

KODIAK

ANNEX.

Kodiak Times - (Thurs)

~~KODAK~~

KADIAK Times

P.O. Box 2368

Kodiak 99615

Attn. Jan Bruce

Tues & Fri. 6 + 9

Attn: Glenn Dietz

Kodiak Mirror

P.O. Box 1307

Kodiak 99615

LOCAL BOUNDARY COMMISSION MEMBERS

Mrs. Sheila Gallagher, Chairman  
Local Boundary Commission  
3201 "C" St., Suite 201  
Anchorage, Ak. 99503

Mrs. JOsephine Anderson  
P.O. Box 351  
Wrangell, Alaska 99929

Mr. Charles D. Bettisworth  
P.O. Box 80288  
Fairbanks, Alaska 99701

Mr. Edward Hopson  
Box 143  
Barrow, Alaska 99723

Mr. Sigvald Strandberg  
7235 Blackberry St.  
Anchorage, Alaska 99502

KODIAK ISLAND BOROUGH

Mrs. Betty Wallin, Mayor  
P.O. Box 1246  
Kodiak, Alaska 99615

Mr. Stuart Denslow, Manager  
P.O. Box 1246  
Kodiak, Alaska 99615

BOROUGH ASSEMBLY MEMBERS

Dr. Michael Emmick  
Port Lions  
Kodiak, Ak.

Mr. Edward Jack  
Spruce Cape  
Kodiak, Ak.

Ms. Sandra Kavanaugh  
212 Birch  
Kodiak, Ak.

ATTORNEYS

Ms. Joan Katz  
540 L. St. Suite 101  
Anchorage, Alaska 99501

Mr. Robert Hartig  
717 K St.  
CITY OF ANCHORAGE, ALASKA 99501

Mr. Gary Stevens, Major  
P.O. Box 1397  
Kodiak, Ak. 99615

Mr. Clair Harmony, Mgr.  
P.O. Box 1397  
Kodiak, Ak.

Mrs. Carol Lechner  
1715 Rezanof Dr.  
Kodiak, Ak.

Mr. Dave Woodruff  
1518 Rezanof Dr.  
Kodiak, Ak.

Toni Eaton  
Kodiak, Ak.

Arnold Hansen  
219 Alder Lane  
Kodiak, Ak.

Mr. James Peotter  
1513 Yanovsky  
Kodiak, Ak.

Mr. William Fearn  
Kodiak, Ak.

Mr. Danforth Off  
Kodiak, Ak.



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Bill  
FROM: Marjorie  
DATE: 4/20/79  
RE: Kodiak Land Sale

The following information was received from Stuart Denslow, Borough Manager of the Kodiak Borough:

The Assembly of Kodiak decided on March 20, 1979 to appeal the decision made by Judge Roy Madsen in the Superior Court.

The Assembly determined that they would not sell the land in question in Bells Flats to Royal Large as the price was less than 1/2 the value of the land.

The basis for the decision by the Assembly was based on the belief that the Assembly of 1974-75 did not have the power to reach the sale agreement. The Assembly also had procedural questions related to the local judge's handling of the case.

Denslow said that the problems were with the local ordinance, not with the state law, and that the local ordinance has since been brought into compliance. The problems seemed to have centered around the appraisal requirements.

A copy of Judge Madsen's opinion can be obtained from:

Charleen Glynn  
Clerk of the Court  
Box 1367  
Kodiak, Alaska 99615

# THE KODIAK DAILY MIRROR

Vol. 39 No. 47

Wednesday, March 7, 1979

## Borough assembly holds special session

The borough assembly will consider at a special meeting tomorrow night whether to follow Judge Roy Madsen's decision in January to sell 4.2 acres of borough land for \$10,550 in Bells Flats to Royal Large, who has been attempting to purchase the property for over 10 years, or to appeal the decision in the Superior Court.

Michael Sharon, the attorney presenting the borough in the case, said in 1975 the borough mayor and assembly had negotiated a sale of the land to Large for \$10,550. Large had given the borough a check with 10 percent down on the sale of the land. However, Sharon said, the borough clerk at that time informed the mayor and assembly that since the warehouse on the land was not contained in the appraisal, the sale of the land would be inconsistent with the borough and

state codes at that time.

The borough reconsidered its action, at which point Large hired attorney Ben Hancock to represent him in filing suit against the borough to sell him the land based upon the agreement.

In 1975, Large had contended that the warehouse on the land should not be considered in the appraisal of the land, because the warehouse had been present on the land since World War II, and that it was the improvements that he had made upon the warehouse which gave it any value in the first place.

Sharon stated that any improvements made on a piece of land after the lease expires which are not removed by the time of the lease expiration are to be included in the appraisal of the land, and it was from this premise that the borough had reversed its decision.

On July 23, 1978, the land in-

cluding the warehouse was appraised by the borough assessor, and the land was appraised at \$87,400. "Mr. Large is definitely not the villain in the case," said Sharon. "He has done nothing sneaky or improper in his attempts to purchase this land."

Sharon said from deposition on the case he has studied, that Large attempted to purchase the land in 1967 from the borough but was unsuccessful. When the borough gained control of the land from the state, Large again attempted to purchase the land

and was again unsuccessful, but he entered into a five-year lease with the borough in 1971.

Large said he did not wish to make any comment concerning the case.

Other items on the agenda for the meeting include discussion pertaining to the swimming pool, and a proposal for site surveys and soil studies for the Larsen Bay and Ozette high schools. The planning and zoning department has requested an executive session with the borough concerning the Alderwood development.

29,48,260

(legislative intent?)

38,05,035

14(b)(2)

Marge

(can you call Kodiak Buru to ask:

What is current?

Is Madsen decision written?

*[Handwritten signatures and notes]*

Copy?

Royal Large  
486-5057

P.O. Box 2634

Kodiak, Ak. 99615

*[Handwritten initials]*

LEGISLATORS AND STAFF TRAVELING TO KODIAK

February 9-11, 1979

Fri. 2/9/79  
JNU/ANC  
5:30 p.m.

Sat. 2/10/79  
ANC/KODIAK  
9:30 a.m.

Sun. 2/11/79  
KODIAK/ANC  
10:45 a.m.

Sun. 2/11/79  
ANC/JNU  
6:35 p.m.

SENATE:

Mulcahy, Bob  
Sturgulewski, Arliss  
Rodey, Patrick  
-----

Mulcahy  
Sturgulewski  
Rodey  
Kelly, Tim

Mulcahy  
Sturgulewski  
Rodey  
Kelly

Mulcahy  
Sturgulewski  
Rodey  
-----

Staff:

Hartsock, Twyla  
Walsh, Gene

Hartsock  
Walsh

Hartsock  
Walsh

Hartsock  
Walsh

HOUSE:

~~Zharoff, Fred~~  
Carney, Patrick  
Parker, Bill  
Branson, Margaret  
Metcalf, Ray  
-----

Zharoff  
Carney  
Parker  
Branson  
Metcalf  
O'Connell, Patrick

-----  
Carney  
Parker  
Branson  
Metcalf  
O'Connell

----- 2  
-----  
Parker 1  
----- 1  
Metcalf  
O'Connell 1

Staff:

Gorsuch, Marge  
Malone, Hugh

Gorsuch  
Malone, Hugh  
McCart, Palmer

Gorsuch  
Malone, Hugh

Gorsuch 1  
-----

OVERNIGHT ARRANGEMENTS FOR ALL THE ABOVE (except Senator Mulcahy and Representative Zharoff) WERE MADE AT THE KODIAK SHEFFIELD TRAVELODGE, Saturday, February 10, 1979.

Each legislator is responsible for overnighting arrangements in Anchorage, Friday, February 9, 1979.

Kelly - overnighting friend

Break 8-9:30 Stay  
Sheffield House -



Official Business

# Alaska State Legislature

Senate

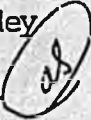
Committee on

Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

February 5, 1979

TO: Senator Bob Mulcahy  
Vice-Chairman  
Senator Tim Kelly  
Senator Patrick Rodey

FROM: Arliss Sturgulewski   
Chairman

RE: February 10, 1979, Joint Public Hearing in Kodiak

Attached is a traveling schedule for those members attending the above Hearing. By going as a group, we will receive a group discount on our plane fares. My office made and received confirmed reservations for our block trip (transportation plus Travelodge rooms in Kodiak); and after coordinating with your offices, your schedules appear as stated on this attachment. If you anticipate any changes, please contact my secretary. Also attached is a copy of the proposed agenda for our Joint Hearing.

We all realize our primary reason for this trip. In the event we do have some time left following our Hearing Saturday evening, legislators and staff have been invited to a League of Women Voters meeting.

An informal breakfast is tentatively being arranged by concerned citizens who wish to speak on the Development City Act and its proposed use on Afognak Island. They would like to meet with as many of the Joint Committee members as possible. Other Kodiak citizens may wish to meet with legislators at this informal breakfast also.

More specifics on the above; time, place, etc., will be announced later.

Attachments (2)



Official Business

# Alaska State Legislature

## Senate Committee on Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99801

The Senate and House Community and Regional Affairs Committees have scheduled a Joint Committee Hearing in Kodiak on February 10, 1979. Subject of the Hearing is "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. Enclosed please find copies of each.

Senators and Representatives will arrive in Kodiak at 10:20 A.M., on February 10, and will proceed immediately on a bus tour of the area proposed for annexation. Representatives of both the City and Borough will serve as guides on the tour.

The Hearing will be held at 2:00 P.M., in the East Elementary School Auditorium. The agenda for the Hearing is enclosed.

We look forward to your attendance at the Hearing if possible.

Yours truly,

Senator Arliss Sturgulewski

Representative Bill Parker

BLANK MOORE BUSINESS FORMS, INC. F

LATI 1997 14.13 JA01 0035 14.27 02/05/79

TO STELLA JNU  
FR CHARITY ANC

WOULD YOU PLEASE INFORM SEN. STURGIU LEWSKI AND REP. PARKER  
COMMUNITY & REGIONAL AFFAIRS COMMITTEE CHAIRMEN THAT AWE  
HAVE MAILED 24 PACKETS TO THOSE LISTED ON THEIR MAILING LIST.  
FOR THE JOINT C&RA FEB. 10 MEETING.

THE PACKETS CONTAINED\* JOINT HEARING COVER LETTER

AGENDA

COPY OF LOCAL BOUNDARY JOURNAL SUPPLEMENT

RE: KODIAK

SJR 12

HR 10

THESE PACKETS WILL BE PICKED UP AT 9 A.M. ANCHORAGE TIME.

BLANK MOORE BUSINESS FORMS, INC. P

LATI 1997 14.13 JA01 0035 14.27 02/05/79

TO STELLA JNU  
FR CHARITY ANC

WOULD YOU PLEASE INFORM SEN. STURGULEWSKI AND REP. PARKER  
COMMUNITY & REGIONAL AFFAIRS COMMITTEE CHAIRMEN THAT AWE  
HAVE MAILED 24 PACKETS TO THOSE LISTED ON THEIR MAILING LIST.  
FOR THE JOINT C&RA FEB. 10 MEETING.

THE PACKETS CONTAINED:

- JOINT HEARING COVER LETTER
- AGENDA
- COPY OF LOCAL BOUNDARY JOURNAL SUPPLEMENT
- RE: KODIAK
- SJR 12
- HJR 10

THESE PACKETS WILL BE PICKED UP AT 9 A.M. ANCHORAGE TIME.



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

Display Ad

Approx. 5½" X 3½"

The Alaska Senate and House  
COMMUNITY AND REGIONAL AFFAIRS COMMITTEES

will hold a

PUBLIC HEARING

on SJR 12 and HJR 10 related to

LOCAL BOUNDARY COMMISSION RECOMMENDATION FOR  
ANNEXATION OF TERRITORY TO THE CITY OF KODIAK

Saturday, February 10  
East Elementary School  
2:00 P.M.

