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Third, and the criteria delineate the hearing, but perceive the delineation and fair exposure at the hearing. *Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Continued standards are voidable as to *Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Failure of annexation substantial. *Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

The duties considered implies a *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Hence, the characteristics continuing *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Alaska the legislative actions. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

But such compel the compliance *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Alaska 44.19.340 whether the law *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Legislation known state boundary constitution duty of implementation complies with known state of local boundaries.

Third, annexation standards objectify the criteria of decision-making and delineate the battleground for a public hearing, but the supreme court cannot perceive how the absence of such delineation in any manner prevented full and fair expression of an opposing position at the hearing on an annexation. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Continued failure to have promulgated standards made an annexation a fortiori voidable and prima facie illegal. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Failure to promulgate standards for annexations was not an error so substantial as to result in injustice. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

The duty under subsection (a) (3) to consider requested boundary changes implies a reasonable time limitation. *United States Smelting, Ref. & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Hence, not all of subsection (a) can be characterized as comprehending continuing duties and not conditions. *United States Smelting, Ref. & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Alaska Const., art X, § 12, empowers the legislature to veto commission actions. *United States Smelting, Ref. & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

But such section does nothing to compel the legislature to review for compliance with its own requirements. *United States Smelting, Ref. & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Alaska Const., art. X, § 12, and AS 44.19.340 do not make the decision as to whether the commission has complied with the law exclusively legislative. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Legislature handicapped in absence of known standards governing change of boundary lines. — Under Alaska's constitution, the supreme court has the duty of insuring that administrative action complies with the laws of Alaska. Absent known standards governing the changing of local boundary lines, the legislature's

ability to make rational decisions as to whether to approve or disapprove proposed local boundary changes of the commission is seriously handicapped. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Existing cities with local boundary commission created boundaries remain unaffected by the holding, under the de facto municipality doctrine, in *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Doctrine of de facto municipal incorporation applied to annexations. — See *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

The doctrine of de facto municipal incorporation insulates from collateral attack annexations not impeccably effected where the annexation is attempted under a proper statute, a good faith effort is made to comply with the statute, the statute is colorably complied with, and the municipality has exercised its powers in good faith within the annexed territory. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

All annexations will have the purpose and effect, in part, of extending city services. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

The post-annexation creation of differently served and treated areas does not impugn the reasonableness of the annexation. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Standing to contest annexation. — An aggrieved property owner in an area to be annexed has standing to contest the annexation. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Annexations effected through local boundary commission procedures receive a full administrative hearing, followed by legislative review, before they are subjected to judicial scrutiny. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Common challenge is to attack procedures. — The more common challenge to local boundary commission action attacks the procedures by which the substantive decisions were made. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op.

No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

The selection of annexation method made by the commission and approved by the legislature is controlling. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Judicial review. — There are questions of public policy to be determined in annexation proceedings which are beyond the province of the court. Examples are the desirability of annexation, as expressed in published standards. Judicial techniques are not well adapted to resolving these questions. In that sense, these may be described as "political questions," beyond the compass of judicial review. But other annexation issues, such as whether statutory notice requirements were followed, are readily decided by traditional judicial techniques. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 110 (1971).

The policy decision as to the mode of annexation is an exercise of lawfully vested

administrative discretion which the supreme court will review only to determine if administrative, legislative or constitutional mandates were disobeyed or if the action constituted an abuse of discretion. *Port Valdez Co. v. City of Valdez*, Sup. Ct. Op. No. 1044 (File No. 1996), 522 P.2d 1147 (1974).

Wood River made part of city of Dillingham. — When the legislature failed to disapprove of the commission's proposal, the commission's local boundary change, which consisted of the abolition of the boundary of Wood River and the confirmation of the boundary of the city of Dillingham, had the effect of making Wood River a part of the city of Dillingham. When the boundary commission's proposal for boundary change became effective, the city of Wood River was dissolved, even though the statutory procedures for dissolution of cities were not followed. *Oesau v. City of Dillingham*, Sup. Ct. Op. No. 467 (File No. 856), 439 P.2d 180 (1968).

Sec. 44.19.270. Meetings and hearings. The chairman of the commission or the commissioner of community and regional affairs with the consent of the chairman may call a meeting or hearing of the local boundary commission. All meetings and hearings shall be public. (§ 3 ch 45 SLA 1960; am § 7 ch 200 SLA 1972)

Effect of amendment. — The 1972 amendment substituted "commissioner of community and regional affairs" for "director of local affairs" in the first sentence.

Sec. 44.19.280. Minutes and records. The local boundary commission shall keep minutes of all meetings and hearings. If the proceedings are transcribed, minutes shall be made from the transcription. The minutes are a public record. All votes taken by the commission shall be entered in the minutes. (§ 3 ch 45 SLA 1960)

Sec. 44.19.290. Notice of public hearings. Public notice of a hearing of the local boundary commission shall be given in the area in which the hearing is to be held at least 15 days before the date of the hearing. The notice of the hearing shall include the time, date, place, and subject of the hearing. The director of local affairs shall give notice of the hearing at least three times in the press, through other news media, or by posting in a public place, whichever is most feasible. (§ 3 ch 45 SLA 1960)

Sec. 44.19.300. Quorum. Three members of the commission constitute a quorum for the conduct of business at a meeting. Two members constitute a quorum for the conduct of business at a hearing. (§ 3 ch 45 SLA 1960)

Sec. 44.19.310. Boundary change. A majority of the membership of the local boundary commission must vote in favor of a proposed boundary change before it may be presented to the legislature. (§ 3 ch 45 SLA 1960)

Sec. 44.19.320. Expenses. Members of the local boundary commission receive no pay but are entitled to the travel expenses and per diem authorized for members of boards and commissions. (§ 4 ch 45 SLA 1960)

Sec. 44.19.330. Hearings on boundary changes. No local government boundary change may be proposed to the legislature unless a hearing on the change has been held in or in the near vicinity of the area affected by the change. (§ 2 ch 45 SLA 1960)

Sec. 44.19.340. When boundary change takes effect. When a local government boundary change is proposed to the legislature during the first 10 days of any regular session, the change becomes effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. (§ 2 ch 45 SLA 1960)

By this section and AS 44.19.260 it is provided that the commission must make studies of local government boundary problems, develop proposed standards and procedures for changing boundaries, and consider boundary changes requested of it by political subdivisions. The commission may conduct hearings on boundary changes and present proposed changes to the legislature. The change becomes effective unless the legislature disapproves; legislative silence permits the change. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Alaska Const., art. X, § 12, empowers the legislature to veto commission actions. *United States Smelting, Ref. & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

But such section does nothing to compel the legislature to review for compliance with its own requirements. *United States Smelting, Ref. & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

This section and Alaska Const., art. X, § 12, do not make the decision as to whether the commission has complied with the law exclusively legislative. *United States Smelting, Refining & Mining Co. v.*

Local Boundary Comm'n, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Legislature handicapped in absence of known standard governing change of boundary lines. — Under Alaska's Constitution the supreme court has the duty of ensuring that administrative action comports with the laws of Alaska. Absent known standards governing the changing of local boundary lines, the legislature's ability to make rational decisions as to whether to approve or disapprove proposed local boundary changes of the commission is seriously handicapped. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Existing cities with local boundary commission created boundaries remain unaffected by the holding, under the de facto municipality doctrine, in *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Standing to contest annexation. — An aggrieved property owner in an area to be annexed has standing to contest the annexation. *United States Smelting, Refining & Mining Co. v. Local Boundary Comm'n*, Sup. Ct. Op. No. 727 (File No. 1461), 489 P.2d 140 (1971).

Report to the Local Boundary Commission
on the proposal to annex certain lands
to the CITY OF KODIAK

Department of Community
and Regional Affairs
Anchorage, Alaska

December 8, 1977

I. PROCEEDINGS TO DATE

Initial consideration of the City of Kodiak's current annexation proposal by the Department of Community and Regional Affairs (DCRA) began in late September when City Manager Ivan Widom contacted DCRA and stated the city's annexation plans (attachment #1). Shortly thereafter, on October 17, City Manager Widom submitted a memorandum outlining reasons why he felt a number of areas immediately surrounding the City should be annexed to the City (attachment #2).

On October 19, the City submitted a formal petition for annexation. Initial review of the petition and supporting documents indicated that they were in substantial¹ compliance with the statutory and regulatory provisions² pursuant

1. The petition was deficient in three areas addressed by the Local Boundary Commission's regulations. However, because:

1) the deficiencies were a product of the Local Boundary Commission's regulations and not statutory law; and 2) the Commission is specifically authorized to waive deviations from the regulations (19AAC 10.150); and 3) a delay in accepting the petition would almost surely preclude consideration of the petition by a Local Boundary Commission prior to the beginning of the upcoming legislative session, it was the determination of your staff that the substantial rights of interested parties would not be prejudiced by accepting the petition.

Deficiencies of the petition and corrective action taken, if any, are set forth below.

- 1) Petitioners failed to attach a copy of the City Council resolution authorizing filing of the petition as required by 19AAC 10.040(4). The required resolution was received on November 25.
- 2) The Notice of Filing of Annexation Petition required by 19AAC 10-080 was published prior to formal acceptance of the petition. No corrective action was considered necessary as the defect was harmless.
- 3) The affidavit required by 19AAC 10.060 was presented in the form of a sworn statement, not notarized. As in 2), the defect was considered harmless.

-
2. AS 44.19.2600340 (Local Boundary Commission)
AS 29.68 (Alteration of boundaries)
19AAC 10 (Procedures for Boundary Changes)
19AAC 05.010-030 (Standards for Annexation to Cities)

to which the petition was submitted. Accordingly, a letter stating acceptance of the petition was issued on November 9 (attachment #3); that same letter also notified petitioners that the Local Boundary Commission would conduct a public hearing on the annexation proposal on December 12.

Formal notice (attachment #4) of the Local Boundary Commission's hearing was also provided to the Kodiak Island Borough and published in the Kodiak Daily Mirror (attachment #5), editions dated November 23, 25, 27 and December 2 and 9, 1977.

II. PRIOR BOUNDARY CHANGES

The following is a synopsis of prior changes to the City of Kodiak's boundaries.

Action and Date: Annexation - March, 1960
Character of Property: Undeveloped lands - no road access
Description: Near Island, Gull Island, Popoff Island, Uski Island, Holiday Island, Crooked Island

Action and Date: Annexation - March, 1960
Character of Property: City watershed
Description: U.S. Survey 3945

Action and Date: Detachment - , 1960
Character of Property: Undeveloped lands - no road access
Description: Holiday Island, Crooked Island

Action and Date: Annexation - January, 1970 - vetoed by legislature
Character of Property: Residential, industrial and commercial
✓ Description: Entire urban area of Kodiak outside of current city boundaries

Action and Date: Annexation - March, 1973
Character of Property: Residential
Description: Lots 16A, B and C of U.S. Survey 3098

Action and Date: Annexation - March, 1973
Character of Property: Residential
Description: Lots 26A, B, C, and D. of U.S. Survey 3098

Action and Date: Annexation - June 1974
Character of Property: Residential
Description: U.S. Survey 3098 - Lot 25

Action and Date: Annexation - April, 1975
Character of Property: Highway right-of-way, gravel pit.
Description: Lots 7-16, U.S. Survey 2537-B

Action and Date: Annexation - April, 1976
Character of Property: Residential
Description: Lot 24, U.S. Survey 3098

Action and Date: Annexation - April, 1976
Character of Property: Industrial - Canneries
Description: Gibson Cove

Action and Date: Annexation - June, 1977
Character of Property: Municipal Cargo Dock
Description: Tidelands adjacent to U.S. Survey 2537-B

Action and Date: Annexation - September, 1977
Character of Property: Residential
Description: Lot 1, Block 1, U.S. Survey 3066 A and B

III. GENERAL INFORMATION

Kodiak was incorporated as a town in September, 1940 under Federal Law, was later classified as a first class city under state law and subsequently adopted a home rule charter in the Fall of 1965. The city operates under the council-manager form of government and, according to the City's budget, provides a broad range of municipal services, including:

| <u>Service</u> | <u>Budgeted Funds (FY 78)</u> |
|--|-------------------------------|
| General Fund Estimated Expenditures | |
| 1. Legislative, Judicial, Legal | \$ 65,020 |
| 2. Executive | 78,544 |
| 3. City Clerk | 77,717 |
| 4. Finance Director | 223,270 |
| 5. Police Department | 813,379 |
| 6. Fire Department | 333,241 |
| 7. Public Works Department | 631,401 |
| 8. Parks and Recreation | 128,946 |
| 9. Library and Museum | 155,351 |
| 10. Engineering | 112,159 |
| 11. Non-Departmental | <u>1,450,239*</u> |
| Total General Fund Estimated Expenditures | \$ 4,069,267 |

*Includes: \$ 530,000 Payment to Borough in lieu of a borough personal property tax

125,000 Insurance

150,000 Advance to cargo terminal fund

130,000 City Engineering Department

417,000 Capital Project Transfers

| | |
|-----------|---------------|
| \$ 70,000 | Bond payments |
| 50,000 | Contingency |
| 33,000 | Other |

General Fund Estimated Revenues

| | |
|--------------------------------------|------------------|
| 1. Taxes | \$1,915,000 |
| 2. Licenses and Permits | 20,570 |
| 3. Intergovernmental Revenues | 392,550 |
| 4. Charges and Services | 342,210 |
| 5. Miscellaneous Revenue | 34,070 |
| 6. Non-Revenue Receipts | <u>1,364,867</u> |
| Total General Fund Estimated Revenue | \$4,069,267 |

Capital Project Funds Estimated Expenditures*

| | |
|---|---------------|
| 1. Federal Revenue Sharing Trust | \$ 261,000 |
| 2. Federal Unit-Recession Fiscal Assistance Fund | 53,500 |
| 3. Street Improvement | 140,000 |
| 4. Building Improvement | 7,000 |
| 5. Water Source Expansion | 1,305,000 |
| 6. Water/Sewer Line Construction | 110,000 |
| 7. Sewage Treatment Plant | 7,643,105 |
| 8. Cargo Pier Construction | 873,775 |
| 9. HUD Block Grant | 1,274,660 |
| 10. Major Equipment Purchases | <u>41,000</u> |
| Total Capital Project Funds Estimated Expenditure | \$11,709,040 |

* Revenues for capital project funds are identical.

Enterprise Funds Estimated Expenditures*

| | |
|---|------------------|
| 1. Cargo Terminal | \$ 905,097 |
| 2. Boat Harbor | 369,265 |
| 3. Water/Sewer Utilities | <u>1,109,007</u> |
| Total Enterprise Funds Estimated Expenditures | \$2,383,369 |

*Enterprise Fund revenues equal expenditures.

| | |
|-------------------------------------|--------------|
| <u>TOTAL ESTIMATED REVENUE</u> | \$18,161,676 |
| <u>TOTAL ESTIMATED EXPENDITURES</u> | \$18,161,676 |

The City of Kodiak is located within the Kodiak Island Borough which is a borough of the second class. In addition to the mandatory powers of education, tax assessment and collection, and planning, platting and zoning, the borough also has the areawide power of hospitals and non-area powers of parks and recreation and building inspection. On a service area basis the borough provides fire protection to the area adjacent to the city and the village of Karluk and provides road maintenance to the Bells Flats area. The borough is currently considering the establishment of a road maintenance service area for the road systems north of the City of Kodiak.

The basic thrust of petitioners arguments seem to be that the area is urban in nature (19AAC05.010 (3))³ and requires city services - most notably sewer and water (it is the policy of the City of Kodiak not to extend sewer and water beyond the city's boundaries). In support of this argument, petitioners simply state that the property is similar to existing property inside the City of Kodiak. Petitioners have apparently concluded that the subject territory is so obviously urban in character that detailed evidence, beyond the basic information required by regulation and included in the petition, supporting that statement is not needed; our investigation substantiated that conclusion.

VI. CONCLUSIONS AND RECOMMENDATIONS

That the area proposed for annexation is identical in nature to other areas in the city - that is, urban in character - seems relatively obvious. Given that conclusion, the issue then resolves to one of determining who should provide municipal services to the area. We believe firmly that the language of Article X, Section 5⁴ of the Alaska Constitution

-
3. 19 AAC 05.010. ANNEXABLE TERRITORY. (a) Territory which is contiguous to the city may be annexed to that city if one or more of the following standards are met: (3) the territory is urban in character. In determining whether territory is urban in character, the commission may consider, without limitation, whether the property is platted or held for sale for urban, residential or commercial purposes, whether the population density of the territory approximates that of the annexing city, whether the population of the territory stems primarily from actual growth of the city beyond its legal boundaries, and whether the property is valuable primarily by reason of its suitability for prospective urban purposes.
 4. Section 5. Service areas to provide special services within an organized borough may be established, altered, or abolished by the assembly, subject to the provisions of law or charter. A new service area shall not be established if, consistent with the purposes of this article, the new service can be provided by an existing service area, by incorporation as a city, or by annexation to a city. The assembly may authorize the levying of taxes, charges, or assessments within a service area to finance the special services.

encourages the provision of municipal services by cities and discourages the provision of services by boroughs on a service area basis, except when unique circumstances dictate otherwise. Accordingly, we recommend acceptance of the petition as submitted.⁵

However, it is also our conclusion that the subject petition represents only the tip of the iceberg with respect to the question of who shall provide municipal services in the Kodiak area. As this report is being finalized we have just received a petition for incorporation of a first-class city in the Monashka Bay area. Additionally, the Kodiak Island Borough has just adopted an ordinance calling for a vote on the question of establishing a road service area consisting of the Kodiak urban area exclusive of the City of Kodiak. We have also received correspondence from the City of Kodiak indicating that it feels that it should be the provider of municipal services to the Kodiak urban area. In the opinion of the Department of Community and Regional Affairs these series of events represent a mandate to the Local Boundary Commission to find an immediate answer to the question: what municipal entity shall provide municipal services to the Kodiak urban area? Accordingly, we further recommend that the Local Boundary Commission:

- 1) Schedule a public hearing on the above stated question and notify the public that a potential answer to the question is annexation of significant portions of the Kodiak urban area to the City of Kodiak; and
- 2) Order officials of the City of Kodiak and the Kodiak Island

5. The petition actually contained two descriptions of property to be annexed. The written description omitted Lot 27 of U.S. Survey No 3098 while the map indicated that it was to be included. Subsequent correspondence (attachment #6) from the City indicates their desire to involve it in the annexation proposal.

Borough to submit to the Commission prior to the public hearing
a ~~five year schedule of services~~ to be provided to areas
currently outside of the City of Kodiak complete with narratives
describing the level of service to be provided and costs
associated therewith.

REPORT TO THE LOCAL BOUNDARY COMMISSION
ON THE PROPOSAL TO ANNEX CERTAIN LANDS
IN THE KODIAK URBAN AREA
TO THE CITY OF KODIAK

Department of Community
and Regional Affairs
Juneau, Alaska

May 17, 1978

I. INTRODUCTION

On December 12, 1977, the Local Boundary Commission conducted a public hearing to take testimony respecting a petition (attachment #1) submitted by the City of Kodiak proposing annexation of certain properties to the City. As a result of that hearing the Commission elected to postpone action on the City's petition and subsequently submitted petitions for 100% annexations until it considered the broader issue of who --the City of Kodiak or the Kodiak Island Borough-- should be the principal provider of municipal services to residents of the Kodiak ~~urban~~ area. The Commission directed the Department of Community and Regional Affairs, in its capacity as staff advisor to the Commission, to prepare a report stating specific recommendations as to which areas, if any, ought to be annexed to the City of Kodiak.

II. AUTHORITY AND NOTICE

Article X, Section 12 of the Alaska Constitution grants authority to the Local Boundary Commission to "consider any proposed local government boundary change" and to "present proposed changes to the legislature during the first ten days of any regular session". Alaska Statutes grant the Commission authority to "conduct meetings and hearings to consider local government boundary changes and other matters related to local government boundary changes, including extensions of services by incorporated cities into a contiguous area and matters related to extension of services".

In accordance with AS 44.19.290, notice of the Local Boundary Commission's forthcoming public hearing and decisional meeting was ordered published in the Kodiak Daily Mirror editions dated May 4, 8, 15, and 19. A copy of the Notice is appended as attachment #3. Notice was also sent, by certified mail, to the manager of the Kodiak Island Borough, the manager of the City of Kodiak, and the Commanding Officer of the U.S. Coast Guard Station in Kodiak. Additionally, notice of the hearing was transmitted over radio station KVOK and TV station KOTV at least three times during the period May 1 to May 19.

III. GENERAL INFORMATION

The following is a brief description of each of the four areas identified in the Notice of Public Hearing:

Mission Road Area: Generally this area consists of the territory located between the northeast boundary of the City of Kodiak and the terminus of Mission Road, located at Spruce Cape. Although the area is largely residential in character, it does contain several small service businesses. There are several mobile home courts located in the area, as well as a Baptist Mission. The only notable public facility is the Kodiak sewage treatment plant presently operated by the City. The Borough contends that the Kodiak sewage treatment plant is a regional facility which should be jointly operated by the City and the Borough.

Staff of the Kodiak Island Borough estimated the population of the area to be 790 residents as of 1977. There are at least 316 water taps in the Mission Lake, Outer Mission Road and Spruce Cape Areas. The City

indicated the population estimate of 790 residents is low. The Borough will provide the estimated value of taxable property at the public hearing. The population is projected to be 1,390 by 1985, a 76% increase over current figures.

Mill Bay Road Area: Generally includes that area extending from the northwest boundary of the City of Kodiak to the point where Mill Bay Road splits to Otmeloi Point and Fort Abercrombie, including the area around Island Lake, Beaver Lake and the relatively newly developed area of East Mill Bay.

Like the previously discussed territory, the area is primarily residential in character, although several businesses do operate in the area. The land most heavily populated is that surrounding Island Lake, while the remainder of the population is fairly evenly scattered throughout the Island Lake area. Population density is moderate to low. Borough estimates made in 1977 show a population of 400 for the Island Lake area and a total area population of 550. There are 100 water taps in the Island Lake Area and numerous wells. The City indicated the current population estimate of 400 residents is low. Estimates project a population of 900 for the Island Lake area by 1995. The only public facility of any consequence is the City of Kodiak's municipal airport. A Catholic school, teaching grades 1-8, is also located in the area. The Borough will provide an estimated value of taxable property at the public hearing.

Monashka Bay: Generally includes the area adjacent to Otmeloi Point and Fort Abercrombie roads. Much of this land is dedicated to public purposes such as the Fort Abercrombie State Park, the City of Kodiak Ram

Site -- a local outdoor theatre, a VFW site and the land fill site operated by the City on Borough land, water reservoir and transmission facilities. The remainder of the area is either undeveloped or very lightly developed. In 1978 Borough staff estimated the population of the area at 100. The current assessed value of property for Mission Road, Mill Bay and Monashka Bay areas is approximately \$21 million.

All of the previously described areas receive certain services from the Kodiak Island Borough, including the areawide services of education, planning, platting and zoning, tax assessment and collection and hospitals and health facilities; the non-areawide power of parks and recreation is not provided at this time; and, on a service area basis, fire protection, road maintenance, sewer and water service. The latter three services were only approved by voters in April of this year so actual implementation of the service has yet to begin. Fire protection is, in fact, provided by the City of Kodiak through a contract with the Kodiak Island Borough.

The City is providing 440 water taps and 48 sewer taps to the Mission Road Area, Mill Bay Area, and the Monashka Bay Area.