*Ad placed in Kodiak Times - Feb 8  
Kodiak Mirror - Feb. 6 + 9*

*Contacted : KVOK Radio  
KMXT  
KOTV (T.V)*



Official Business

# Alaska State Legislature

## Senate

### Committee on Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### MAILING LIST -- KODIAK HEARING

#### LOCAL BOUNDARY COMMISSION MEMBERS

Mrs. Sheila Gallagher, Chairman  
Local Boundary Commission  
3201 "C" St., Suite 201  
Anchorage, Ak. 99503

Mrs. JOsephine Anderson  
P.O. Box 351  
Wrangell, Alaska 99929

Mr. Charles B. Bettisworth  
P.O. Box 80288  
Fairbanks, Alaska 99701

Mr. Edward Hopson  
Box 143  
Barrow, Alaska 99723

Mr. Sigvald Strandberg  
7235 Blackberry St.  
Anchorage, Alaska 99502

#### KODIAK ISLAND BOROUGH

Mrs. Betty Wallin, Mayor  
P.O. Box 1246  
Kodiak, Alaska 99615

Mr. Stuart Denslow, Manager  
P.O. Box 1246  
Kodiak, Alaska 99615

Also send copies to the following Assemblymen  
% P.O. Box 1246, Kodiak, Ak. 99615

Dr. Michael Emmick  
Edward Jack  
Sandra Kavanaugh

Arnold Hansen  
James Peotter  
William Fearn  
Danforth Ogg

#### ATTORNEYS

Ms. Joan Katz  
540 L. St. Suite 101  
Anchorage, Alaska 99501

Mr. Robert Hartig  
717 K St.  
Anchorage, Alaska 99501

#### CITY COUNCIL MEMBERS

Mr. Gary Stevens, Mayor  
P.O. Box 1397  
Kodiak, Ak. 99615

Mr. Clair Harmony, Mgr.  
P.O. Box 1397  
Kodiak, Ak.

Also send copies to the following  
Councilmen % P.O. Box 1397  
Kodiak, Ak. 99615

Toni Eaton  
Gaynell Hatcher  
Carol Lechner  
Ernie Mills  
Wilton W. te  
Dave Woodruff

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

February 6, 1979

TO: Reps. Pat Carney, Vice Chairman  
Margaret Branson  
Pat O'Connell  
Charlie Parr (Information on Development Cities only)  
Ray Metcalfe  
Fred Zharoff

FROM: Rep. Bill Parker, Chairman

RE: February 10, 1979, JOint Public Hearing in Kodiak

Attached is a travelling schedule for those members attending the Kodiak Hearing. By going as a group, we will receive a group rate on our plane fares. My office has made and received confirmation of reservations for our block trip (transportation plus Travelodge accommodations in Kodiak); and after coordinating with your offices, your schedules appear as stated on this attachment. If you anticipate any changes, please contact my staff. Also attached is a copy of the proposed agenda for our Joint Hearing.

Although the primary purpose of the Kodiak trip is the annexation hearing, the committee has received invitations to meet informally with the Kodiak League of Women Voters at the Kodiak library following the hearing and to meet with a group of individuals from Afognak Island. The latter have arranged an informal breakfast at the Travelodge (also known as the Sheffield House) at 8:00 A.M., Sun., Feb. 11. Citizens who wish to speak on the Development City Act and its proposed use on Afognak Island will meet with you at this time. Other Kodiak citizens may also wish to meet with you at this breakfast. Attached please find Alaska Statutes relating to the Development Cities for your information.

Attachments (3)  
Rep. Parr (1)

LEGISLATORS AND STAFF TRAVELING TO KODIAK

February 9-11, 1979

Fri. 2/9/79  
JNU/ANC  
5:30 p.m.

Sat. 2/10/79  
ANC/KODIAK  
9:30 a.m.

Sun. 2/11/79  
KODIAK/ANC  
10:45 a.m.

Sun. 2/11/79  
ANC/JNU  
6:35 p.m.

SENATE:

Mulcahy, Bob  
Sturgulewski, Arlis  
Rodey, Patrick  
-----

Mulcahy  
Sturgulewski  
Rodey  
Kelly, Tim

Mulcahy  
Sturgulewski  
Rodey  
Kelly

Mulcahy  
Sturgulewski  
Rodey  
---

Staff:  
Hartsock, Twyla  
Walsh, Gene

Hartsock  
Walsh

Hartsock  
Walsh

Hartsock  
Walsh

HOUSE:

Zharoff, Fred  
Carney, Patrick  
Parker, Bil.  
Branson, Margaret  
Metcalf, Ray  
-----

Zharoff  
Carney  
Parker  
Branson  
Metcalf  
O'Connell, Patrick

-----  
Carney  
Parker  
Branson  
Metcalf  
O'Connell

-----  
-----  
Parker  
-----  
Metcalf  
O'Connell

Staff:  
Gorsuch, Marge

Gorsuch

Gorsuch

Gorsuch

OVERNIGHT ARRANGEMENTS FOR ALL THE ABOVE (except Senator Mulcahy and Representative Zharoff) WERE MADE AT THE KODIAK SHEFFIELD TRAVEL LODGE, Saturday, February 10, '79.

Each legislator is responsible for overnighting arrangements in Anchorage, Friday, February 9, 1979.

JOINT PUBLIC HEARING BY THE SENATE AND HOUSE COMMUNITY  
AND REGIONAL AFFAIRS COMMITTEES  
CO-CHAIRED  
SENATOR ARLISS STURGULEWIKI  
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: All Committee Members

From: Rep. Bill Parker, Chairman

Re: Kodiak Trip

Date: 2/9/79

This is to advise you of additional activities being planned during the Kodiak stay.

As you already know, following our arrival in Kodiak, on Saturday, a bus tour will be given to the group showing the proposed annexation area, before taking us to the Travelodge and our Public Hearing at 2 P.M.

Following the Public Hearing, or in the event a dinner break is taken, the Russian Dancers want to perform for us at 7:30 P.M. They are in the process of making dinner arrangements for our group at one of the dining places large enough to accommodate their performance.

Senator Rodey's office has advised there will be a no-host, informal, cocktail get-together at the Sheffield Travelodge, around 8 P.M., for anyone who would like to attend.

An 8:00 A.M. breakfast at the Travelodge is being arranged by citizens of Kodiak concerned about the Development Cities Act in connection with Afognak Island.

Members absent:  
Parr

JOINT PUBLIC HEARING BY THE SENATE AND HOUSE COMMUNITY  
AND REGIONAL AFFAIRS COMMITTEES  
CO-CHAired  
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 *Sen. Sturgulewski, Rep. Parker*  
*Committee Members introduced*  
Introductory Remarks
- 2:15 Alaska Local Boundary Commission Presentation *Leif Strandberg*
- 2:35 City of Kodiak Presentation *Clare Harmon*  
*Golden White*
- 2:55 Borough of Kodiak Island Presentation *Betty Wallin, Mayor*  
*Joan Katz*
- 3:15 Public Testimony (Groups-5 minute / Individuals 3-minute limitations)  
*Kyle Cherry - ADCC.*
- Adjournment

MINUTES OF THE LOCAL BOUNDARY COMMISSION

DECISIONAL MEETING

<sup>minutes</sup>  
OCTOBER 16, 1978

The decisional meeting of the Local Boundary Commission commenced at 7:00 p.m. in Anchorage in the conference room, Suite 101, at 225 Cordova Street, Building B, on <sup>minutes</sup> October 16, 1978. The purpose of the meeting was to consider the annexation of any one or all of the following urban areas to the City of Kodiak: the Mission Road area; the Mill Bay Road area; the Monashka Bay area; and the United States Coast Guard Station.

Present at the meeting were Commissioners Sigvald Strandberg from Anchorage, Edward Hopson from Barrow, Josephine Anderson from Wrangell, C.B. Bettisworth from Fairbanks, and Chairman Sheila Gallagher from Anchorage.

Before beginning deliberations on the annexation proposals, Chairman Gallagher asked if there were any materials received by the Department subsequent to the hearing held in Kodiak and made a part of the public record. Erik Simpson, staff member to the Commission, replied that the Department had received a letter from Emil Norton on May 16, 1978, which was part of the record. He then read this letter in its entirety.

Commissioner Gallagher stated that though Ed Hopson and Josephine Anderson were not at the hearing on May 20, 1978, they had listened to the tapes and reviewed the file.

Commissioner Gallagher then asked Edward Hopson if he was prepared to render a decision. He stated that he was; however, because he had missed both hearings, it had been a difficult decision for him to make. The chairman then asked Josephine Anderson if she had reviewed the record to date and felt free to discuss, deliberate, and vote on a decision. Commissioner Anderson replied that she had reviewed the record and was ready to proceed.

Commissioner Gallagher noted that they had a quorum present and suggested that the Commission discuss the areas one at a time, starting with the Mill Bay area. She then moved that the petition to annex the Mill Bay area to the City of Kodiak be approved. Commissioner Anderson seconded the motion.

Commissioner Strandberg observed that it might be just a bit premature to vote on the decision of the Kodiak annexation. He stated that he was personally in favor of holding a work session with the city and the borough, since he felt that they should take a more careful look at the allegations made by the borough. He suggested that a work session would help the Commission determine whether or not the city is the best entity to provide these services. He felt that there simply

wasn't enough information in the record to make that determination. He did not want to offend anyone, but he said that he wanted to take a more careful look at the economic report by Hayden, Green, and Hill. He thought that the report was challengable in many respects, and that he didn't want to see it surface again to beat the Commission over the head in the legislature.

Commissioner Gallagher argued that she did not see how the report could do that, because logically it had many loopholes in it. As a practical matter, she disagreed with Sig Strandberg on the grounds that everything that needed to be done to reach a decision had been done. The Commission held a very lengthy hearing on 12-12-77, and an even more lengthy hearing on 5-20-78. Everyone wishing to be heard had been heard. The city and the borough each had two opportunities to present their cases. She had reviewed the Hayden, Green, and Hill report in detail and had asked many questions regarding the validity of that report. She observed that, frankly, she didn't know what good a work session would do. She said that it might be nice, but that there comes a point in time when you have received enough information in order to make a decision. Commissioner Gallagher declared that she had heard enough and was capable of rendering a decision.

Commissioner Strandberg mentioned that the previous marriage recommending a substantial annexation proposal to the legislature by the previous Commission did not work. He said that

perhaps he was being overly cautious, but that he saw a work session as contributing to the Commission's understanding of how the city is going to furnish the services more cheaply than a borough.

Commissioner Gallagher stated that she thought the Commission had done the best job they could and that she was not concerned about whether the legislature would overrule this matter.

Commissioner Bettisworth asked the staff to delineate the boundaries on the map before them. After a discussion of the boundaries in the Mill Bay and Spruce Cape areas, the Commission returned to a discussion of the Mill Bay Road area. Commissioner Bettisworth asked how difficult it would be to write a description of the area. Mr. Simpson responded that, although it would be difficult, it could be written from the survey plats.

Chairman Gallagher and Commissioner Strandberg briefly discussed the problem of submitting one or more proposals to the legislature.

The question was called for, and Commissioner Gallagher asked for a roll call vote on the motion to annex the Mill Bay Road area as described in the petition to the City of Kodiak.

Edward Hopson	Yes
Sig Strandberg	No
C.B. Bettisworth	Yes
Josephine Anderson	Yes
Sheila Gallagher	Yes

Chairman Gallagher stated that the motion had passed 4-1 in favor of the annexation of the Mill Bay Road area to the City of Kodiak.

Commissioner Gallagher asked if there was another motion to come before the floor. Commissioner Bettisworth made the motion that the area described as the Mission Road area be annexed to the City of Kodiak. Commissioner Anderson seconded the motion. Commissioner Gallagher asked Commissioner Bettisworth if there was any discussion.