Coast Guard Base: The reservation, which is excluded from the Kodiak Island Borough boundaries, abuts the City of Kodiak's southern boundary and is totally self-sufficient, containing all facilities and providing all services necessary for the well-being of Coast Guard personnel. The Kodiak Island Borough operates an elementary school on base, while junior high and high school students attend school in downtown Kodiak.

We are not aware of any significant private property on the reservation with the exception of the Wien Air Alaska airport facility. The current estimated population of the U.S.C.G. station is approximately 3,000. An estimate of the potential taxable property at the U.S.C.G. station is between \$200,000 and \$400,000.

| | |
|---------|---------------|
| 133,200 | Bond payments |
| 26,841 | Contingency |
| 93,136 | Other |

General Fund Estimated Revenues

| | |
|---------------------------------------|------------------|
| 1. Taxes | \$2,023,000 |
| 2. Licenses and Permits | 28,870 |
| 3. Intergovernmental Revenues | 434,016 |
| 4. Charges and Services | 366,802 |
| 5. Miscellaneous Revenue | 39,734 |
| 6. Non-Revenue Receipts | <u>1,279,491</u> |
| Total General Fund Estimated Revenues | \$4,171,913 |

Capital Project Funds Estimated Expenditures*

| | |
|--|----------------|
| 1. Federal Revenue Sharing Trust | \$ 261,000 |
| 2. Federal Anti-Recession Fiscal Assistance Fund | 79,516 |
| 3. Street Improvement | 673,300 |
| 4. Building Improvement | 153,135 |
| 5. Water Source Expansion | 1,320,655 |
| 6. Water/Sewer Line Construction | 381,037 |
| 7. Sewage Treatment Plant | 7,643,105 |
| 8. Cargo Pier Construction | 873,775 |
| 9. HUD Block Grant | 1,335,007 |
| 10. Major Equipment Purchases | <u>111,780</u> |
| Total Capital Project Funds Estimated Expenditures | \$12,832,310 |

*Revenue for capital project funds are identical.

Enterprise Funds Estimated Expenditures*

| | |
|---|------------------|
| 1. Cargo Terminal | \$ 919,917 |
| 2. Boat Harbor | 368,876 |
| 3. Water/Sewer Utilities | <u>1,283,501</u> |
| Total Enterprise Funds Estimated Expenditures | \$ 2,572,294 |

*Enterprise Fund revenues equal expenditures.

| | |
|-------------------------------------|--------------|
| <u>TOTAL ESTIMATED REVENUES</u> | \$19,576,517 |
| <u>TOTAL ESTIMATED EXPENDITURES</u> | \$19,576,517 |

The City of Kodiak is located within the Kodiak Island Borough, which is a Borough of the second class. In addition to the mandatory powers of education; tax assessment and collection; and planning, platting and zoning, the Borough also has the areawide power of hospitals and non-areawide powers of parks and recreation and building inspection. *not as building code* On a service area basis the Borough provides fire protection through a city contract to the area adjacent to the City and to the village of Karluk and provides road maintenance to the Bells Flats area. The Borough has very recently established the Monashka service area to provide water, sewer, and maintenance for the road systems north of the City of Kodiak. On March 23, 1978 the City filed a complaint for declaratory judgment and injunction against the establishment of the Monashka service district claiming the services of water, sewer and road maintenance can be provided by the City without any necessity for creating the service district.

(Attachment #5)

V. STANDARDS FOR ANNEXATION

Title 19 of the Alaska Administrative Code, Section 05.010, Alaska Statutes 29.63.909 and Article X Section 5 of the Alaska Constitution¹ set forth specific standards and requirements which provide guidelines for annexation. Realizing that annexation may be proposed if any one of these standards are met, the Department will indicate the applicable standard and summarize any appropriate issues raised as follows:

(1) Mission Road Area. In accordance with 19 AAC 05.010, the Department suggests that the following applicable standards appear to be satisfied because the territory between Mission Lake and Spruce Cape is:

(a) contiguous to the City as evidenced by the Kodiak Island Borough map prepared by Kramer, Chin, & Mayo Inc.

(b) essentially or will be urban in character as noted in the Kodiak Island Borough map prepared by Kramer, Chin & Mayo inc.

¹ "Section 5. Service areas to provide special services within an organized borough may be established, altered, or abolished by the assembly, subject to the provisions of law or charter. A new service area shall not be established if, consistent with the purposes of this article, the new service can be provided by an existing service area, by incorporation as a city, or by annexation to a city. The assembly may authorize the levying of taxes, charges, or assessments within a service area to finance the special services."

Resident Population Estimates

(provided by Borough)

| | <u>1977</u> | <u>1985</u> | <u>1995</u> |
|--------------|-------------|-------------|-------------|
| Mission Road | 520 | 720 | 920 |
| Mission Lake | 270 | 470 | 870 |
| Mid Cape | 0 | 200 | 600 |
| Spruce Cape | <u>0</u> | <u>0</u> | <u>600</u> |
| TOTAL | 790 | 1,390 | 2,990 |

At least one-third of the total land area is undeveloped and the largest portion is the former U.S. Coast Guard LORAN Station whose operation of this facility will be terminated on December 31, 1979. Additionally, the former U.S.C.G. LORAN station was declared surplus and has been selected by one of the Kodiak Island Native corporations formed under the Alaska Native Claims Settlement Act. While no immediate development plans appear to exist, it is anticipated that the property will see development, primarily for residential purposes, in the future. The current borough planning estimates project a population of 600 on the former U.S.C.G. LORAN station by 1995 and 600 residents for the Mid Cape Territory. The U.S.C.G. LORAN facility currently has a population of 4 residents.

(c) presently in need of municipal services of water, roads, and fire protection which the City should be able to provide more efficiently than the Borough could by using differential tax zones.

The Department would suggest that the City and the Borough should more appropriately respond to the question of who can provide the specific services more efficiently by whatever means they desire. However, the Department would make the following observations:

Sewer and water facilities are provided to the majority of the area by the City of Kodiak. The previous sewer and water lines were constructed under the auspices of a public utility district prior to statehood and were subsequently taken over by the City of Kodiak. The majority of the water line was put in after the earthquake ruined the wells. Several private sewer lines were also built at that time. According to a 1970 agreement between the Borough and the City, the City has long been designated as the agency responsible for implementation of water and sewer projects within the area of the road system in the Kodiak Island Borough. The City recently installed a sewer interception to the treatment plant.

The territory is presently in need of local road maintenance as evidenced by the recent service area election to provide the service. However, the Department of Transportation is presently responsible for road maintenance on the Spruce Cape road. In determining which governmental agency can most efficiently provide the service for the area it is noted that the City has the only existing Public Works Department capable of providing road maintenance. The Borough has chosen to provide road maintenance through private contracts rather than through a Municipal Public Works Department.

Fire protection is provided by the Borough through a contractual arrangement with the City because the City has the only municipal fire department.

(2) Mill Bay Area. According to 19 AAC 05.010, the Department suggests that the following applicable standards appear to have been satisfied for the territory adjacent to Mill Bay Road extending from Kodiak Subdivision to the turn-off to Fort Abercrombie.

(a) The territory is contiguous to the City as evidenced by the Kodiak Island Borough map prepared by Kramer, Chin and Mayo Inc.

(b) The territory is essentially urban in character as noted in the Kodiak Island Borough map prepared by Kramer, Chin and Mayo Inc.

Resident Population

| | <u>1977</u> | <u>1985</u> | <u>1995</u> |
|------------------|-------------|-------------|-------------|
| Beaver Lake | 30 | 130 | 730 |
| East Island Lake | 310 | 510 | 710 |
| West Island Lake | 70 | 120 | 170 |
| East Mill Bay | 50 | 150 | 250 |
| West Mill Bay | <u>70</u> | <u>120</u> | <u>170</u> |
| TOTAL | 530 | 1,030 | 2,030 |

The land most heavily populated is surrounding Island Lake, while the remainder of the population is fairly evenly scattered throughout the Island Lake area.

(c) The territory is presently in need of municipal services of water and sewer, roads and fire protection, which the City should be able to provide more efficiently than the Borough could by using differential tax zones.

Here again the Department would suggest that the City and the Borough should more appropriately respond individually to this question of which municipality can provide the service more efficiently. However, the Department would make the following observations:

City water is provided to portions of the area surrounding Island Lake--the water line used is a temporary one, and water pressure is often very low. No sewage collection or treatment facilities operate in the Island Lake area. Consequently, due to the population density, water table, and lack of a collection system, a serious water pollution problem exists at Island Lake (attachment #4).

The territory is presently in need of municipal road maintenance as evidenced by the recent service area election to provide the service. The Department notes that the City has the only existing Public Works Department capable of providing road maintenance.

Fire Protection is provided by the City through a contracted arrangement with the Borough because the City has the only municipal fire department.

(3) The Monashka Bay area. In accordance with 19 AAC 05.010, the Department suggests that the following standards appear to be satisfied for the territory adjacent to Mill Bay Road and extending to the Fort Abercrombie extension to the end of Mill Bay Road, including the Pillar Creek, Virginia Creek and Monashka Creek water shed.

(a) The territory is contiguous to the western boundary of the City as shown by the Kodiak Island Borough map as prepared by Kramer, Chin and Mayo Inc.

(b) Portions of the territory should be annexed to enable the City to achieve adequate control, protection or management of the land fill site and the water shed of city water supply.

The area surrounding Monashka Bay Area #21 is not populated as shown on the Kodiak Island map. The surrounding land is primarily dedicated to public purposes such as the Fort Abercrombie State Park, the Kodiak Ram Site -- local outdoor theatre, VFW, and the land fill site operated by the City on Borough property, water reservoir and transmission facilities. If this area were annexed and included the water shed of Monashka Creek, Virginia Creek and Pillar Creek, the City would have direct jurisdiction over the territory within its boundaries (see Attachment #2).

However, according to the 1978 Kodiak Island Borough's regional plan and development strategy draft summary report, the current water storage capacity at Pillar Creek is inadequate to guarantee a supply of water to industrial users during periods of low stream flow. Potentially,

large fish production losses could occur during peak harvests and this could discourage construction of new processing plants. An Outer Continental Shelf service base would also require large amounts of fresh water to supply drill rigs. Further economic development will require increasing water storage capacity. The most readily apparent alternative is for the City to go ahead with raising the Monashka Creek Dam.

The Department notes that this project is a city function on land purportedly owned by the Borough. The City claims the Borough has said that the land will be turned over to the City. The Department would suggest clarification should be made as to whether this land will be turned over to the City, and who should ultimately provide the service.

(4) The Coast Guard Base: The Department now suggests that the entire U.S.C.G. station be considered for annexation. In accordance with 19 AAC 05.010 the Department would suggest that the following standards appear to be satisfied for the territory proposed.

(a) The territory is urban in character as evidenced by the U.S.C.G.'s own estimate of population to be approximately 3,000 residents.

(b) There is a likelihood that future growth and development will occur within the territory particularly at the State airport which is leased from the U.S.C.G.

(c) Part of the territory (i.e. airport) is presently in need of municipal services of police protection, roads, and fire protection, which the City, using differential tax zones, should be able to provide more efficiently than the Borough using the service area mechanism.

The City of Kodiak Police Department is the security agency at the airport. The City provides the anti-hijacking protection for the airport. The City contends this area is in need of police protection, including the parking lot and restaurant which is being built. As the airport grows and develops, increased commercial activity as well as private aircraft will be at the facility. The Division of Aviation has plans to develop the airport further to handle private craft, and the City has indicated an interest in closing its existing airport.

At the present time the U.S.C.G. Station provides security police services, fire protection (in conjunction with the City), and airport maintenance (in conjunction with the FAA and the Department of Transportation), water sewers and sewer treatment facilities, crash services, and garbage and solid waste collection and disposal on the base.

Another issue is the fact that Koniag Native Corporation is hoping to receive excess property at the airport for further development. However, the U.S.C.G. has no immediate plans to dispose of any excess property.