Commissioner Bettisworth felt that this area fell into the same category as the Mill Bay area, in that it was receiving services and should be receiving services as one of the urban areas. He stated that there were also some underdeveloped lands in the area which have the potential of being developed and should be receiving city services during the development process.

After a discussion of the land ownership of Spruce Cape, the U.S. Coast Guard Loran Station and the transfer of this land to the local native corporation, Commissioner Strandberg

again stated that it was premature for the Commission to enter into a decision at this time. He felt that ultimately it would make sense to annex these areas to the City of Kodiak, but he thought the annexation process must contribute to the public's understanding of what and why this is taking place. He declared that the only way to demonstrate this to the legislature was to hold a work session and complete an incomplete tax study at that time. He stated that there was a need to demonstrate that the one entity could provide the municipal services better than the other.

Commissioner Gallagher asked if there were any more discussion on the motion to annex the Mission Road area. At the request of Commissioner Strandberg, Erik Simpson discussed the U.S. Coast Guard Loran Station. He explained that it was selected by one of the Alaskan Island native corporations and that it was described on page 11 of the Department's report to the Commission.

Commissioner Bettisworth asked if water and sewer services were being provided to the Loran Station. Mr. Simpson reported that he did not know. Commissioner Gallagher explained that water and sewer services were provided to the majority of residents in the Mission Bay Road area. Patrick Poland from the the Department of C&RA explained that water and sewer services were not provided to the Loran Station. Commissioner Gallagher noted that this was an error in the

report to the Commission.

Commissioner Strandberg asked if the motions contemplated a full annexation and extension of all services and mill levies. Commissioner Gallagher commented that there were no amendments which contemplated step annexation or differential taxation. She stated that the first motion extended the provision of full services.

Commissioner Strandberg suggested that they discuss the capacity of the city to extend these services in the forthcoming fiscal year. He asked if it were feasible to extend these services immediately. He raised the question of whether or not the combined tax bases are sufficient to generate the necessary revenues on the basis of the existing assessed valuations. He suggested that the Commission look at the publication of Alaska Taxable which lists the full value ratios, indicating the extent to which properties were assessed at their full and true market values. He stated that he did not want to see the city get into a bind because it presented testimony at the hearings indicating that it was "a little tight right now."

Sheila Gallagher observed that, if her memory served her correctly, the city wanted this area included in their consideration of what should be annexed. She stated that the Commission had heard testimony from several persons,

including Ivan Widom and Attorney Bob Mahoney, concerning the ability of the city to provide these services in a relatively reasonable time and at a reasonable cost. She stated that she could not imagine that a governmental entity would present an area for annexation if it had not considered the cost of providing services to these areas.

Erik Simpson responded to Commissioner Strandberg's question concerning the property assessment ratios for the City of Kodiak. He stated that, according to Alaska Taxable 1977, the real and personal properties were assessed at 97% of their real and true market value. He said that the area outside the city has a ratio of 96.88%, the fire district has a ratio of 97.54%, and the road district has a ratio of 85.48%. He stated that, when you compare the city's ratio of 97% with the entire borough ratio of 96.78%, you can see that the assessment in the city is comparable to the assessment in the entire borough.

Commissioner Strandberg commented that, somewhere at the public hearings, it had been stated that the assessments of the city had not been at full and true value. Commissioner Gallagher acknowledged this. Commissioner Strandberg said that he was a bit alarmed by some of these statements and he wanted to have an opportunity to review them in a work session to attest their validity.

Commissioner Gallagher remembered that, when the city had testified on the Monashka Bay area, it had considered differential tax zones and step annexations for the provisions of services at graduated levels. She thought the provision of services would be immediate.

Commissioner Bettisworth observed that the borough had set up service areas for parts of the area outside of the city, and he asked what areas had been set up and what services were being provided. Mr. Simpson stated that the borough had set up service districts to provide for the provisions of water, sewer, and roads.

Commissioner Bettisworth asked if the tax base was sufficient to provide these services through some sort of borough process. Mr. Simpson stated that additional services to be provided by the city included police protection, fire protection, and whatever other services the city already provided.

Commissioner Bettisworth asked if the initial services provided were labor intensive services rather than capital intensive services. Mr. Simpson explained that the borough did provide for fire protection through a contract with the city and that road maintenance is provided by a private contract with the borough. He also explained that the water and sewage services were being provided, to some extent, in this area.

Commissioner Gallagher stated that the Mission Road area and Mill Road area had totally different considerations than the Monashka Bay and U.S. Coast Guard Station. Commissioner Gallagher asked if there were any more discussion on whether there should be a provision of full services within the motion as opposed to differential taxation, step annexation, or something along those lines. Commissioner Gallagher noted that the city has stated that, in the case of the Mill Bay and Mission Road areas, it will, in fact, be able to provide and should provide the full range of services.

---

A roll call vote was taken.

Edward Hopson	Yes
Sigvald Strandberg	No
C.B. Bettisworth	Yes
Josephine Anderson	Yes
Sheila Gallagher	Yes

Commissioner Gallagher stated that the motion was approved by 4-1.

Commissioner Gallagher asked if there were any other motions in regard to the Mission Road area.

Hearing none, the Commission asked Mr. Simpson to outline the Monashka Bay area. Mr. Simpson explained that the area included the Miller Creek, Virginia Creek, and Monshka Creek

TO: Arliss Sturgulewski  
Bob McLaughlin  
Terry Stinson  
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.

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 amandatory 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 Environment 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 amandatory 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  
Page 2

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 received. 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 VALLIN, 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 Hill 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 Hill 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 Hill 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).

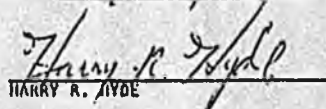
10. The assessed valuation of the area encompassed by Service District One of the Hill Bay/Monashka Service Area is approximately

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

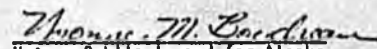
11. If Service District One of the Hill Bay/Monashka Service Area is annexed to the City, the City has the financial capability to provide the services of sewer, water, roads and the full range of general government services such as police, fire protection, parks and recreation and libraries.

12. If the Kodiak Island Borough has to sell bonds to finance capital improvements in Service District One of the Hill 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 1<sup>st</sup> 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 Hesoff 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. Wilton 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. Women'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 deck 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.D.J. 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 "WHILEAS, . . . 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. Hally 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 Honashka 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. Rostenger RE: State Highway Route Systems

Mr. Rostenger asked that the City Council request the State Division of Highways to reclassify Rezannof 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. Strout 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 Alcoholism 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, Earl Norton, 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 Mulchay.

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

*Enterprise fund activities*

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 areathe 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 to 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 's 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 non 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.

*Winnifred K...*  
*WJ*

[Redacted]

**SWEENEY INSURANCE, INC.**

P. O. BOX 1395 • KODIAK, ALASKA 99615 • PHONE 907 486-1310

[Redacted]

TO **GEORGE MAGNUSSEN**  
**FIRE CHIEF**  
**KODIAK, ALASKA**

SUBJECT **FIRE FIGHTERS - AND**  
**I.S.O. RATING.**  
DATE **February 22, 1978**

In response to your call on the extension of the fire protection service to Island Lake and Monashka Bay areas, the City of Kodiak has at this time a rating of Class 5. With the present rate of new homes and businesses in the City and the amount of fire fighters that you now have, it is not going to be adequate to keep the Class 5 rating, as the ISO rating is based on population and full time fire fighters on duty. The City could be changed from a Class 5 to a Class 7. The cost to homeowners and businesses with the increase in rates could be as high as 14%.

You also asked about lowering the Class for Island Lake and Monashka Bay area. ISO has to approve any Class change. As you know, they would have to have a

[Redacted]

minimum of a 6" water line with fire hydrants. Even with an independent fire district, this would not solve anything, as you would still need the fire hydrants along the roads.

In talking to the ISO agent, you are getting close to having the inability with the present full time fire fighters to match the growth of the City of Kodiak. In response to table #2), the ISO rating is in disagreement, as you would need additional fire fighters.

... SIGNED *Leo*  
**Leo Bourneau, Agent**  
DO NOT WRITE IN THESE SPACES

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 Day 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 25<sup>th</sup> day of January, 1979.

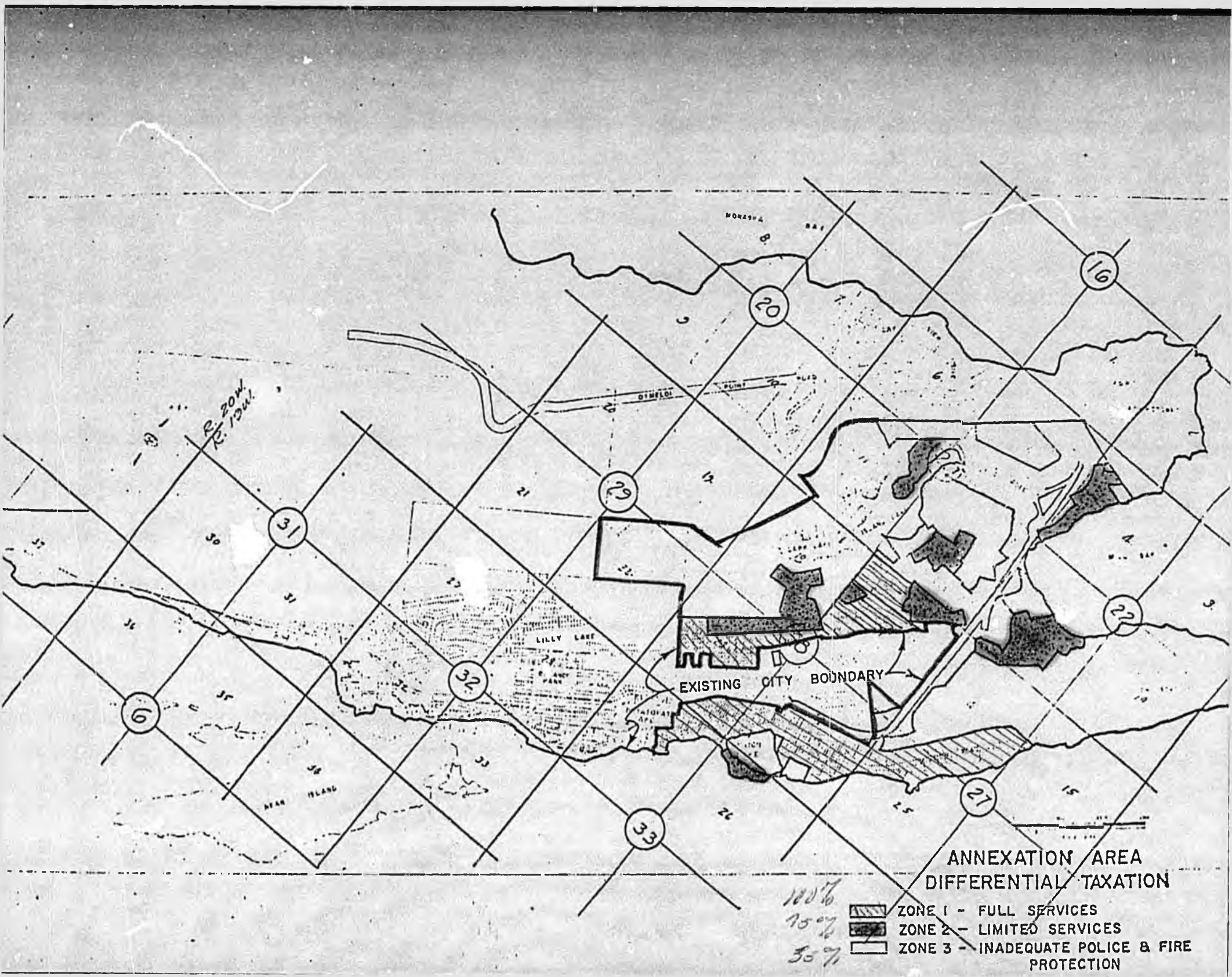
  
MAYOR

ATTEST:

  
City Clerk

Resolution No. 5-79

Page Two



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 <sup>±</sup>. 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 Stinson  
 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.