According to Article X Section 7, City annexation of the Coast Guard Base (including the State Airport) would also extend the Kodiak Island Borough boundaries as well. Should annexation occur, the Borough would acquire a tax base of the territory and could exercise all of its powers in the area. The U.S.C.G. personnel could then exercise their rights as city and borough residents.

The Department would suggest that the City determine whether there is sufficient taxable property at the U.S.C.G. station to justify police protection or any other services. However, additional State and Federal grants should be available to assist with providing these services such as State and Federal Revenue Sharing. Apparently the Kodiak Island Borough has previously negotiated with the U.S.C.G. concerning 100% annexation without success.

Recommendation

The basic problem appears to be that the City and the Borough are attempting to provide the same municipal services and occupy the same political and physical space. While it is generally desirable that matters of government organization be determined locally, conflicts have occurred over annexation with creation of the Monashka Bay Service area and the request for incorporation of a first class city in the Monashka Bay area. These conflicts would indicate that the Local Boundary Commission should review the activities and assume a mediating role to resolve these conflicts.

The Department believes firmly the language of Article X, Section 5 of the Alaska Constitution² encourages the provision of municipal services by cities and discourages the provision of services on a service area basis by a borough when those services can be provided by a city through annexation. Any territory bordering on a city should be encouraged to annex rather than permitting it to remain as a borough service area, providing the annexation standards are met. Ideally the boundaries should encompass an entire natural socio-economic and political area which is urban in character.

We believe that the four areas studied in this report adequately fall within the urban socio-economic and political influence of the City of Kodiak and generally meet annexation standards.

²Ibid.

The final solution for the problem of the Kodiak urban area may be complete unification or consolidation of the city and borough governments. Resolutions have been passed by both the City of Kodiak and the Kodiak Island Borough regarding unification. At the Borough Assembly meeting on April 7, the Borough Assembly did adopt a Resolution 78-34-R to put the question on the ballot next October. The City Manager has stated that without the total picture of annexation being reviewed and the Local Boundary Commission taking appropriate action, the City believes the present situation would prevail for a number of years. The Borough Manager stated that unification could take place as soon as mid-1979. Also, the Borough Manager contends the most economical solution to the problem would be to dissolve the City and provide municipal services on a service area or areawide basis.

The Department recommends that the Local Boundary Commission consider annexation to the City of the territories proposed based upon (1) the standards of annexation which appear to be satisfied for areas proposed; (2) the city and borough testimony in response to the standards raised and the feasibility of services which would be provided; and (3) the testimony of the residents which will be given at the public hearing.

The Bells Flats-Russian Creek Service area, located immediately adjacent to the Coast Guard Base, was not included in the Official Notice of Public Hearing as an area to be considered. The Department would also recommend that the Local Boundary Commission consider this area for future annexation to the City in view of its relative small size, the estimated borough population of 160 as of 1977, the fact that the Borough has created a service area for road maintenance, and the potential taxable property is estimated to be \$3,600,000.

misc.

HELLO

Rep.

Rep.

PARLER

HKA BAY

proposed annex boundary



existing city area

kodiak island

PRESENTATION FOR

JOINT COMMITTEES OF COMMUNITY & REGIONAL AFFAIRS

KODIAK, ALASKA

FEBRUARY 10, 1979

BY WILLIAM H. BULEN, PRESIDENT KODIAK SANITATION, INC.

HONORABLE SENATORS AND ASSEMBLYMEN
LADIES AND GENTLEMEN

My name is William Bulen. My son Richard Bulen and I own and operate Kodiak Sanitation, Inc.. We have a lot of interest in the matter before you and obviously most of it is financial. Therefore, asking us how we feel about the matter is like getting a wolf to watch the sheep.

However, there is one aspect to the present situation which we think is grossly unfair and I will confine my remarks to this problem.

We have many complaints from our commercial customers regarding the unauthorized use of dumpsters. Only this week I received a call from someone at Kodiak Community College asking what they could do to stop people from using their dumpster. I had to advise them that for all practical purposes their only recourse was to talk to the people involved. As you can understand, this would serve no purpose beyond causing the offenders to find another dumpster.

In the area you are considering today we serve 89 homes and all trailer parks. We estimate that there are 315 additional residential units in the area, which are the ones without refuse service. Some of these people take their trash to the dump but a large percentage of them take it to town and place it in a convenient dumpster. The other day I heard someone remark that they had seen someone transferring trash to the dumpster at the new Post Office while people in two other cars waited to do likewise.

I do not mean to infer that all borough residents are garbage freeloaders but I will have to admit that even some of my friends are numbered among them. For some strange reason, otherwise honest people will not hesitate to steal service.

The only practical solution to this and other garbage related problems is mandatory garbage service, which would be achieved by annexation. In this we do have a financial interest so I will say no more.

Thank you

TESTIMONY OF NORMAN D. WOOTEN

BOX 3016

KODIAK, ALASKA

99615

486-4415

Februrary 10, 1979

My greatest concern over this entire matter is the fact that we as residents had no say in a decision that has so much effect on us. If an election were to be held in the area and the people were for the annexation then I would abide with that decision.

I own and reside on a one acre lot in the Dark Lake area. This lot is covered with spruce trees and berry bushes. I and my neighbors plow and maintain our own road. I haul and dispose of my own trash. Certainly this is extra work and less convenient for me than if I were in the city and entitled to all these services as a citizen. I purposely chose this lifestyle though. I desire to live in an uncongested area such as I do for several reasons. My two small daughters have the run of a fairly large area without me having the worries of a typical "town" parent of traffic-pedestrian hazards. My dog is free to roam over this same area without the city animal restrictions. I'm able to enjoy a clear view of the lake.

What does all this have to do with annexation? Even though according to city publicity I am to be in the zone paying 35% of assessed tax rate I am uncomfortable with this promise. If and when the time arrives that I am to pay full taxation I am not at all certain I will be able to afford the tax on a one acre lot. If my property were valued at \$50,000.00, my present tax at 7.0 mills would be \$350.00 per year. Under the city assessment of 16.1 mills it would jump to \$855.00 per year plus the assessments for any proposed improvements in services. This being the case I would have to subdivide to be able to retain a place to live that I could afford. This is an unacceptable risk to me.

TAX CONSULTANT

ACCOUNTANT

4186

PHONE: 496-9359

BOOKKEEPER

"Jo" Hajdu

P. O. Box 627

Kodiak, Alaska 99615

February 11, 1979

Joint Committee Hearing
Senate & House Community & Regional Affairs Committees
Kodiak, Alaska

Members of the Legislature, Ladies and Gentlemen:

I am appearing before you today both as a spokesman for the Borough Residents for Autonomy and as a resident, property owner and business person in the Spruce Cape area. So I would like to speak both in general terms and also as to how annexation might affect me as an individual residing in the area proposed for annexation.

First of all, it seems to us as a group that the only instance in which the Boundary Commission should exercise its statutory right to force an annexation without an assenting vote by the people affected by their decision should be in a circumstance where it can be clearly and irrefutably documented that there is an overriding public need. This is not the case in Kodiak. Testimony at the public hearings has been conflicting and documented facts are nearly non-existent. No detailed study has been performed by any independent agency as to the true costs to the residents of the area proposed for annexation, nor to the residents of the existing City of Kodiak. No time schedule for the provision of services had been furnished the Boundary Commission at the time of its decision. At no time has there been a real dialogue between the City administration and representatives of the area proposed for annexation (who have not been hand-picked by the City) as to what services they desire, if any.

The decision of the Boundary Commission appears to have been based on several assumptions:

1. That there is a need for water and sewer services in the area proposed for annexation.
2. That the residents of the area proposed for annexation are enjoying City services without paying their share of the costs.
3. That annexing this large area into the City would reduce conflicts between City and Borough governments and provide for greater efficiency.
4. That since many of us do our shopping and find employment in the City of Kodiak, that it is only logical that we should be governed by its administration.

It is certainly true that certain areas are in dire need of water and sewer. However, by far the greater portion is very large lots, sparsely settled. Individual water and sewer systems have been installed and are functional. Also, the City has indicated that it is beyond its physical and economic capability to provide sewer to these sparsely populated tracts. The residents have voted for

for a service district so that the services can be furnished only where they are wanted and needed, and where the residents have indicated a willingness to pay for them. When the City accepted Federal funding for the sewerage treatment plant, it also committed itself to extending sewer service to this entire area regardless of the political boundaries. The costs, of course, are borne by the users and not by the general taxpayer.

Insofar as our not paying our own way, let me cite my specific example. My residence and office on Spruce Cape Road are served by City water. We pay a premium due to our location outside the City. We have our own EPA approved septic system. We are on a State road, which is very well maintained by the Highway Department, and for which the State would continue to pay if we were annexed. The State Troopers responded promptly on the one occasion in twenty-two years when they were called. Our fire protection is through the auspices of a service district. When enough of us feel that we want a higher degree of fire protection, we alone will bear the costs of a sub-station. We enjoy being out of the heavily populated area with our children and our pets. So far, my clients have been willing to drive the extra distance for the accounting services I provide them.

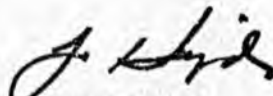
As I see it, I will be paying an additional 6.8 mills, or \$1,300 in my particular case, for the privilege of using the City Library, which I do not use at the present time. There will be no reduction in the taxes I pay to the State when the Troopers are replaced by City Police and the costs of road maintenance will continue to be borne by the State. If and when the municipal sewer crosses my land, I will also pay my full share for this (as I would if I remained outside the City). I am an avid reader, but I can buy many books to increase my own library for \$1,300.

In addressing the point of efficiency of government, although the existing City-Borough conflict is at times distressing, it is an effective system of checks and balances. I don't need to remind any member of this committee that the most efficient form of government is a dictatorship. One of the beauties of our democratic form of government is that if the people living under that government really don't like it, then we ourselves have the option to change it by opting for unification or simply by "throwing the rascals out".

The Legislature has just appropriated ~~1.72~~² million dollars toward a joint effort with Governor Hammond to convince the great white fathers in Washington, D.C. that even in their infinite wisdom they might not always know just what is right for the people of Alaska. Yet the Boundary Commission has decided that they are the persons best qualified to know what is best for us in Kodiak, despite overwhelming testimony from the people involved that they were opposed to the action being considered. I ask you to consider the implications.

Finally the argument has been advanced that we should be annexed since the City of Kodiak furnishes the shopping facilities for most of us. I do in fact, do most of my buying there, putting approximately \$2,000 of sales tax into the City's general fund between business and personal purchases. But please bear in mind that most of the merchandise sold in the City of Kodiak originates in the Port of Seattle. While I have seen some editorializing that Kodiak Island might consider seceding from the State of Alaska, I haven't heard any serious discussion of the entire island being annexed to Seattle!

Thank you very much for coming so far to hear us out.


Jo Hajdu

THE KODIAK DAILY MIRROR

Vol. 37, No. 252

from Okie Chambers

Wednesday, December 28, 1977

City council defers tax issue one year

The Kodiak City Council last night approved the second reading of an ordinance exempting the city from assessing a personal property tax after amending the new statute to go into effect Jan. 1, 1979.

The ordinance, which met strong opposition from fishermen and others during a public hearing, was originally written to go into effect Jan. 1, 1978. Council member Toni Eaton proposed the amendment, which was approved 4-1, after several residents urged that more time be taken to study the city's and borough's taxing methods.

The amended version of the ordinance, which in effect requires city residents to pay their own borough personal property tax in 1979 unless another taxing method is developed, was also approved by a 4-1 vote.

Councilman Dave Woodruff opposed both the amendment and the ordinance which the council initially approved Dec. 22 at their regular meeting. Council member Carol Lechner was not present at the meeting last night which attracted between 60 and 75 city and borough residents.