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 accelerate 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. JKO-78-120 CIV.

AFFIDAVIT OF RICHARD W. ... 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 Mill Day 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, Myran and Hoyos, 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 was rejected at the request of the City and the Borough.

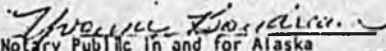
13. It has never been my understanding that any agreement existed between the City and the Borough regarding the City servicing areas outside the City with sewers. See Borough Assembly minutes of June 17, 1971 and July 1, 1971 which I have attached to this affidavit.

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

DATED this 1<sup>st</sup> day of February, 1979.

  
RICHARD H. SIMS

Subscribed and sworn to before me this 1<sup>st</sup> day of February, 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 WALLIN, 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 Jones*  
ROLLAND JONES

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

*Thomas M. Hamilton*  
Notary Public in and for Alaska.  
My commission expires: 1st of Feb 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.

151  
\_\_\_\_\_  
CHARLES A. POWELL

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of

\_\_\_\_\_, 1979.

\_\_\_\_\_  
Notary Public 'n 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 moneys 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 Haughton; Kodiak Island Borough Resolution No. 73-15R; 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 31<sup>st</sup> day of JANUARY, 1979.

Wilton T. White  
WILTON T. WHITE

SUBSCRIBED AND SWORN to before me this 31<sup>st</sup> day of January, 1979.

Marvin M. Dordick  
Notary Public in and for Alaska  
My commission expires: Mar 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 05.910 - 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

The present assessed valuation of personal and real property within the City of Kodiak is \$127,748,701. The assessed valuation outside the City limits of Kodiak within the entire Kodiak Island Borough is \$12,806,810. 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, Jan 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 as 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 area on 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 - 5563

December 7, 1977

## Fire Calls & Losses In the Borough

Year	Calls	Dollar Loss
1970	13	Unknown
1971	17	8,600.00
1972	20	17,600.00
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 Pre Call
1970	Unavailable		
1971	301	100.6	16.7
1972	284	445.8	15.7
1973	170	261.6	11.9
1974	244	353.5	17.6
1975	294	281.1	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

*Some ins* 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 30 foot gravel surface street shall be constructed. It is estimated that the cost would be \$450,000 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.

HTB/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  
Block 1, Lot 5A  
28,538 s.f.

\$5,291.14

MILLER POINT 1ST ADD.  
Block 5, Lot 2  
23,253 s.f.

\$4,311.38

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

\$1,254.30

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

\$1,668.69

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  
Lot 7  
18,000 s.f.

\$2,696.06

U.S.S. 3100  
Lot 16  
24,000 s.f.

\$3,594.74

U.S.S. 3101  
Lot 3  
25,000 s.f.

\$3,819.41

U.S.S. 3101  
Lot 7  
13,500 s.f.

\$2,022.04

U.S.S. 3101  
Lot 21 A  
36,000 s.f.

\$5,392.11

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) 775,897.50  
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  
~~55,2~~ 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-020088-01	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	338	27,812	14,944
15	Nome	810	C-020062-03	3	79	STP	2,378	1,784	29,596	16,728

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	56,044	---
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

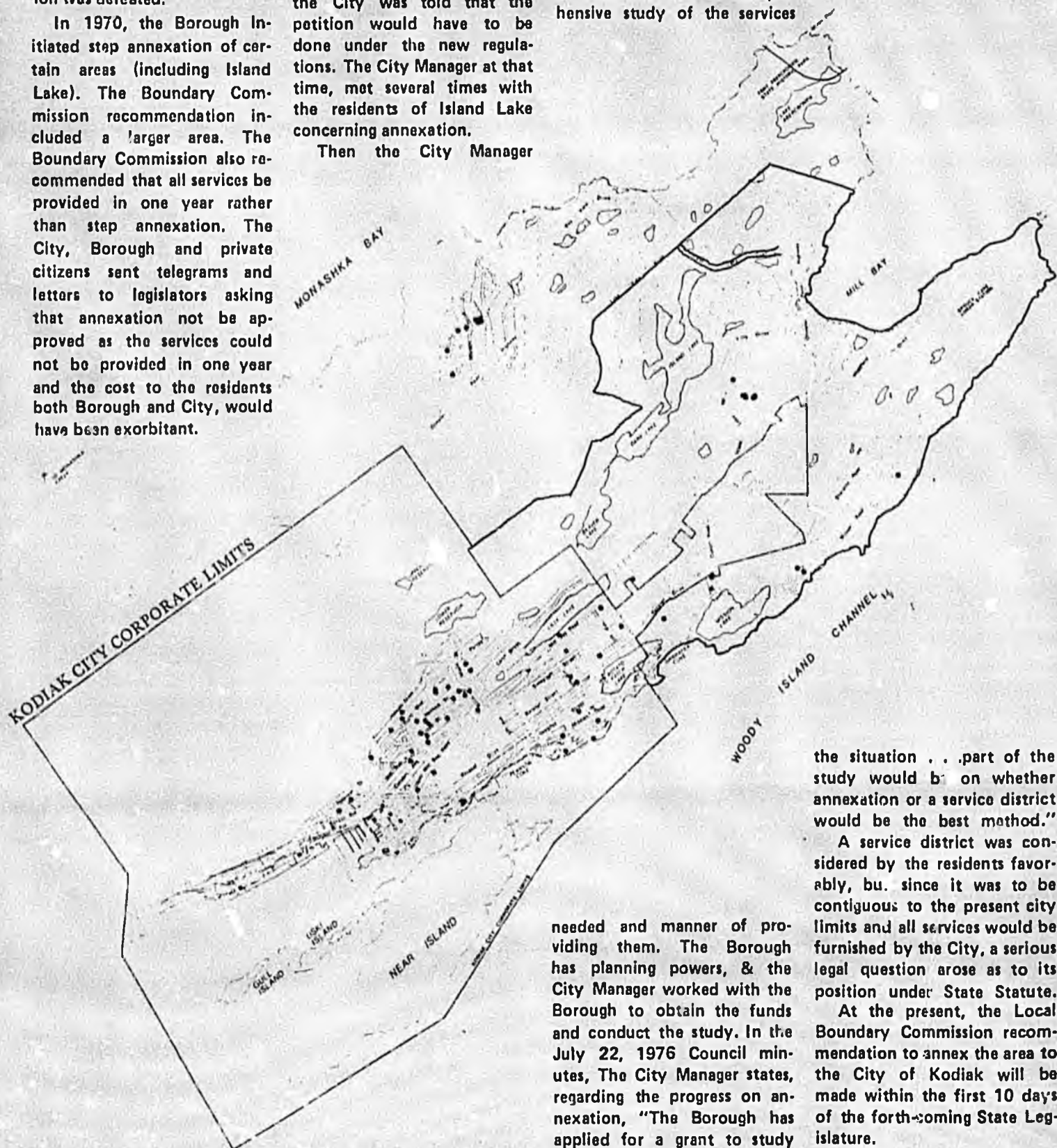
In 1968, the first attempt at annexing Island Lake and Spruce Cape occurred. The main reason for the residents request appears to be fire protection. An election was held and the annexation question was defeated.

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 forthcoming 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

# —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	3,983	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		31,862	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	491,600											20,822
Capital project transfer	588,807					588,807						
Bond Payments	137,158											6,705
Miscellaneous (1)	306,356											14,823
<b>Totals</b>	<b>\$4,409,874</b>		<b>\$59,030</b>	<b>\$23,900</b>	<b>\$410,487</b>	<b>\$588,807</b>	<b>\$3,927,050</b>	<b>100%</b>	<b>9.10</b>	<b>X</b>	<b>\$17,646,115</b>	<b>\$160,575</b>

(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
<b>Total</b>	<b>\$306,356</b>



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 5	House Valuation	Island Lake Area Class 9
\$306	\$50,000	\$619
<b>WITH FIRE SUBSTATION BUT NO HYDRANT</b>		
\$306	\$50,000	\$536
<b>WITH FIRE HYDRANTS BUT NO FIRE HOUSE</b>		
\$306	\$50,000	\$338
<b>WITH STATION &amp; HYDRANTS</b>		
\$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	2.3	All services	16.1
(Bell's Flats)	7.2		

Borough residents in the proposed annexation area now pay:

Borough	7.0
Fire Service	<u>2.3</u>
	9.3

Borough residents at Bell's Flats pay:

Borough	7.0
Road Service	<u>7.2</u>
	14.2



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 Borough/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 Supervision & 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. Unnamed Road in U.S.S. 3467
2. Track A Island Lake
3. Unnamed Road in U.S.S. 3219, 3103, 3464 Island Lake
4. Cliffside & Cliffside Loop
5. Seabreeze & Woodland
6. Unnamed 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.

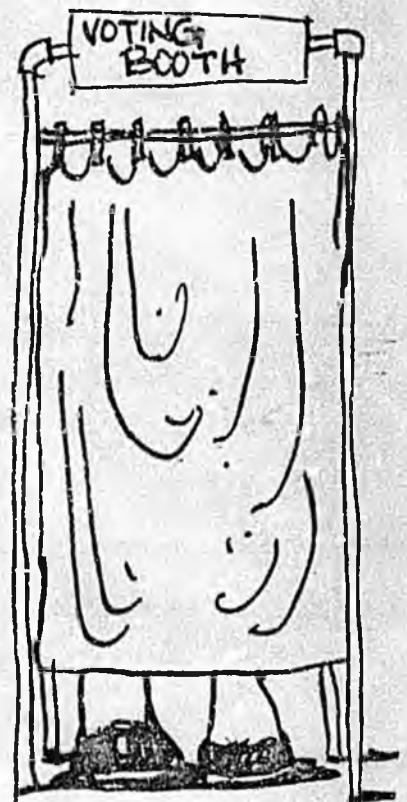
2. The City Manager is hereby directed to develop tentative plans for the provision of services to the areas proposed for annexation and to determine whether the City may be prevented by requirements for capital improvements or for other reasons from providing full services to portions of those areas 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.

**KODIAK ISLAND BOROUGH  
SPECIAL ELECTION  
APRIL 18th, 1978  
SAMPLE BALLOT**

Number

**PROPOSITION NO. 1**

SHALL THE KODIAK ISLAND BOROUGH EXERCISE SEWER POWERS WITHIN SERVICE DISTRICT I OF THE MILL BAY—MONASHKA SERVICE AREA INCLUDING, BUT NOT LIMITED TO, POWERS TO CONSTRUCT, MAINTAIN, REPAIR, AND REPLACE PUBLIC SEWAGE COLLECTION, TRANSMISSION, TREATMENT AND DISPOSAL SYSTEMS AND FACILITIES.

YES   
NO

**PROPOSITION NO. 2**

SHALL THE KODIAK ISLAND BOROUGH EXERCISE WATER SERVICE POWERS WITHIN SERVICE DISTRICT I OF THE MILL BAY—MONASHKA SERVICE AREA INCLUDING, BUT NOT LIMITED TO, POWERS TO CONSTRUCT, MAINTAIN, REPAIR AND REPLACE PUBLIC WATER PRODUCTION, COLLECTION, STORAGE, TREATMENT AND TRANSMISSION SYSTEMS AND FACILITIES.

YES   
NO

**PROPOSITION NO. 3**

SHALL THE KODIAK ISLAND BOROUGH EXERCISE ROAD POWERS WITHIN SERVICE DISTRICT I OF THE MILL BAY—MONASHKA SERVICE AREA INCLUDING, BUT NOT LIMITED TO, POWERS TO CONSTRUCT, REPAIR, MAINTAIN AND IMPROVE PUBLIC ROADS.

YES   
NO

**Proposed Service District I**

**ALL RESIDENTS OF SERVICE DISTRICT I  
ARE ELIGIBLE TO VOTE.**



AT THE REQUEST OF NUMEROUS BOROUGH RESIDENTS, THE BOROUGH OF KODIAK ADOPTED ORDINANCES AND ESTABLISHED APRIL 18, 1978 AS THE DATE OF A SPECIAL ELECTION TO APPROVE FORMATION OF SERVICE DISTRICT NO. 1 OF THE MILL BAY MONASHKA SERVICE AREA. SPECIAL SERVICE NO. 1 DISTRICT IS BEING ESTABLISHED TO ENABLE BOROUGH RESIDENTS LIVING IN THE AREA INCLUDED IN SERVICE DISTRICT NO. 1 TO OBTAIN SEWER, WATER AND ROAD SERVICES.

ESTABLISHMENT OF A SPECIAL SEWER SERVICE DISTRICT WAS CONTEMPLATED BY AGREEMENT BETWEEN THE BOROUGH AND THE CITY OF KODIAK PURSUANT TO WHICH THE CITY OF KODIAK ACTED AS AGENT FOR THE BOROUGH OF KODIAK IN OBTAINING IN EXCESS OF \$5,000,000.00 TO CONSTRUCT A WASTE TREATMENT DISPOSAL FACILITY CAPABLE OF PROVIDING SEWER SERVICE TO THE CITY AND TO BOROUGH RESIDENTS LOCATED IN THE AREA PROPOSED TO BE SERVED BY SERVICE DISTRICT NO. 1. WATER AND ROAD POWER ARE BEING PROPOSED FOR SERVICE DISTRICT NO. 1 TO ENABLE A COORDINATED PRESENTATION OF ALL SUCH SERVICES TO THE RESIDENTS OF SERVICE DISTRICT NO. 1.

ON MARCH 28, 1978, THE CITY OF KODIAK FILED AN ACTION TO DECLARE ILLEGAL THE ESTABLISHMENT AND CREATION OF SERVICE DISTRICT NO. 1. SUCH SUIT IS APPARENTLY BASED ON THE CITY'S BELIEF THAT IT IS NO LONGER BOUND BY ITS AGREEMENT TO PERMIT BOROUGH RESIDENTS ACCESS TO THE SEWAGE TREATMENT DISPOSAL PLANT WHICH WAS ACQUIRED AS A RESULT OF A JOINT CITY-BOROUGH AGREEMENT REQUIRED BY THE STATE OF ALASKA AND THE ENVIRONMENTAL PROTECTION AGENCY. THE CITY NOW APPEARS TO BE ATTEMPTING TO FORCE ANNEXATION ON PERSONS PREVIOUSLY VOTING AGAINST ANNEXATION EVEN THOUGH ANNEXATION WILL RESULT IN ADDITIONAL TAXATION TO SUCH PERSONS WITHOUT PROVISION OF COMPARABLE SERVICES.

ALTHOUGH THE BOROUGH HAS PREVIOUSLY CONSULTED WITH AND BELIEVES IT HAS A VALID AGREEMENT WITH THE CITY WITH REGARD TO PROVIDING SEWER SERVICES TO THE RESIDENTS OF SERVICE DISTRICT NO. 1, THE BOROUGH NECESSARILY WILL DISCUSS PROVISION OF WATER AND ROAD SERVICES TO SERVICE DISTRICT NO. 1 WITH THE CITY, AND WILL ONLY PROVIDE SUCH SERVICES DIRECTLY IF NO AGREEMENT CAN BE REACHED. IF THE VOTERS APPROVE SERVICE DISTRICT NO. 1, THE BOROUGH WILL BE ABLE TO BEGIN ENGINEERING PLANNING FOR IMPROVEMENT AREAS WITHIN SERVICE DISTRICT NO. 1 AND TO SEEK FUNDING FOR SEWAGE COLLECTION LINES FROM THE STATE OF ALASKA AND THE ENVIRONMENTAL PROTECTION AGENCY. NO ADDITIONAL TAXES WILL ACCRUE TO DISTRICT RESIDENTS AT THIS TIME AND UNTIL FINANCING PROPOSALS ARE DEVELOPED AND APPROVED BY SERVICE DISTRICT NO. 1 RESIDENTS. THE BOUNDARIES OF SERVICE DISTRICT NO. 1 HAVE BEEN DETERMINED BASED ON ENGINEERING STUDIES TO ENABLE THE USE OF A GRAVITY FLOW SEWAGE COLLECTION SYSTEM WHICH WILL BE THE LEAST COSTLY TO BUILD AND OPERATE.

THE CITY, IN FILING ITS ACTION SEEKING TO DENY ITS OBLIGATIONS TO THE BOROUGH RESIDENTS UNLESS THEY SUBMIT TO BOROUGH ANNEXATION, MAY CAUSE DELAY IN IMPLEMENTATION OF SEWER SERVICES IN THE BOROUGH. IN ADDITION, SUCH ACTION BY THE CITY FORCES THE BOROUGH TO ESTABLISH ITS POSITION IN COURT UNLESS THE CITY AGREES TO LIVE UP TO ITS VALID AGREEMENTS. WHILE IT IS UNFORTUNATE THAT THE CITY AND BOROUGH HAVE BEEN UNABLE TO REACH AGREEMENT, A SUBSTANTIAL NUMBER OF BOROUGH RESIDENTS HAVE CLEARLY INDICATED TO THE BOROUGH THAT THE AGREEMENT TO PERMIT SEWAGE TREATMENT FACILITY HOOKUP WITHOUT ANNEXATION SHOULD BE ENFORCED.

Betty J. Wallin, Mayor  
Kodiak Island Borough

LOCAL BOUNDARY COMMISSION MEMBERS

Mrs. Sheila Gallagher (Chairman)  
3201 "C" Street, Suite 201  
Anchorage, Alaska 99503

Phone: 276-7612 (business)

Mrs. Josephine Anderson (Member)  
P.O. Box 351  
Wrangell, Alaska 99929

Phone: 874-3590 (home)  
874-3621 (business)

Mr. Charles B. Bettisworth (Member)  
P.O. Box 80288  
Fairbanks, Alaska 99701

Phone: 479-3517 (home)  
456-5780 (business)

Mr. Edward Hopson (Member)  
Box 143  
Barrow, Alaska 99723

Phone: 852-5141 (home)  
852-6930 or 852-6970 (business)

Mr. Sigvald Strandberg (Member)  
7235 Blackberry Street  
Anchorage, Alaska 99502

Phone: 276-4555 (business)  
243-1772 (home)

*Jean Katz*  
*276-3804*

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 1. 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 for

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 this 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 or any 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 10.240. BOROUGH SERVICES.** The city must accept immediate responsibility for non-areawide 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)

**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)

**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

## Lawmakers Set Hearing In Kodiak

JUNEAU (AP) — Lawmakers will take the legislative process to the city of Kodiak next week for a hearing on a disputed annexation proposal in the community.

The state Local Boundary Commission has proposed that an area east of the city, with a population of about 1,500, be annexed. But the two state legislators from Kodiak say they have questions about the proposal, or at least the method in which it was made. And a number of the affected residents — who apparently would face tax hikes under annexation — are protesting.

Although the Local Boundary Commission has recommended annexation of the Spruce Cape, Mill Bay and Island Lake areas, the Legislature can overturn the decision with passage of a resolution, said Sen. Bob Mulcahy, R-Kodiak.

The Community and Regional Affairs committees of the House and Senate are planning to hold a hearing in the city Feb. 10, said the island's other legislator, Democrat House member Fred Zharoff.

Lawmakers say the hearing will let them receive testimony from the residents firsthand.

The Boundary Commission, in its report to the Legislature, cited evidence in favor of annexation. The report said the proposed annex is "generally urban in character," and that it is "in need of municipal services which can be most efficiently provided by the city of Kodiak."

The report cited a likelihood of growth in the area and said annexation "will enable the city to plan for and control that development and arrange the most efficient municipal services."

But two residents of the area involved, Ron Matsuoka and Melissa Newton, in a letter to legislative leaders, said "the wishes of area residents were totally ignored by the local boundary commission."

"Every resident of the area who testified at the boundary commission hearing spoke against forced annexation," they said.

The residents said they feel city services are not required in the area.

Mulcahy said he wants to represent the "wishes of the majority of people," and that a number of persons are opposed to the annexation.

He said he was most disturbed by "the method in which the annexation took place," and that the affected residents didn't vote on the issue.

"I haven't been a carrier of the annexation banner," he said.



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	28,970
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>
<b>Total General Fund Estimated Revenues</b>	<b>\$4,171,913</b>

**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>
<b>Total Capital Project Funds Estimated Expenditures</b>	<b>\$12,832,310</b>

\*Revenues 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. 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 Constitution<sup>1</sup> 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.

---

<sup>1</sup> "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. -13-

(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 Constitution<sup>2</sup> 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.

---

<sup>2</sup>Ibid.

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.

JOAN M. KATZ

Attorney at Law  
540 L Street, Suite 101,

(907) 274-7634  
Anchorage, Alaska 99501

January 26, 1979

Representative Patrick O'Connell  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

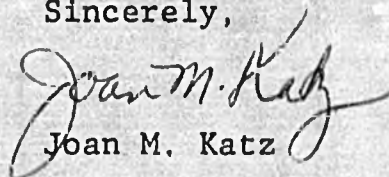
Re: City of Kodiak Proposed Annexation

Dear Representative O'Connell:

I enjoyed the opportunity to talk with you yesterday and hear of your experiences with annexation in Kenai. Enclosed, as per our discussion, are copies of the two briefs I have submitted at various stages in this controversy as well as a map supplied by Local Boundary Commission staff. (I, however, am responsible for the color effects.) Please feel free to call me with any questions you may have or any additional areas regarding which you may need further input. I have also contacted Hayden Green at the University and he assures me that he and P. J. Hill, who prepared the economic analysis submitted to the Local Boundary Commission and included in the information being sent to you, will also be available to answer any questions you might have.

I also intend to draw up a summary statement of the Kodiak Island Borough's position in the very near future to update and condense the material being sent to you today. I shall send that to you next week. In the meantime, I look forward to meeting you in Juneau.

Sincerely,

  
Joan M. Katz

vs

encl.

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



AGREEMENT  
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

*Richard A. Jones*  
City Manager

KODIAK ISLAND BOROUGH

*[Signature]*  
Borough Manager

EXHIBIT B

CONTRACT TO FURNISH FIRE PROTECTION SERVICE

THIS CONTRACT made this 2<sup>ND</sup> day of ~~May~~<sup>July</sup>, 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's 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 Grape*  
ROBERT GRAPE  
Borough Clerk

## 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

EXHIBIT D

KODIAK ISLAND BOROUGH SCHOOL DISTRICT  
POST OFFICE BOX 886  
KODIAK, ALASKA 99615  
(TELEPHONE: (907) 486-3131)

JOINT AGREEMENT FOR THE USE & OPERATION  
OF GYMNASIUMS & SWIMMING POOL

This agreement entered into this 15<sup>th</sup> day of November 1977, 1  
by and between the KODIAK ISLAND BOROUGH, hereinafter referred to as the 2  
*BOROUGH*, the KODIAK ISLAND BOROUGH SCHOOL DISTRICT, hereinafter referred 3  
to as the *DISTRICT*, and the CITY OF KODIAK, hereinafter referred to as the 4  
*CITY*. 5

WITNESSETH:

*WHEREAS*, the *DISTRICT* has under its jurisdiction the operation 6  
and management of three gyms and one swimming pool within *CITY* boundaries, 7  
said gyms being the Kodiak High School gym, the Main School gym, and the 8  
East Elementary gym; and, 9

*WHEREAS*, the *BOROUGH* contributes to the *CITY* recreation program 10  
by making school facilities available to the City Parks & Recreation De- 11  
partment for public use; this they do in lieu of providing recreational 12  
funds to the *CITY*; and, 13

*WHEREAS*, the *DISTRICT* obligated itself before the election of 14  
February, 1972 to running the pool for the public; and, 15

*WHEREAS*, it is inconvenient and costly for the *DISTRICT* to run 16  
a public recreation program; and, 17

*WHEREAS*, said swimming pool and gymnasiums are physically con- 18  
venient and capable of being used by the *CITY* and its program conducted 19

by the Parks & Recreation Department; and,

20

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.