You have "stirred up a hornet's nest in the community we don't need," longtime Kodiak fisherman Oscar Dyson said to the council. "We'll have an uphill battle to fight," he added, and later charged the council with helping to run the fishing industry out of Kodiak.

United Fishermen's Marketing Assoc., manager Tom Casey vowed to work as hard as he could to remove members of the council should they support the ordinance. If you approve this ordinance you will be "throwing this industry (fisheries) into a crisis situation," he said.

Casey later declined to make any comments after the council passed the amended ordinance which replaces an ordinance earlier approved by the council after a referendum was passed at the October general election asking the city to hold its sales tax to 3 percent and not pay the personal property tax for city residents.

Several persons at the hearing last night discounted that referendum as not being the wishes of the people because of a low voter turnout. "The fishing fleet was out on the seas when the referendum passed," said Harold Jones, owner and skipper of the Macey J. "We can't play politics and fish at the same time," he added.

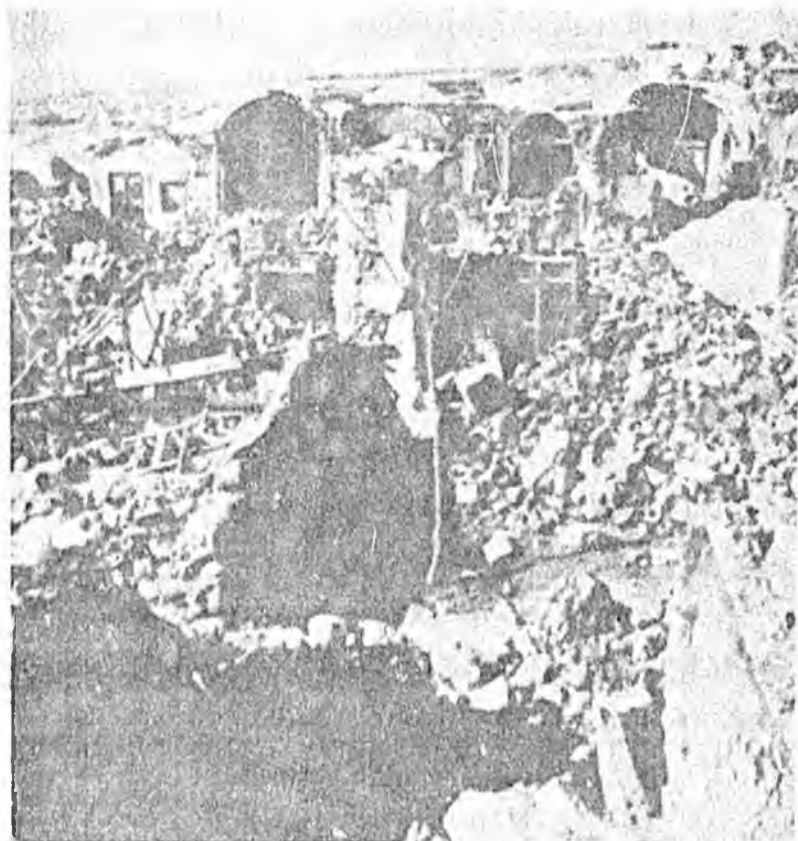
The fishermen, who have long enjoyed the city picking up the borough tax bill for their boats, claim that they could lose their vessels to taxes given one or two bad years.

"We don't want to face a \$7,000 tax bill every year," Jones said.

The borough now assesses \$7 for every \$1,000 of a boat's value. Given a vessel valued at \$1 million, the tax would be \$7,000.

Borough Mayor Betty Wallin is now forming a citizen

(Continued on Page 2)



Earthquake toll mounts

Rubble fills the street of the village Sar-Asiyab, hard-hit by an earthquake miles south of Tehran last week. A second earthquake has struck that to the U.S. Geological survey. Today's quake registers 6.6 on the Richter scale north of Asmara, Ethiopia.

Oil contract offer dead

WINNEBAGO (AP) — Competitors for Alaska's royalty share of Prudhoe Bay crude oil have been given until the end of the week to submit any final proposed contract alterations to state negotiators, Natural Resources Commissioner Robert LeResche said today.

Once the "last best offers" are submitted, LeResche said he has set aside a month for final negotiations and an in-house decision on which of the four rival proposals should be

recommended for approval by the Royalty Oil and Gas Development Advisory Board.

"We're still trying for Feb. 1 for submitting a contract to the Legislature," LeResche said.

As the time for a decision approaches, Alaska Petrochemical Co. (Alpetco) remains the apparent leader with an offer which LeResche says meets the administration's double-barreled mandate of

Committee corrects omissions

Spread Eagle petition is deficient

The Committee for the Eufemio, Pete Danelski, the state Local Boundary

President pla

WASHINGTON (AP) — President Carter begins a six-day state visit to Europe, the Near East and Asia on Thursday. It is a journey that will combine symbolism and serious dialogue.

The president spent time

...the plane said. Four struck at Hargeisa, Somalia's second largest city, while four other jets bombed the port city of Berbera, located along the Gulf of Aden.

According to the Somali radio broadcast monitored here, all casualties occurred at Hargeisa where Somali forces shot down two Ethiopian planes — Soviet-made Mig-21 jets.

Another Ethiopian plane, an American-built F-5 jet, was shot down at Berbera by Somali forces, the radio said, but additional details of the bombing incidents were not disclosed.

Hargeisa, located about 45 miles from the Ethiopian border, was reportedly attacked by Ethiopian jets earlier this month and at least nine persons were said to have died in the bombing incident.

In announcing Tuesday's bombing incidents, a regional secretary of Somalia's Socialist Party called the attacks "barbaric" and said they were

Somali tribesmen are fighting a secessionist war. Somalia provides the secessionists with material support.

Transmitter beams radio

UNALASKA (AP) — Residents of Unalaska will be able to listen to American radio again soon, courtesy of the Armed Forces Radio Network and the Alaska Public Broadcasting Commission.

For the past couple of years Unalaskans have been listening to Radio Moscow, although some U.S. stations could be picked up at night. The Aleutian Island town used to have an AFRN relay transmitter, but it was removed several years ago.

Now the Public Broadcasting Commission has sent an engineer to put up a new transmitter, which will make AFRN available again.

City council

(Continued from Page 1)

committee to study the city and borough budgets and different taxing methods.

Names already suggested for the 12-member study group include Wilton White, Dick Berg, Oscar Dyson, Tom Casey, Don Egelus, Dottie Paulson and Chuck Powell. Wailin and city mayor Tommy Frost have been suggested as possible co-chairmen.

At the same time a petition was filed yesterday with the city clerk's office by the Fishermen's Wives asking the council not to support the new ordinance, said Marcy Jones, secretary for the Fishermen's Wives. She said there were 229 names on the petition.

The meeting last night went on for two hours with the council calling two, five-minute recesses.

Oil offer deadline

(Continued from Page 1)

LeResche said premiums are allowed as long as they don't exceed the government-imposed ceiling price on oil.

Alaska Petrofining Co. currently trails Alpetco in second place with a contract which is based on the shaky premise of tax exempt bonds to construct its proposed in-state refinery complex.

LeResche said he has asked Alaska Petrofining to seek an independent legal evaluation of its contention that the Internal Revenue Service would approve its tax exempt scheme, but added that the state's own New York bond attorneys continue to insist that the IRS would never sanction such a deal.

LeResche said Alaska Petrofining may come in this week with a "whole new

Meanwhile, the two remaining competitors, Alaska Petroleum Co. and Alaska Oil and Chemical Co. have yet to back away from their unacceptable proposals for further studies as prerequisites to committing themselves to processing the royalty oil in the state, LeResche said.

LeResche said Alaska Petroleum officials have called him repeatedly to object to his calling their proposal a study, but the cabinet official insists "that is what it boils down to."

"They say they would commit to building a refinery, but give them two years to spend \$1 million and at that time their board would decide whether it is profitable or not," LeResche said.

"Hopefully, they will submit



Police investigate school

The Kodiak Police Department is investigating a break-in at the high school which was discovered this morning at 6:30 a.m. during a routine patrol.

School officials report that \$12 was stolen from a cash box, and that \$200 to \$300 in damage was done to windows and doors in gaining entry to the cafeteria.

Police said entry was made through a side door, and that window panes were broken to get the door open. The break-in apparently occurred sometime after the building was closed following the student-alumni game at the high school last night, police said.

Police arrested Juanito Malpaya, 42, of Kodiak last night on a charge of drunken driving. He was scheduled for arraignment this morning. Malpaya was lodged in jail in lieu of bail.

Juan De Guzman, 63, Kodiak was arrested yesterday for petty larceny following citizens arrest for shoplifting. De Guzman was arraigned this morning in district court here on that charge and for five traffic tickets.

The Kodiak Fire Department answered two false alarm yesterday, according to a fire department news release.

Calls were answered to Mill Bay Road, adjacent to the Lock and Guns shop, and to a garage fire north of the intersection Mill Bay Road and the new Rezanof extension.

State troopers investigate two auto accidents over the Christmas weekend, according to a troopers news release.

Two persons received minor injuries in a Christmas Day accident on Kodiak Island Highway just beyond the shipyard. Reports state that Warren J. Murphy, 31, of Kodiak lost control of his vehicle and the 1970 Toyota landcruiser overturned and landed in Women's Bay.

Murphy and his passenger Theresa Brodie, 25, of Kodiak received minor bruises. The vehicle was considered a complete loss, according to troopers. No citation was issued.

On Dec. 23, a flatbed truck owned by North Pacific Processors reportedly struck the rear of a parked vehicle owned by Barry J. DeVol, 17, of

Rescuers seek

(Continued from Page 1) speculate on what caused the blast, the second explosion at an American grain elevator in five days. An explosion leveled an elevator complex in New

Residents resist city annexation

By JIM DOW
Staff writer of the
Kodiak Daily Mirror

Residents within areas proposed by the City of Kodiak for annexation came out overwhelmingly opposed to the petition Saturday during a six-hour hearing held by the Local Boundary Commission.

Voicing repeated objections, residents on the stand said that annexation would make efforts to unify the borough and city governments and that the matter was not in their hands since no referendum or vote had been held on the issue.

Only one private citizen spoke in behalf of annexation before the standing room only crowd estimated at 100 in the Borough Assembly Chambers. The hearing went until late hours Sunday and finally concluded at 3:30 a.m.

The boundary commission set no date for a special meeting on the annexation, but said it could be more than a week before a second meeting would be held.

The City of Kodiak's contention that annexation means a logical extension of utility services paid for from a fair tax base was countered by Kodiak Island Borough officials who said the action is undemocratic and the principal cause of a political polarization between the two groups.

Areas considered for annexation include the Cape Cape area, an extension of the Mill Road area and the Monashka Bay area.

The commission also looked at annexation of the Coast Guard Support Center, although the city had not pressed for its annexation.

City attorney Bob Mahoney said political control is not the main issue in the dispute.

He said 63 percent of the population lives outside the city limits and 79 percent of the tax base is in the city. Furthermore, he said the city is experienced at providing fire, water, sewer and road service and is the proper agency to supply those services.

Mahoney said the city planned a passive



By Jerry D. Martini

Borough Mayor Wallin: Political power is crux of annexation issue.

role for the Monashka Bay area without full service and differential taxation.

City Manager Ivan Widom explained the city provides services for non-city residents such as fire and ambulance, parks systems, police backup, library, boat harbor and many other services used by all the people. But Widom said non-city residents are not paying a fair share for the services.

Widom produced a map provided by a borough consultant showing projected growth in the area headed for the areas the city wants to annex. He said there will be an increased need for services in these areas and the city should provide services for the districts since it already has the needed maintenance department along with sewer and water service.

But Borough Mayor Betty Wallin saw the issue from a different viewpoint. She said the city is in financial trouble and needs more people for its tax base.

(Continued on Page 2)

Commission down Afognak

The state Local Boundary Commission rescinded yesterday an earlier decision approving a petition for a first class development city on Afognak Island during a special meeting here.