21

22

23

24

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:

25

26

27

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.

28

29

30

31

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

32

33

34

35

36

37

38

39

40

41

may not retain the gyms or pool for the daily practices of their athletic 42  
teams beyond the hour of 7:30 PM. 43

3. FACILITIES:

The *DISTRICT* facilities which are the subject of this agree- 44  
ment include the pool, the gyms, the locker rooms, together with a limited 45  
amount of office storage space. 46

4. SCHEDULING OF FACILITIES:

The *DISTRICT* shall have first priority in scheduling its ac- 47  
tivities. After the *DISTRICT* establishes its schedule, the *CITY* shall make 48  
up its recreation schedule. The *CITY* must provide the *DISTRICT* with at 49  
least one week advance notice prior to commencement or change of the 50  
*CITY* recreation time schedule. Once the *CITY* established their recreation 51  
schedule, the *DISTRICT* must give the City Parks & Recreation director at 52  
least one week advance notice before changing their *DISTRICT* schedule, and 53  
this schedule change must meet the approval of the City Parks & Recreation 54  
director and the School Superintendent. Use of *DISTRICT* facilities by 55  
groups outside the realm of the *CITY* or the *DISTRICT*, at times other than 56  
during regular school hours, will be scheduled by the *DISTRICT* Community 57  
School Coordinator with the approval of the *CITY* Parks & Recreation direc- 58  
tor. 59

5. DENIAL OF FACILITIES:

The *DISTRICT* reserves the right to deny the use of their 60  
facilities to groups which by their behavior may either do physical harm to 61  
the facilities or participants, or by their presence downgrade the moral 62

and ethical standards of the *DISTRICT*.

63

6. CITY OPERATIONS:

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

64

65

66

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

67

68

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

69

70

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

71

72

d. Provide reimbursement to the *DISTRICT* for overtime custodial services incurred when *CITY* recreational activities last later than 10:30 PM, unless prior agreements are made for use of the facility past the allotted time.

73

74

75

76

77

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

78

79

80

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  
84  
85
- b. The *DISTRICT* will continue to handle all major mechanical work and the annual pool overhaul. 86  
87  
88
- c. Provide all necessary building maintenance for the gyms, pools, and supporting facilities. 89  
90
- 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  
92  
93  
94

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  
96  
97

9. LIABILITY INSURANCE:

The *CITY* shall at all times maintain and keep in effect liability insurance covering its use of said facilities. 98  
99

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:

Suzanne Pasvall  
City Clerk

KODIAK ISLAND BOROUGH

By George J. Willis  
Borough Mayor

ATTEST:

Shirley Miller  
Borough Clerk

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

By Louise Collins  
School Board President

By David P. 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 CLERK'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 483--appropriation bill for HB 432.
  - 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--3% 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.

*Ed Haney*  
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 extra work 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. Davis (Secretary) BY James E. Proff  
Shirley Miller (Witness) Presiding Officer  
(Title)

ALAGNAK, INC.

[Signature] (Secretary) BY Fred C. [Signature]  
Ed Mully (Witness) President  
(Title)  
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

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

WHO IS THIS  
MYSTERIOUS  
OWNER!?!?

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. *CUTE!*

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. (pay)

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

do these figures  
(plus those in  
the next page)  
include  
present  
tax?

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
<b>Total</b>	<b>16.3 Mills \$25.00/mo.</b>	<b>9.47 Mills \$28.75/mo.</b>

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,

*How much would the personal property tax drop due to city paying that tax?*

*16.30  
9.47  
6.83*

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

*Amazing!  
(How much  
is this  
in dollars?)*

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 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. 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 contained in the petition were presented only in a statement, not an affidavit (19 AAC 10.040[2]); and the petition was 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

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. )

CERTIFICATE OF SERVICE BY MAIL

STATE OF ALASKA )  
 ) ss.  
THIRD DISTRICT )

THIS IS TO CERTIFY that on this 9th day of December,  
1977, a true and correct copy of RESPONDENT'S BRIEF was served  
on:

City of Kodiak  
P. O. Box 1397  
Kodiak, Alaska 99615

by placing said copy in the U. S. Post Office, at Anchorage,  
Alaska, in a properly addressed, postpaid envelope.

JOAN M. KATZ, Attorney for the  
Kodiak Island Borough

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of  
December, 1977.

Notary Public in and for Alaska  
My Commission Expires: \_\_\_\_\_

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.<sup>1</sup> 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

---

<sup>1</sup>The final report was not available at the time this Brief was being prepared.

JOAN M. KATZ  
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.<sup>2</sup> 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 13.5 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,

---

<sup>2</sup>For 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 inuring 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.

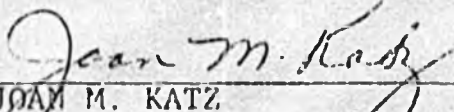
#### Conclusion

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 15<sup>th</sup> day of May, 1978.

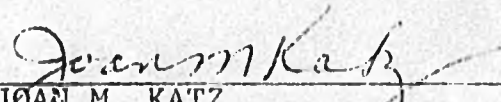
  
\_\_\_\_\_  
JOAN M. KATZ  
Attorney for the Kodiak  
Island Borough

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

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

# 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

1,2,3,4,5,6

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

Mr. Sigvald J. Strandberg

Page Two

December 16, 1977

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 MacAerny  
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%

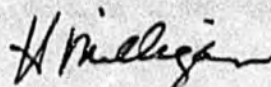
Percentage of Total Tax Paid to Kodiak Island Borough, 39.370%.

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

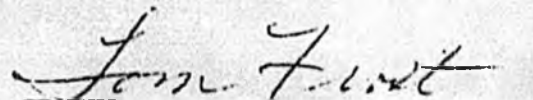
WHEREAS, the tax base is not sufficient to support excessive government  
and

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 27<sup>th</sup> day of October, 1977.

  
MAYOR

ATTEST:

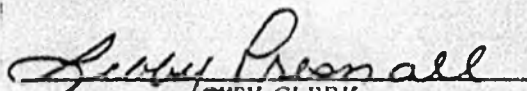
  
CITY CLERK

EXHIBIT C

KODIAK ISLAND BOROUGH  
RESOLUTION NUMBER 78-34-R

A RESOLUTION PLACING BEFORE THE VOTERS OF THE KODIAK ISLAND BOROUGH THE QUESTION OF ELECTION OF A CHARTER COMMISSION TO PREPARE A UNIFICATION CHARTER.

WHEREAS, Alaska Statute 29.68 provides a method whereby a borough and the cities within it may be united into one government under a home rule charter, and

WHEREAS, the Assembly has determined that the voters of the Kodiak Island Borough should be given an opportunity to determine whether they wish to create a charter commission to prepare a home rule charter to be approved or disapproved by separate vote of the voters within and outside first class cities at a subsequent election.

NOW THEREFORE BE IT RESOLVED by the Kodiak Island Borough Assembly:

Section 1. The following proposition shall be submitted to the voters at the next regular Borough election to be held on October 3, 1978, which is at least 90 days after adoption of this resolution:

Shall a charter commission be formed (and charter commission members be elected as elsewhere provided on this ballot) to prepare, adopt and submit to the voters for their approval or rejection a proposed charter uniting Kodiak Island Borough and all cities within it as a single unit of home rule government having the powers, duties, and functions of a unified government as authorized by law?

Yes (     )                      No (     )

Section 2. Effective upon the adoption of this resolution, a call is issued for nominations of charter commission candidates, specifying the filing deadline, and outlining the procedures for making nominations as follows:

- (a) Eleven qualified voters shall be elected to a charter commission. Three (3) at large and eight (8) from (1) cities, or (2) the area outside cities. The number of members elected from cities and from the area outside cities shall be proportionate to the respective populations, as determined by the Department of Community and Regional Affairs.
- (b) Charter commission candidates shall be nominated by petition signed by at least 50 qualified voters of the area from which the candidate seeks election, or by a number of qualified voters from that area equal to at least 10 per cent of the number of votes cast from that area in the last regular Borough election, whichever is less.
- (c) Nomination petitions shall be filed with the Borough Clerk not later than September 1, 1978, which date is at least 30 days after notice of the call for nominations has been given through the Borough. Nominating petition forms shall be provided by the Borough Clerk.

- (d) Procedures for acceptance of petitions, withdrawal of petitions and other election matters shall comply with all requirements of State law, and with the requirements of Title 2 of the Code of Ordinances of the Kodiak Island Borough to the extent consistent with State law.

Section 3. The vote on the proposition stated in Section 1 shall be tabulated in two separate classification

One classification shall consist of all votes cast in the (first class and home rule cities) of the Borough. The other classification shall consist of all votes cast in the remaining areas of the Borough. In order for unification to be approved, it is necessary that a majority of the votes in each classification favor unification.

If unification is approved, those charter commission candidates who received the highest number of votes from their respective areas shall serve as members of the commission.

PASSED AND APPROVED by the Assembly of the Kodiak Island Borough this 16<sup>th</sup> day of April, 1978.

KODIAK ISLAND BOROUGH

BY Betty J. Wallin  
Mayor

ATTEST:

Shirley Miller  
Borough Clerk-Treasurer

*G. Hayden Green, Ph.D, MBA*

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

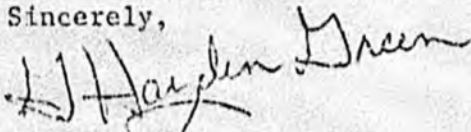
Betty Wallin, Mayor  
Kodiak Island Borough  
Kodiak, Alaska

Honorable Betty Wallin:

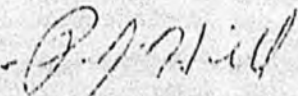
In accordance with your request, Dr. P.J. Hill and I conducted an analysis to determine the economic consequence with regard to the matter of annexation of portions of the Kodiak Borough by the City of Kodiak. To facilitate the study, we have thoroughly dissected the annual operating budgets of both 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 / REA

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
Other	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	21.3
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	17.6
Social Services	43.2	44.5	31.2	26.9	12.6	16.0
Parks	28.6	25.6	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 the cost 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	2,760	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		25,000
26. Election		7,000
27. Boards and Commissions		500
28. Termination Reserves		3,000
	Expenses 221,281	241,870
		86,648.48
		328,518.48
		102,575.00
		Expenses 431,193.48
Revenues earned	60,514	305,070
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	251,330
813,379	Shared	172,635
	Tax	389,414
Fire Department	Revenues	
Expenditures	Earned	59,150
333,241	Shared	55,042
	Tax	219,043
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	87,151
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

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)

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.

G. Hayden Green, Ph.D., MBA

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.