The commission rejected the petition filed by Afognak Native Corporation with a 2-1 vote followed with a second vote on an amended motion excluding land owned by the Ouzinkie Native Corporation within the proposed city boundaries.

That motion failed for lack of

Two killed in air crash

ANCHORAGE (AP) — Two pilots scanning the spring salmon run for fishermen below died Sunday when their single-engine planes slammed into each other over Cook Inlet, about 175 miles southwest of Anchorage, federal authorities said.

Cliff Cernick, a spokesman for the Federal Aviation Administration, said the two persons were the only ones aboard the floatplanes at the time of the crash.

The Alaska State Troopers sent a helicopter to pluck the bodies from the wreckage of the planes, which had plunged into the icy waters. The bodies were taken by fishing boat to the town of Kenai where autopsies were to be performed.

Japanese ship turns U.S. processor

By CHRIS BLACKBURN
Staff writer of the
Kodiak Daily Mirror

Alvah Hales went to Japan a year to buy freezing equipment and stayed to buy an 80-foot floating processor constructed on the hull of a Japanese stern trawler.

The Wakkanaï, which arrived Kodiak from Japan last week, may be the first foreign-built, American owned processor to enter the Alaskan fishery.

However, the effect of the Jones Act has been to increase costs for the U.S. fishing industry by preventing fishermen from purchasing low-cost foreign built vessels, though it is these same low cost vessels against which the U.S. fishing industry must compete on the world markets to sell their products.

The Jones Act does not prohibit processing aboard foreign built boats. Hales said he may also be given permission

"The 200-mile limit made this possible," Brenda Hales, Alvah's wife, said Friday. She is staying aboard the Wakkanaï while the final outfitting is completed in Kodiak.

Hales said when he went to Japan to buy some freezing equipment which was being taken off surplus vessels he found a whole line of vessels tied up to the dock which were being surplused by the Japanese because the 200-mile limits around the world have

Hales negotiated a price for the Wakkanaï and flew to Washington, D.C., to begin the paperwork necessary to import the vessel into the U.S.

Washington, D.C., officials were "very helpful," Hales said. He specifically mentioned Bill Hannum, Jr., in the National Oceanic and Atmospheric Administration, NOAA, policy office and James K. White in NOAA's General Council Office in Juneau.

Customs officials, the Coast

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Shay.

Vessel turns processor

From page 1

Guard and the Ad-measurement team which determined the Wakkanai is 887 gross tons were also helpful, Hales said.

The Wakkanai required federal and state licenses before it could operate in Alaskan waters. "It seems like we were constantly applying for licenses," Mrs. Hales said.

Eastern Seafoods was also required by the Alaska Department of Labor to put money on deposit as a performance guarantee. Hales said he deposited with the National Bank of Alaska.

The Wakkanai sleeps 35 in two and one-man rooms. There is one six bunk room in the stern for female employees, and a helicopter deck above the bunkroom.

At full capacity the vessel can

process 9,000 salmon a day in a 16-hour working day, Hales said.

On a deck 100,000 pounds of salmon can be held on ice before processing and the ship's freezers will hold 300,000 pounds.

The vessel was gutted to the bulkheads during the conversion from stern trawler to processor, Hales said. Conveyor belts carry the salmon from gutting tables to glazing and packaging tables and then to the freezers.

Before going to the galley or cabins the processing crew passes through a "mud room" where they can leave their boots and coats and wash up.

The galley-recreation room is paneled in an orange-brown wood with a TV video-tape player in one corner.

The Wakkanai is steered by dial controls from the bridge. As well as two radars, public address system and telephones, and VHF radios, the Wakkanai has its own telex system which can print out weather reports as well as other communications.

Hales, who now lives in Oregon, fished crab in Alaska from 1963 to 1967 and was part owner of the vessel Diver I. He went to work for a vertically integrated processing firm and learned sales.

He has opened processing plants in South America, Mexico and the Caribbean, and a two million pound cold storage warehouse in Brazil which Hales currently has leased out.

In the British West Indies he processed lobster and conch, a large snail which Hales called "a starch staple" in the area.

Last year he was in Kodiak

buying salmon. At one point Hales said he had problems getting the salmon processed and "Chuck Jensen at Pacific Pearl really helped me out."

Hales has a contract to deliver salmon to Eastern Products in Wakkanai on the island of Hokkaido in Japan.

"I came for fish and I intend to get fish," he said. "We'll be very competitive." Hales said he intends to stay in the Kodiak area into September for the late salmon run.

Under the terms of his permits the Wakkanai is not allowed to dock at Sand Point, Dutch Harbor or Kodiak because of the overcrowding at those ports, Hales said.

He has formed no definite plans for his floating processor after salmon season.

"I'm not going to do king crab," he said. Hales indicated he might stay in Alaska for tanner crab or might take the Wakkanai to the East Coast for lobster.

The Wakkanai is currently skippered by Stan Lee, who has been running the Columbia. Frank Gonzales is chief engineer and Hales is serving a first mate.

Hales has a video tape system aboard the vessel to film the processing lines in action. "I want to do time and motion studies," he said.

Sitting in Hales' office aboard the vessel is a large carved bear with a red salmon in its mouth. "It's my good luck piece," Hales said. "It was given to me in Japan."

Woman jailed for destruction

An 18-year-old Kodiak woman was arrested and charged with malicious destruction of private property last night after police received a report of a disturbance at the Waldo's apartments on Mill Bay Road.

Dawn E. Chatterton was arraigned this morning in District Court and remained incarcerated in city jail after her arrest in the incident. She had allegedly kicked some holes in the wall at the apartment and broke the glass out of a fire extinguisher case.

Police also reported a motorcycle was stolen yesterday afternoon from the residence of Penny Carbary in the 1800 block

of North Boulevard. The value and exact make of the cycle was not reported.

Two traffic accidents were reported over the weekend.

A 1976 Ford Sedan operated by Gary J. Moore, 28, of Kodiak was struck on the right front door as he attempted to turn right onto Alder Lane from Rezanof Street Saturday afternoon. Moore's car was struck by a 1977 Ford pickup truck driven by Geoffrey M. Peterson, 16, of Kodiak.

Moore's car received \$800 in damages and Peterson's \$900. Peterson was issued a citation for passing on the right side.

screamed curses at the piggy former postal worker.

The girl's mother then broke down crying, and Violante sobbed into his hands.

The victim's father, Jerry Moskowitz, cried, "No Justice!" after Justice Joseph Corso of Brooklyn announced the sentencing delay.

Earlier, as guards tried to bring Berkowitz into the courtroom the first time about 10 a.m., he lunged toward a window and had to be subdued. In the struggle, he bit and kicked several of the guards and one of them was taken to a hospital, according to a police source.

The extent of the guard's injuries was not known.

Edward McCarthy, aide to Bronx District Attorney Mario Merola, said Berkowitz told court authorities he did not want to be sentenced — "at least not today."

Berkowitz faced prison terms totaling up to 175 years.

Annexation

(Continued from Page 1)

She said the city should either raise taxes or cut back on some services and not "force annexation on the people without a vote."

Wallin claimed unification is the solution to problems between the two governments.

"Unification is the only way to go. We can do it," she said.

The borough mayor continued on the unification theme, saying "If there is no annexation I will fight for unification. But if there is annexation, there will never be unification."

"I think it's time they pay their fair share. And it's time they should also have a voice in government," Stevens said.

Dr. David Greene of the University of Alaska, Anchorage, and his colleague, Dr. P. J. Hill, provided a social and economic analysis for the borough, which they presented

at the hearing.

Greene said annexation should take place if the residents of the areas were dissatisfied, if the borough could not provide services and if city residents were paying an unfair share of the taxes.

A survey he took indicated the residents were not unhappy with the current services they are receiving. He also said the borough was capable of providing those services.

Hill is a tax specialist and claimed sources outside the city pay at least 40 percent of the city sales taxes.

Afognak

(Continued from Page 1)

Cities Act, said following the decision Sunday. He said he was pleased at having stopped the Afognak petition through the democratic process.

Afognak Native Corporation member Pete Olsen was uncertain whether their corporation would contest the reversed decision, and said the matter would be taken up at the next board meeting.

Afognak Native Corporation manager Richard Wamser was not at the meeting yesterday and could not be reached for comment. Earlier during public hearings held on the petition, Wamser questioned whether the commission had a right to reconsider their previous decision.

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Budget crisis still looms

By STACIE PETERSON
Staff Writer of the
Kodiak Daily Mirror

The City of Kodiak is now working on an amendatory budget which shows that there is a projected increase in revenues of \$146,498 for the remainder of the fiscal year, according to Ivan Widom, city manager.

Widom earlier this month said at a public meeting the city needs more money to operate its government, and that unless something is done, "we're going to have to cut services."

"The problem is not with this year's budget," Widom told the Mirror in an interview yesterday, "the problem is next year when we either raise taxes or cut services because we don't

have the savings to fall back on that we had this year."

Widom said yesterday that during the current shortfall in cash flow, the city used money left over from last year's budget which the city had invested.

It is the responsibility of the city's budget officer to keep as much money invested as possible so that the city can draw interest on the money.

Currently the city has \$600,000 invested, Widom said. When he first started working here the city had \$1,400,000 invested he reported.

Part of the invested money is obligated to Sea-Land, and to bonded indebtedness for principal and interest payments for several city projects.

The \$450,000 shortfall Widom

reported at the meeting called by Mayor Betty Wallin on Dec. 15, was met by drawing money from the city's investments, Widom said.

Widom reports that the projected increase in the city revenue is being absorbed by projected increases in expenditures.

Some items making up the increase in revenues include a \$100,000 rise in the projection of income from the city sales tax; a \$36,938 increase in income from the raw fish tax; a \$15,800 refund from the state for boarding prisoners; a \$34,734 increase from a projected hike in the sewer rates; and an additional \$99,695 from federal revenue sharing trust funds.

Several smaller additions to the projections on last year's budget bring the total to \$307,241. Money was returned to the fund balance, drawn out earlier to meet the cash flow shortfall, reducing the amount available for expenditures to \$146,498.

Widom said increased expenditures include a proposed five percent cost of living increase to city employees and upgrading their benefits to be comparable to those offered in other Alaskan cities.

Other projected increases in expenditures include a \$55,000 payment on the debt service on the principal of bonds for a new fire truck; an additional \$18,222 for snow removal and smaller amounts in every department for raises and overtime payments.

The expenditures balance with the projected increase leaving no money to carry over until next year for emergency uses, Widom said.

The city's total estimated revenues through June 30 of this year are \$4,215,765. The projection at the time the present operating budget was drawn up was \$4,069,267.

Widom said the amendatory budget is being developed by the city council in work session with some of the proposed expenditures approved and others dropped.



Photo by Jeff

Postal employee Lorna Lee Arndt works with second and third class mail which has accumulated. The mail was moved from the downtown section of the Wien terminal for sorting.

Bankruptcy faces some native groups

ANCHORAGE (AP) — An analyst says some of Alaska's 12 regional Native corporations may face bankruptcy within the next five years unless changes are made.

University of Alaska business professor Dr. Dean Olson has completed a three-year financial analysis of the corporations formed under the Alaska Native Claims Settlement Act. Olson has worked with one corporation and still advises some of the Native firms. His analysis appeared in the Alaska Native Management Report, a publication of the Alaska Native Foundation.

Olson said some of the corporations need to develop rational planning and decision-making guidelines for more productive future operations. He said internal problems and external handicaps have combined to produce the shaky status of some corporations.

He said the financially-troubled corporations suffer from a lack of comprehensive planning and objective analysis, and what he calls "patrimonial" elements — employment policies influenced by family or kinship relationships.

Additional frustrations have resulted from the confusing nature of the claims act

That, "coupled with the naive expectations of the onlooking public," seems to have led to a need to "get something, anything, going in these early years," he said.

He added that the cost of implementing the claims act and setting up the companies has been high, and he estimates that at least 10 per cent of the settlement money has been used for legal expenses.