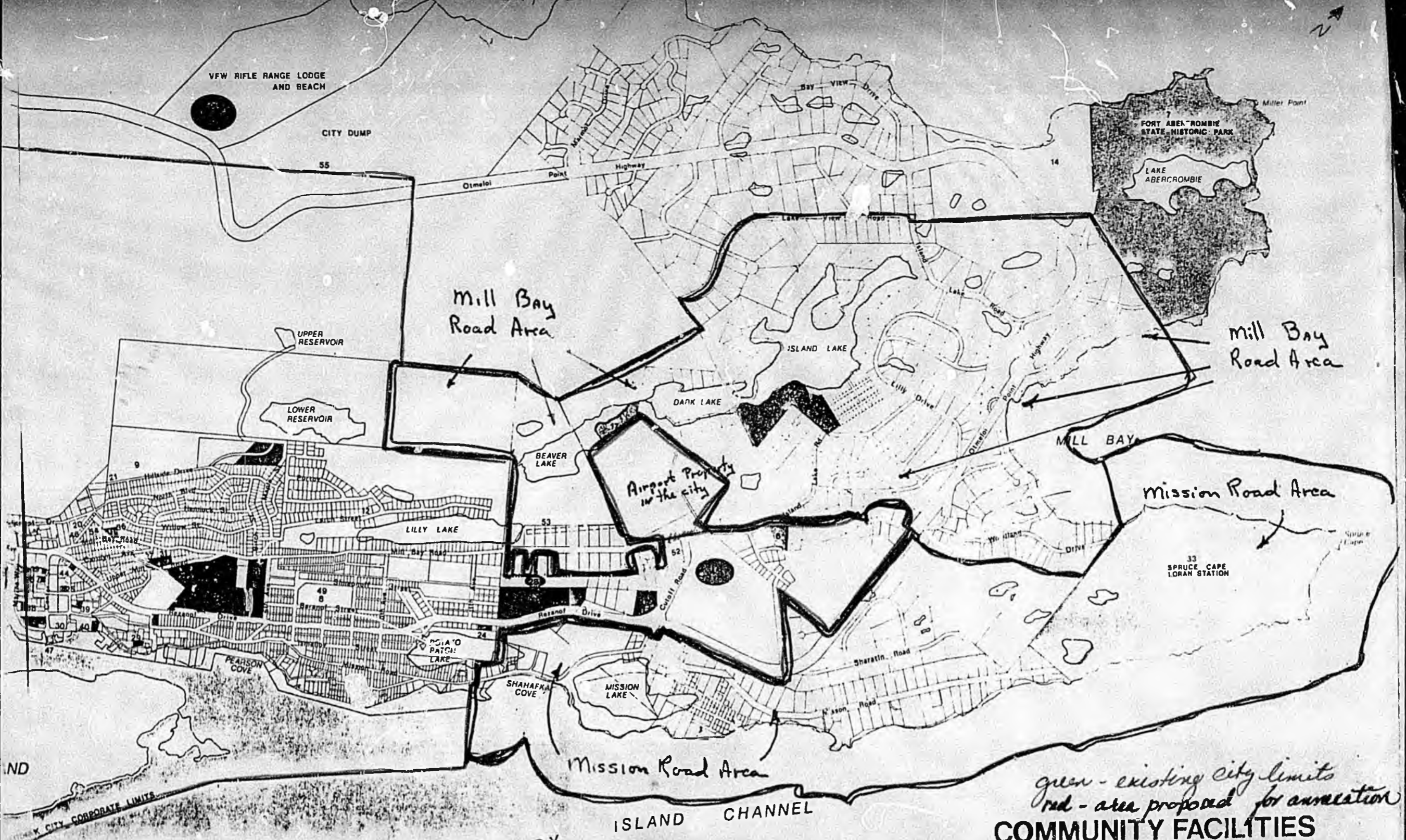
In terms of the total tax revenue Kodiak city collects, the City residents collect a significant portion of their taxes from people who do not reside in the City. Of total property taxes paid, we can attribute \$163,750 to non-residents; and, of the total sales tax revenue (\$1,250,000), approximately 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 Greer, 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.

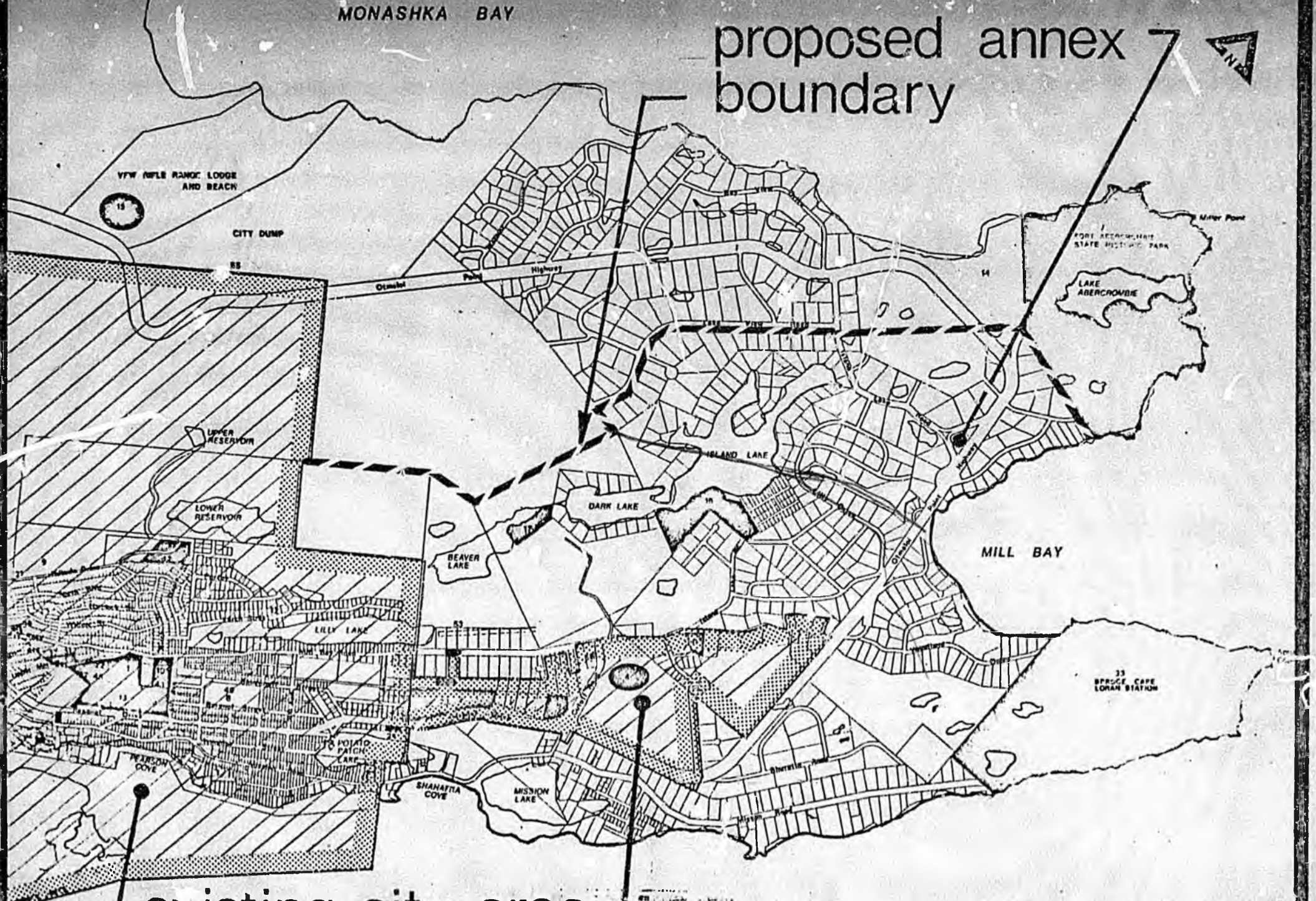
Further, it might be noted that the area to be annexed includes the U.S. Coast Guard base. Thus the retail sales on the base would be subject to the City sales tax which would add to the City revenues significantly. It is difficult to know how much this will add to the City revenues. The Office of non-appropriated 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.



green - existing city limits  
 red - area proposed for annexation  
**COMMUNITY FACILITIES**

MONASHKA BAY

proposed annex boundary



existing city area

kodiak island

# 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

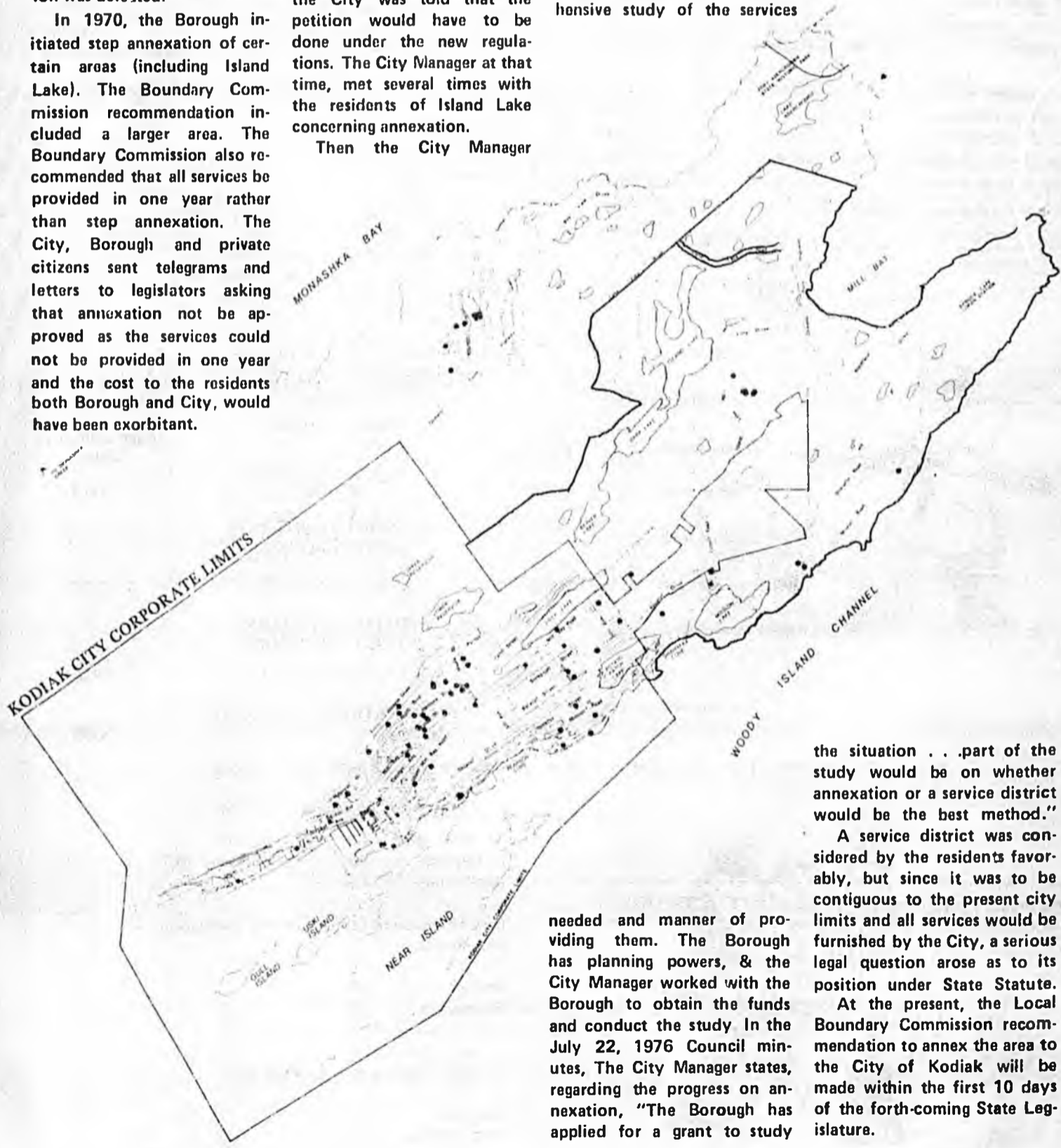
In 1968, the first attempt at annexing Island Lake and Spruce Cape occurred. The main reason for the residents request appears to be fire protection. An election was held and the annexation question was defeated.