Uncertainty about what lands will finally be conveyed has slowed resource development, he said, and financial relief that may be provided by such development is "distant at best."

Olson said the companies must establish "routinely sustainable operations" by 1982 or "they will be unable to preserve the land estate intact, and share values in 1991 will be profoundly disappointing to those who own them."

Shareholders in the corporations may not sell their shares until 1991 — 20 years after the act was passed.

Carter expected to name pension study

WASHINGTON (AP) — President Carter may announce

panel's agenda will be the Civil Service retirement system for

report said. Even in its present condition,

Postal employees clear mail backlog

Kodiak postal employees are now working to clean up a backlog of second and third class mail which has piled up since last September, according to Joe Mellin, officer in charge.

Mellin reports that all second and third class mail was moved to the airport during the second week of December to make room for the Christmas rush.

A temporary postal employee is presently doing the rough sorting of the mail at the airport in the freight section. She began working on the backlog last Thursday, he said.

After the sorting, the mail is then moved to the downtown post office to be delivered to individual boxes.

Mellin said that in order to expedite mail delivery employees are not checking the names on the 2nd and 3rd class mail, but simply delivering it to the box number on the address.

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KODIAK DAILY MIRROR

Friday, May 12, 1978

20 cents

City council tables sales tax increase

The Kodiak City Council voted last night to table an ordinance that would raise the city sales tax from three percent to five percent after a recommendation to that effect was made by City Manager Ivan Widom who had earlier placed the ordinance on the agenda.

When the issue came before the council, Widom began with an explanation of how an election last October indicated city residents did not want an increase in sales tax, but instead wanted to pay their own borough personal property tax.

The property tax is a major reason behind the need for a sales tax hike. The city currently pays the borough tax for all city residents, and in December the council chose to continue payment of the tax.

Widom contends the city can't afford to pay the tax without an increase of revenue.

After his comments on the election and subsequent council action, Widom immediately recommended the council study the proposed city budget for possible cuts and consideration of a one percent sales tax increase and that the council table the ordinance.

Council voted to table the ordinance 4-0 with Councilman Leroy Mayberry absent.

An ordinance related to sales taxes was defeated just before vote on the tax increase. The ordinance would have defined the word "solicitation" in the current sales tax laws as meaning solicitation by catalogues specifically. The city could then tax items purchased through catalogues.

Councilmember Toni Eaton said that the ordinance "can't be enforced and would cost

more than it's worth to enforce."

In other action before the council, a first reading on a resolution to increase boat harbor rates passed 4-0. The resolution would raise exclusive moorage rates from \$8 per foot yearly to \$10 a foot and increase transient rates from \$4 per foot to 80 percent of the exclusive rate of \$10 or \$8 per foot.

There was a public hearing on the matter before the vote.

Four people spoke to the council and all of them said they thought the rate increase was acceptable, but they added that they hoped some of the cost increase would go to increased security for the harbor.

The council also passed a resolution that said it "recognized and appreciated" the services of former mayor Thomas Frost, Jr., who resigned two weeks ago because of health reasons.

(Continued on Page 2)

Candidate asks for oil liability

State senate candidate Ed Naughton today urged congressional members from Alaska to amend the 1920 mineral leasing act, which includes provisions affecting shipment of Prudhoe Bay crude oil, to provide full protection of the state fishery.

Naughton said this morning that he sent telegrams to Sens. Ted Stevens and Mike Gravel, and Rep. Don Young, cautioning that no matter where oil is delivered, strict liability for spills and disasters must be required.

Under the current Trans-Alaska Pipeline amendment of the Mineral Leasing Act, Naughton said, liability is



By Jerry D. Martini
Onion Bay resident Dodd Shay

Besides Local Boundary Commission chairman Sheila Gallagher, who is an attorney in Anchorage, Sigvold Strandberg from Anchorage, Sid Hopson from Barrow and Charles Bettisworth from Fairbanks are expected to arrive in Kodiak today for the hearings.

Bettisworth and Hopson, however, were not on the commission when it initially approved the petition.

According to that original petition, only a dozen residents were believed to live within the affected area, which includes Raspberry and Whale Islands. Since that time the Department of Community and Regional Affairs has learned that roughly 90 people live on Afognak including 50 employees at the Danger Bay logging camp.

Outspoken critic of the Development Cities Act, Dodd Shay who owns five acres and a house on Onion Bay of Raspberry Island, has been deeply involved in trying to stop the petition.

During the Democratic Convention, held in Kodiak April 21-23, Shay was successful in obtaining a party-endorsed resolution op-

(Continued on Page 2)

arns against royalty sale

committee came as an after the House voted to approve
ed blow to Alpetco the contract only if it was

say how I feel," grumbled
Alpetco lobbyist Henry Pratt.

KODIAK DAILY MIRROR

Wednesday, December 6, 1978

25 cents

Hearing tonight on proposed tax

By DEBORAH NELSON
Mirror Staff Writer

Borough residents will have a chance to air their views in the borough assembly chambers tonight at 6:30 regarding the elimination of the borough personal property tax, and two alternate tax proposals under consideration by the borough assembly.

The first proposal in the resolution would request voters to decide if the borough may be authorized to levy sales taxes in the manner required by law, and the alternate proposal pertains to a tax which would be levied on the sale of raw or unprocessed resources within the borough, commonly known as the "raw fish tax."

It is the later proposal which generated the most discussion at the Nov. 2 regular borough assembly meeting, which led to

the decision that the tax proposals should be aired at tonight's public hearing.

At the Nov. 2 meeting, assembly member Ed Jack spoke in favor of the tax, saying that the proposed tax on raw resources such as timber and fish would be a "value added tax." The taxation on these natural resources would raise the value of the resources with the subsequent increase in price being passed on to the consumer, Jack said. He said in Kodiak the majority of the costs would be passed on to Japanese consumers, Kodiak's primary consumer of these resources.

Borough resident Oscar Dyson spoke out at the Nov. 2 meeting against the tax proposal, stating that it was an attempt to strip the fishermen of their profits, and that the tax would make Kodiak an unpopular locale for the bottomfishing industry.



By Martin

mentary, and Kathy Woolen, a student at East, show given out Thursday at the schools. They may be at- herever they can be seen by motorists to give the ty. Extra dingles may be purchased for 50 cents.

re a crab: court to count the ways

all other regions of the Alaska Board of revised the crab for Prince William defined legal sized e six inches in width

lova and Valdez ed suit at the end arging that the new rendered 75 to 85 e crabs which would gal-sized under the is undersized now. hermen also sought eplace income lost

here

ointed. Miller and ole, the rural court

because of the new crab measuring regulations, according to the Nov. 2 Cordova Times.

The fishermen also charged they had been deprived of 75 to 85 percent of their income and had suffered a loss of good will from their patrons because they were unable to supply enough blue king crab to meet the

demand, according to the Cordova Times.

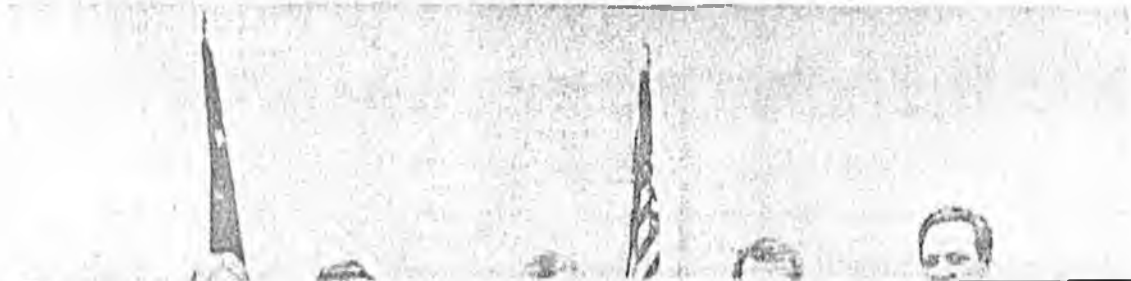
Filing suit were Ray and Sandra Cesarini, Chuck Baim, Mike Lopez and Roy Alley, all of Valdez, and Nat Butcher, Chet Cheshier, Lew Coeran and Dennis Nolan, all of Cordova.

On Nov. 3 Judge Ralph Moody upheld the state's new crab measuring regulation and

refused to issue a temporary restraining order against the state.

Though the state's position had been upheld, the Department of Fish and Game stipulated the Prince William Sound fishermen could continue to use the carapace length, measured from the eye notch to the rear center

(Continued on Page 2)



days of consultation with the Baranof Museum staff and to tour the facility last week. "The state is in the process of starting a statewide plan for Alaska museums," Monroe said. "It's necessary to visit museums and get some concept of their problems."

The state hopes to expand its technical, financial and informational services to local museums, Monroe said.

"Lots of improvements" on the Erskine house are planned (Continued on Page 2)



By Jerry D. Martini, staff photographer

Alaska State Museum deputy chief curator Dan Monroe tours the Baranof Museum as part of the state's program to expand services to local museums.

area and petroleum reservoir and source-rock potential," state geologists call the oil and gas potential within three miles of Kodiak Island "poor to fair."

Both the younger Miocene rocks and the older pre-Miocene rocks around Kodiak are not porous or permeable enough to hold reservoirs of oil or allow oil to be pumped out, state geologist Ross G. Schaff said in a telephone interview today from Anchorage.

However, the Miocene rocks show a good potential for being oil sources, Schaff said, and the

petroleum geologist Bill Lyle, who headed the state part of the joint state-federal project said the test results showed "there is very little possibility of finding oil on Kodiak Island itself."

Karluk plan puts students in Kodiak

Kodiak Island School district officials have come up with a short range solution to providing education to the children of Karluk whose village was ravaged last week during violent winds and high seas.

Seven older children from the south side of the village will be moved into town to become the youngest members of the Kodiak Area Native Association's cottage program, while a temporary school facility has been set up in Karluk for the children in

(Continued on Page 2)

City attorney to rule on taxing issue

A ruling is expected this week by city attorney Robert Mahoney on the legality of a city sales tax ordinance which went into effect last summer and is being questioned by borough residents.

Mahoney was scheduled to arrive here Friday from Anchorage to confer with city finance director H. R. Hyde over the ordinance, but poor weather delayed his arrival.

Contacted today, Hyde said he has still not discussed the ordinance with Mahoney.

Last week Peter Jackson, a borough resident who lives on Mill Bay Road outside the city limits said he questions whether the city can charge him tax on a washer and dryer he received at city dock, which he believes to be outside the city limits.

"I ordered that washer and dryer direct from Seattle,

paying them in full the price of the items plus shipping."

"A month later," Jackson said, "the items arrived at city dock. I noticed on the bill that the city had charged me city sales tax.

"I question whether the city can do this. I ordered it in Seattle, the city dock is outside the city limits."

Edward Nelson, a city resident, ordered some parts for a range from Sears. Nelson, who posted and received his order through the Fleet Post Office at the Coast Guard Support Center also questions that the city can legally charge the 96 cents tax he was charged on his order.

The ordinance, which states that the three percent city sales tax can be collected on an item if the "sale is made by a business located within the city,

the order is received or solicited within the city, or payment is received within the city and delivery is made to a purchaser on or adjacent to the road system within the Kodiak Island Borough."

The ordinance also states that the tax can be collected if "the sale is made by a business located outside of the city as a result of solicitation inside the

city" and payment or delivery occur within the city."

Hyde said Friday that the ordinance is being interpreted by the city to mean that items ordered via catalogues received through the Kodiak Post Office are valid for taxation.

"We believe that the catalogues are received "at a point within the city limits," he added.

Crowds pay tribute to Humphrey

ST. PAUL, Minn. (AP) -- The powerful with whom Hubert H. Humphrey served so long, and the humble whom he served with such boundless energy, are paying final tribute to the Minnesota senator.