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	Charges for Services Cargo			Payments From Sales Tax		%	X 9.1 Mills	X	1978/79 Real Property Assessed Valuation		
		Less;	Cargo Dock	Boat Harbor								Water/Sewer Utilities
Legislative & Legal	72,500					72,500	2.18	.19		17,646,115	3,559	
Executive	79,660		4,672	3,983	7,966	65,039	1.90	.17			3,000	
City Clerk	86,358		2,892	4,376	8,752	70,238	2.11	.19			3,353	
Finance	242,799		19,604	11,541	34,708	176,946	5.32	.49			8,647	
Police	873,129					873,129	26.25	2.39			42,174	
Fire	351,284					351,284	10.56	.96			16,940	
Public Works	771,650		31,862	4,000	359,061	376,722	11.32	1.03			18,175	
Parks & Recreation	111,802					111,802	3.36	.31			5,470	
Library & Museum	172,679					172,679	5.19	.47			8,294	
Engineering	184,092					184,092	5.53	.50			8,823	
Non-Departmental												
Borough Personal Property Tax	431,600					431,600	12.98	1.18			20,822	
Capital project transfer	588,807					588,807						
Bond Payments	157,158					157,158	4.12	.38			6,705	
Miscellaneous (1)	306,356					306,256	9.18	.84			14,823	
<b>Totals</b>	<b>\$4,409,874</b>		<b>\$59,030</b>	<b>\$23,900</b>	<b>\$410,487</b>	<b>\$588,807</b>	<b>13.327,650</b>	<b>100%</b>	<b>9.10</b>	<b>X</b>	<b>\$17,646,115</b>	<b>\$160,579</b>

(1) Insurance	115,000
Public utilities, Street Lights	80,000
Council on Alcoholism	204,600
Senior Citizens of Kodiak	2,500
Miscellaneous	99,000
Contingency	44,396
<b>Total</b>	<b>306,356</b>



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 5	House Valuation	Island Lake Area 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		\$506

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
	9.3

Borough residents at Bell's Flats pay:

Borough	7.0
Road Service	7.2
	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 Supervision & 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. Unnamed Road in U.S.S. 3467
2. Track A Island Lake
3. Unnamed Road in U.S.S. 3219, 3103, 3464 Island Lake
4. Cliffside & Cliffside Loop
5. Seabreeze & Woodland
6. Unnamed 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 sub-division 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.

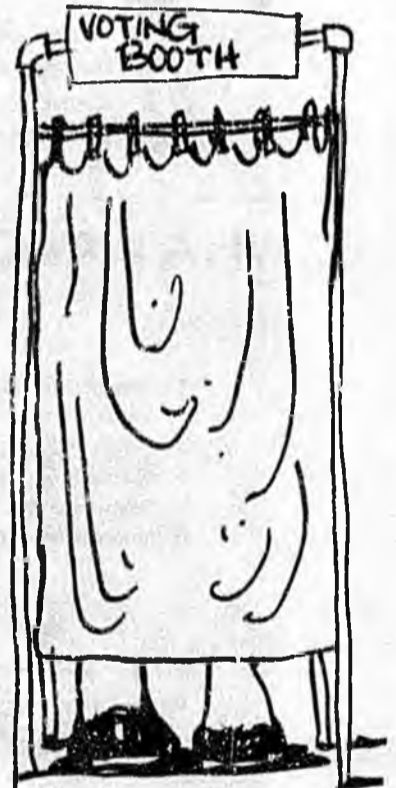
2. The City Manager is hereby directed to develop tentative plans for the provision of services to the areas proposed for annexation and to determine whether the City may be prevented by requirements for capital improvements or for other reasons from providing full services to portions of those areas 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

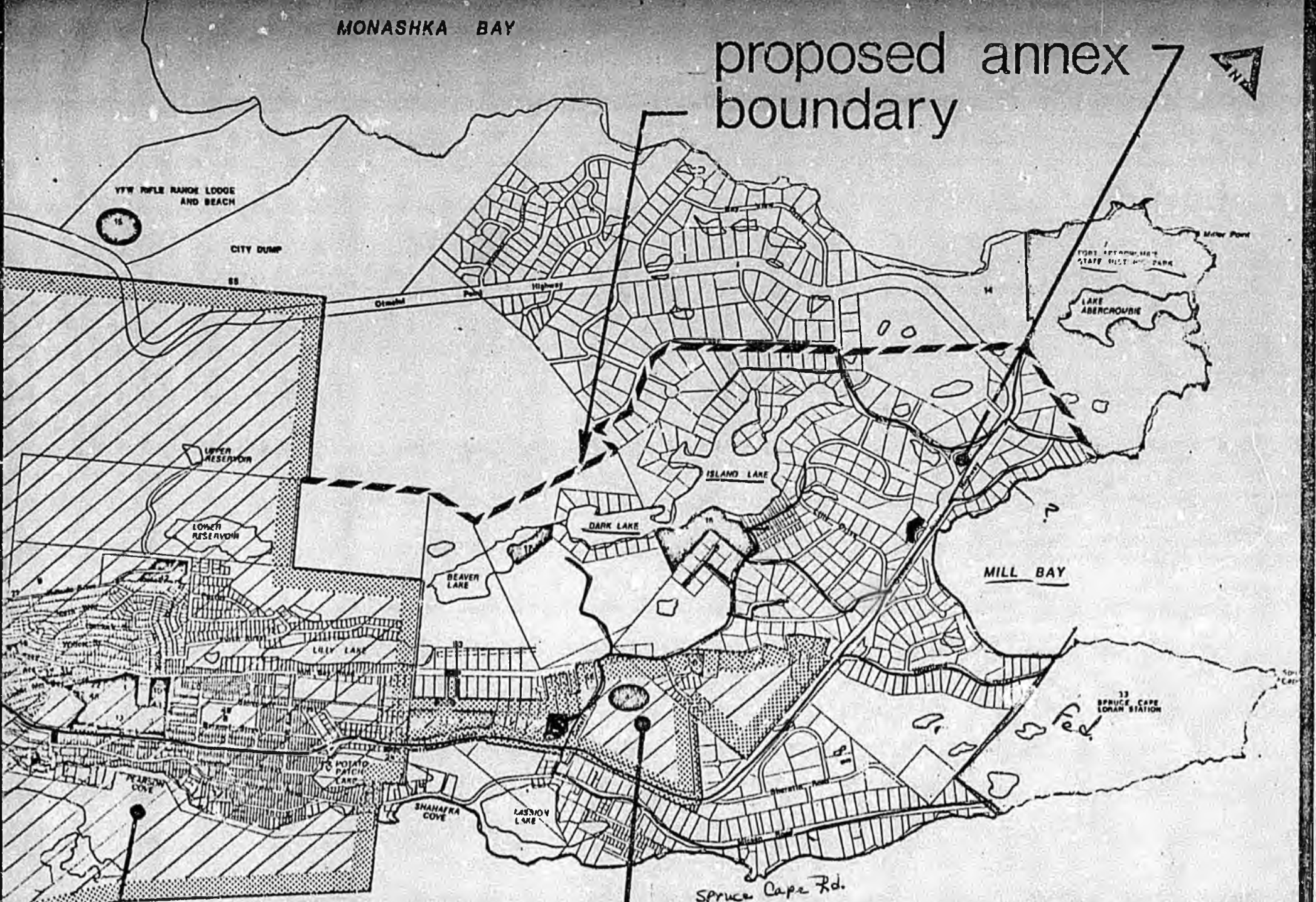
## PUBLIC MEETING

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.

MONASHKA BAY

proposed annex boundary



existing city area

kodiak island

0 400 800 1600 FT  
 Base prepared by Tryck Nyman & 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



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Committee Members  
FROM: Rep. Bill Parker, Chairman  
DATE: 2/13/80  
RE: Kodiak Annexation

Attached please find the Report to the Second Session of the Eleventh Legislature relating to Review of Services Provided to the Residents of Kodiak Island Borough. This was prepared by the Dept. of Community and Regional Affairs in response to HCR 7 am passed by the Committee last session on the subject of Kodiak annexation.

REPORT TO THE  
SECOND SESSION OF THE  
ELEVENTH LEGISLATURE  
RELATING TO REVIEW OF  
SERVICES PROVIDED TO THE  
RESIDENTS IN THE KODIAK ISLAND BOROUGH

PREPARED AND SUBMITTED PURSUANT  
TO HOUSE CONCURRENT RESOLUTION No. 7AM  
BY THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

JANUARY 18, 1980

## Background

As a result of a petition to annex a small area into the City of Kodiak the Local Boundary Commission (LBC) held two public hearings, one on December 12, 1977 and the other on May 20, 1978, to take public testimony on the annexation of a larger area to the City of Kodiak. This area included the Spruce Cape area, the Mill Bay Road area, the Monashka Bay area, and the United States Coast Guard Station. Following the public hearing the LBC recommended to the First Session of the Eleventh Legislature that all of the areas, except the Coast Guard Station, be annexed to the City of Kodiak. The Legislature disapproved this annexation by adoption of House Joint Resolution 10. The Legislature, in House Concurrent Resolution No. 7 amended, requested the Department of Community and Regional Affairs to study the various options to provide "services throughout the road system extending North and Northeast of the City of Kodiak" and to submit a report to the Legislature by January 20, 1980.

## Progress to Date

During 1979, the City of Kodiak and the Kodiak Island Borough worked together to devise an acceptable compromise to provide services to the residents of Service District #1 which includes the area proposed by the LBC for annexation. The Department was kept apprised of these negotiations, and it was clear that the City and Borough wished to work its problem out without C&RA involvement.

The negotiations centered around providing water and sewer service to an area referred to as Service District #1, which includes the Island Lake and Spruce Cape areas. The City of Kodiak indicated in writing in December, 1979, that "the City's attitude does not preclude small annexations as requested through the presentation of 100% petitions, but does reject the idea of major annexations". This attitude would also preclude the provision of services by instituting a step annexation. The Local Boundary Commission has also stated that it will not pursue annexation in the City of Kodiak area on its own and will only become involved if petitioned.

The method of providing service through a service district approach appears to have the mutual support of the City and Borough. The City is willing to provide water at the city boundary to Service District #1 and to treat effluence from this area. The City will provide water meters to allow for the billing to the Borough for the residents getting water and sewer service in the area outside the city.

The major concerns that need to be resolved deal with the operation and maintenance of the water and sewer utility service. A rate study needs to be conducted and the City and Borough have not, as of this date, reached an agreement on selection of a consulting firm to do this work. The City has stated that it does not wish to become involved in any contractual arrangement to operate and maintain the water and sewer systems within Service District #1. City Mayor Al Beardsley states that this "maintenance (within Service District #1) can just as easily be contracted (by the Borough) with a private firm". Agreement has been reached to allow the City inspection privileges during

installation of sewer lines to minimize infiltration into the sewer collection system within Service District #1.

### Public Meeting

On January 12, 1980 Commissioner Lee McAnerney convened a public meeting for the purpose of receiving public comment regarding the "best" way to provide services to those residents of the Kodiak "urban" community outside the City of Kodiak. The managers of both the City and Borough, the city mayor, seven other assembly or council members, and fourteen public participants were present at the meeting.

Thirteen persons testified during the meeting. The overwhelming majority of those testifying favored the direction that the City and Borough have taken in negotiations between these two local governments. The testimony expressed a feeling that the service district approach gives the residents involved more alternatives in the level of service they will receive.

One person testified in favor of annexation of Service District #1 to the City of Kodiak as the best short-term alternative with unification of the City and Borough being the long-term or ultimate solution.

### Future Outlook

This Department is prepared to assist the City of Kodiak and the Kodiak Island Borough in their attempt to work out remaining differences between them. Both the City and Borough should be commended for the progress that has been made to date. There is no reason to think that the remaining

differences cannot be worked out within the next few months.

The question of unification will again appear on the October, 1980 ballot. If this proposition is approved, jurisdictional problems in providing services to Kodiak Island residents would be resolved.

The Department concludes that no further action is required by the Legislature, the Local Boundary Commission or this Department, at this time, in the matter of provision of municipal services to residents living within the Kodiak "urban" area.