Vice President Walter F. Mondale, a fellow Minnesotan and a Humphrey protege, accompanied the senator's body and the Humphrey family on the return trip to Minnesota for today's funeral.

President Carter, who led the tributes at a memorial service in the U.S. Capitol on Sunday, also flew here for the funeral.

Humphrey's body lay in state in a flag-draped coffin in the rotunda of the Minnesota Capitol while, through the night, the people who elected him five times to the Senate slowly walked by. Many wept silently.

By midmorning more than 20,000 persons had filed past the coffin, including many state employees who were given time off from

Americans."

Former Presidents Gerald R. Ford and Richard M. Nixon, and Lady Bird Johnson, widow of President Lyndon B. Johnson, were among the mourners who heard Carter say: "We and our families are here today to testify that Hubert Humphrey may well have blessed our country more than any of us."

Carter and Mondale noted that Humphrey had asked that memorials to him be celebrations rather than mourning.



Teacher, school district negotiators begin talks

Kodiak Island Borough teacher contract negotiations began last weekend with representatives from the

The two groups met both Friday evening and Saturday at the borough offices during sessions open to the public.

TESTIMONY OF OKEY CHANDLER
BEFORE THE HOUSE AND SENATE
COMMITTEES ON COMMUNITY AND
REGIONAL AFFAIRS REGARDING
THE PROPOSED ANNEXATION BY
CITY OF KODIAK OF THE MILL BAY
ROAD AND MISSION ROAD AREAS

I, Okey Chandler, have been a citizen of Kodiak for 33 years. I have a tremendous personal investment in the democracy of this country, with over five years in the military, and a personal expenditure between \$4,000 and \$5,000 in public information efforts to keep it alive in Kodiak.

The root of our problem is that the City Council under its Home Rule Charter, has absolute powers. They can and do override referendums. At the focus of today's meeting I say to you emphatically, I resent the forced annexation effort.

The Mission Road and Spruce Cape Road area contains about 350 acres and is the resident place of 2/3 of the people who would be impacted negatively by the annexation effort. Between 75% and 80% of the people live in trailers. In the Island Lake area containing approximately 150 acres, the majority of the people live on the front side of Island Lake and in the vicinity of Naughton's Trailer Court on Mill Bay. The remaining area under consideration within the proposed annex area has very few people and some very large parcels of land with no people at all.

My personal experiences with the City have been very poor. When I lived in the Leite Addition at 1520 Mission Road, the City was engaged in building the sewer line. During the process of installation they broke the old sewer line and I of course asked

the City to hook me up. More than a year later, they completed the installation and during that time I was without sewer. When the installation was made, it didn't work. They told me the trunk line wasn't deep enough and it was necessary to install a line above ground. I asked the City to cover the line to keep it from freezing. The City Manager said "You can cover it yourself as it's on your land". The facility is still there today - above ground.

The history of real estate in the area is of considerable interest. More than thirty lots in the area have been repossessed for default of payments. These lots originally sold for prices ranging from a few hundred dollars to \$2,000 or \$3,000. Most of the lots beyond Mill Bay to the north are bought on the long-term installment plan. The people who live in this area are happy with what they have and most cannot afford, nor do they need, anything the City has to offer.

From the City's perspective, they continue to claim they are broke and as a result, they are incapable of taking care of the people currently living within the City, let alone those many persons in the proposed annex area. If this annexation becomes a reality, it will shatter the hopes and dreams of a lot of people. Many will lose their land and their homes as a result of tax burdens imposed by services that they neither need, nor can afford to pay for.

In 1969, it was discovered that about one half of the business establishments in the downtown area were not paying any taxes on their land. When the Borough tax assessor sent them a tax bill for 1969, they refused to pay and demanded to be excused

from the tax payment. The Borough Assembly, which at that time was dominated by City-oriented weighted voting, accommodated their request. This should be ample evidence that big business and the Chamber of Commerce completely dominated the local governments at the expense of the working people, even to the point that they have to pay City sales tax on their rent.

Okey Chandler
2-10-79

Okey Chandler
P.O. Box 1635
Kodiak, Alaska 99615

P.S. It is an interesting fact that there are over 3,500 acres of land in the City of Kodiak. Included in this land are hundreds of prime building lots, which to date have nothing constructed on them. So why do we need annexation?

1105244
10 Feb 1979

Dear Sir:

Due to a prior commitment, my husband and I are unable to attend this meeting but want to go on record as being against this proposed annexation, viz our Lots 13 + 15, Survey 3103 on the back side of Island Lake.

The city seems to conveniently forget why we have a water line in this area and more than once have been reminded at public meetings. I testified at the Boundary Commission meeting last fall that during the time Pete Deveau was mayor, the city did some work at the reservoir that put blue clay into the lake system. This blue clay was plugging filters on washers, and furnaces and was only a matter of time until these appliances would be ruined beyond repair. In order to avoid a law suit, a water line was run out here by the city. We were informed we would be charged a higher rate, the less to be used for the maintenance and repair of the line.

When Jack Isadore was city manager, he called a meeting of the Island Lake and Shabaska Area residents and tried to stampede us into asking for annexation. This meeting was held at East

elementary school. He pointed out the inadequacies of the water line, the need for sewers etc. The final topper however was the statement that the city could not offer anything in the way of utilities at that time - I can't remember his exact words, but that was the gist of it.

~~we~~ don't feel that the city can offer us ^{any more} ~~anything~~ at this time than they could then and therefore we are against this proposed action

Thank you very much

Ellen Ross (Ellen Ross)
William Ross (William W. Ross)

Carol Lechner
Public Testimony

I keep hearing that the democratic process has not been properly executed because the area in question for annexation did not get to vote on whether they wanted or did not want annexation. What about the person who wants annexation because his neighbor's sewer is running in his front yard and the same neighbor does not want annexation because he lives at the top of the hill? Or, the people that want annexation because Island Lake can no longer be used as a true recreational site because of pollution? What are these victims' rights?

The vote on service districts narrowly passed, the vote on non-area wide powers failed, this means several things to me--either the people already have the services provided by the City, or they want to continue existing with the problems they have, or they do not want the Borough to provide the services, or they feel it will cost them too much additional money. The problems will not go away and it will cost the people no matter who provides these services.

Who is better able to provide these services? The City presently has full services, sure they have some problems but nobody is perfect. I would venture to say every city in the U.S. has their problems. The City has vested many dollars in equipment and manpower, in my opinion, to have good, well trained personnel in these departments. People that know and understand the day to day routine of working and running these departments. In my opinion, it is beyond belief that a municipality who has never been in the business of public works, streets, fire or police could have the same knowledge--in 5 years time--to efficiently and effectively operate these services more economically than an established municipality with 39 years experience.

Services are costly enough without setting up ~~two~~ duplicate, full-service municipalities next door to one another. The area in question does not have the population or the bonding capacity based on their assessed valuation to warrant a separate full-service municipality. I feel the legislature would be doing a disservice to the whole area to create a situation such as that.

As an example, according to a breakdown by the City Finance Department, the City resident pays out of real property tax, .96 mills for fire services; whereas, the fire service district pays 2.23 mills for this service.

I believe further information on financing has been furnished to you in your information packet.

The City has, I feel, shown good faith in attempting to pre plan should annexation take place and has also addressed the concerns of the residents of the area. More information on this has also been provided to you.

It is questionable, according to State law, whether a new service district can legally ~~be~~ established if the new service can be provided by annexation to a City.

Thank you.

TESTIMONY OF BETTY WALLIN,
MAYOR OF THE KODIAK ISLAND BOROUGH
BEFORE THE HOUSE AND SENATE COMMITTEES ON
COMMUNITY AND REGIONAL AFFAIRS
REGARDING THE PROPOSED ANNEXATION
BY THE CITY OF KODIAK OF
THE MILL BAY ROAD & MISSION ROAD AREAS

I am Betty Wallin, Mayor of the Kodiak Island Borough. I'd like to welcome you to Kodiak and take this opportunity to thank you for bringing your hearing here so that the people affected may speak to you directly.

The citizens living in the annexation area have very specific grievances against the City and reasons for believing that annexation would be contrary to their interests. As mayor for all the citizens of the Borough, inside and outside the City, my perspective on annexation is perhaps more broadly based. I firmly believe that annexation should not be allowed to proceed for two reasons: first, it would constitute a travesty of our democratic processes; second, it would sound the death knell for unification.

It is possible that you will hear today from a few individuals claiming to support annexation. But virtually all who have contacted me -- and there have been many -- have expressed strong opposition to this proposal. They have argued over and over again against the unfairness of having this decision made without the benefit of a vote of the people concerned. (We complain about the federal government controlling our lands without understanding our needs and heeding our voice. How different will it be if the State, through its Local Boundary Commission, decides the fate of the residents of the annexation territory without appreciation for their needs and knowledge of how they might vote?)

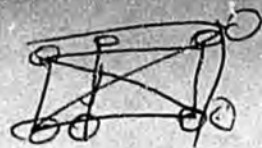
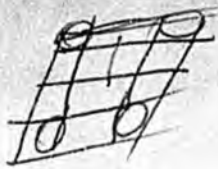
I have had no answer for the citizens who approached me with their concern. I have found myself in complete accord with their views. Were this a case where residents were clearly in support of annexation, or apathetic in their attitude, the Local Boundary Commission's omnipotent role would be more palatable. But, obviously, this is not such a case. We ask the help of you, our elected representatives in bringing democracy to the annexation process.

I have, as indicated, a second problem with this annexation. It derives from an aspiration I hold for Kodiak, a hope for its future which would avoid problems such as this in the days and years to come. This hope is for unification.

We held an election on unification last October, in the midst of all this controversy. The proposition was defeated. But the tallies on either side were not terribly far apart. Given a little more time to explain to the people what unification could do for Kodiak Island, I am convinced the outcome would be different. I am equally convinced that unification is the only sensible, constructive way to go for this City and this Borough. And I am just as firmly convinced that it will not come to pass if this annexation takes place.

For the sake of democracy, for the sake of all those people whose interests would be adversely affected, and for the hope for the future -- unification -- I ask that Committee members recommend passage of Senator Mulcahy's and Representative Zharoff's respective resolutions.

Thank you for your consideration.



29-53-025

(2) Proving That Home Rule at 12th class
City may pay Borough taxes for
residents

Would like to see this repealed.

JOINT PUBLIC HEARING BY THE SENATE AND HOUSE COMMUNITY
AND REGIONAL AFFAIRS COMMITTEES
CO-CHAIRERD
SENATOR ARLISS STURGULEWSKI
AND
REPRESENTATIVE BILL PARKER

2:00 P.M.
FEBRUARY 10, 1979
EAST ELEMENTARY SCHOOL AUDITORIUM
KODIAK, ALASKA

PURPOSE: Consideration of "Recommendation for Annexation of Territory to the City of Kodiak" as submitted to the Eleventh Legislature by the Alaska Local Boundary Commission; Senate Joint Resolution 12 and House Joint Resolution 10.

Agenda:

- 2:00 Call to Order
 - Introductory Remarks
- 2:15 Alaska Local Boundary Commission Presentation
- 2:35 City of Kodiak Presentation
- 2:55 Borough of Kodiak Island Presentation
- 3:15 Public Testimony (Groups-5 minute / Individuals 3-minute limitations)
- Adjournment



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Rep. Pat Carney, Vice Chairman
Charlie Parr
Margaret Branson
Fred Zharoff
Pat O'Connell
Ray Metcalfe

FROM: Rep. Bill Parker, Chairman

DATE: Feb. 8, 1979

Commissioner Lee McAnerney has scheduled the weekly Departmental Community and Regional Affairs staff meeting for Thursday, Feb. 15 at 8:00 A.M. It will be held in the basement Conference Room of the Community Building. All Committee members are invited to attend.

The C&RA Committee will hold its regular meeting on Friday, Feb. 9 at 8:30 A.M. . Scheduled for hearing are: HB 69, HB 95, and HB 97.
