

HB

1 (FILED) -

SSHB1

SSHB 1 Converting REAAs to 3rd Class Boroughs

DCRA Study-- Executive Summary-one statement (#4) stands out-- many programs for State funding are outmoded and/or result in very substantial inequities to local government. (The fairness doctrine might be applied to make it more viable for poorer regions of the state to form boroughs.)

Appendix--Statistical items stated relate to:

1. Taxable values per student
2. Distribution of business fisheries tax in cities within unorganized borough by REAA
3. Ex-vessel harvest values-averages
4. 1984 per capita income
5. 1986 average monthly wage-Alaska
6. 1986 unemployment rates
7. Population densities
8. Population compositions by race
9. Regional cost of living differences
10. Maps--
 - Boroughs
 - REAAs
 - Federal Census Areas
 - Districts for Costs of Living Study

HCRA Committee memo-December 10, 1987

1. Statement of State Constitutional requirements, local powers vested in cities and boroughs only.
2. Recognized need for economic considerations affecting local governmental support.
3. Value Per Average Daily Membership by school districts listed.
4. Data indicate that some unorganized boroughs may have sufficient economic base to take on local government powers. Some areas no doubt need additional level of state assistance to take on local government powers. Ranking of per capita by governmental units indicated.
5. It is noted that there is some knowledge of land sales and federal assessments of land throughout Alaska, plus state lands, etc.
6. Economic comparison of two regions of the state-volume and value considered-some areas may be able to sustain local government while other areas would need additional state support to function as a local government unit.
7. Wage and salary of some areas of the state indicated.

8. Land entitlements indicated based upon present state law.
9. Social service delivery system-many and varied services to various parts of the state.
10. The need for delivery of social services through legally recognized entities.
11. Equal protection issues, etc., are given.
12. Needs expressed concerning youth and adults in Alaska.
13. Issues at the local level of concern, suicides, alcohol and drug abuse, crime, welfare needs of youth and adults in Alaska.

Neither the state nor the federal government can do what local governments can do, decide what is best for themselves.

FILE CONTENTS

FILE NAME SSHIB 1

ref. 3/13/87

#	Date In	Doc. Type	Date	Subject	DESCRIPTION	From	Distrib.
①	3-16-7	Bill	3-13-7	Bill SSHIB 1		Ch. CLK	Y
②	3-19/7	REAA Val packet	3 ? -	packet - REAA Est-Value		TH	Y
②b	3-26-7	replace pkr	3-26-7	replacement packet for ②	9 pgs	TH	Y
③	3-26-7	article	3-19-7	Tundra Drums "Viewpoint"	3/19/7, p 2. 14 pgs	TH	Y
④	3.26.7	pos.p	3.26.7	DCRA		TH	Y
⑤	3.26.7	pos. paper	3.26.7	LAW		TH	Y
⑥	3.27.7	ext. stat.	3.26.7	existing statute T. 29 17.14		TH	Y
⑦	3.27.7	f.n.	3.27.7	fiscal note - partial - DCRA		TH	Y
⑧	3.27.7	pktr - Back BK URBAN?	-	Chtrs from BK URBAN & RURAL GOVTS warehouse		Doug Griffin	Y
⑨	3.27.7	Com. Bill	3-26-7	Companion Bill to SSHIB 1		Rep. Larson	Y
A	3-27-7	W.R.	3-27-7	WIT. Reg 3/27/7	2 pgs	Z	N
⑩	3-27-7	map	Jan 86	Community Borough map.		DCRA	Y
B	4-1-7	Min.	3-27-7	minutes 3/27/7	copy Hermann	Z	N
⑪	4-3-7	Pom	3/30/7	Pom Leigh B. Oennison		TH.	Y
⑫	4-3-7	WR	3-3	Wit Reg 4/3/7		Z	N
⑬	4-7-7	LTR	4-2-7	To: AS. Fr: Larry Labolle None		Spr.	Y
D	4-7-7	note	4-10-7	Dup. Tape request from Mary Bishop FAL.		Z	N
E	4-8-7	Min.	4-3-7	Minutes	copy to: Mary Lou Cooper Bill Simmons Zawacki - Hermann	Z	N
⑭	4-9-7	F.N.	4-8-7	F.N. Rev. - operating	2 pgs	Z	Y
⑮	4.10.7	note	-	DISCUSSION DRAFT INTERIM WK PLAN		TH	Y
F	4-15-7	Min	4-10-7	Minutes	copy to: Cooper, Griffin, Cato, Hermann		
G	4.24.7	Pom	4.8.7	Pom ANTI SSHIB 1 MARK MOLDENHAUSE		TH	N
⑯	4-28-7	Ltr	4-9-7	To: Spr Fr: Flora Paukan St. Mary's School Dis. + resolutions	4 pgs	HS.	Y
⑰	4-29-7	Ltr.	4-13-7	To: Spr Fr: Zuelow Paukan rest. + resolutions		Spr.	Y
H	4-10-7	Ltr	4-7-7	To Spr. Thomasen - Val tape copy of 4/3/7 mtg			
I	4-16-7	Ltr	4-16-7	To: FERA Fr: Ken Gemen transcript 4/2/7			
J	4-24-7	Ltr	4-21-7	To: HCRa Fr: Ken Gemen tape copy 4/3/7			
⑱	10/8/7	charter	-	proposed charter NWAB			

⑱ duplicate file to Hermann 1-16-10/1/7 x many
 1700 - 10/9/7 Board Research 88.04/

#	Date In	Doc. Type	Date	Subject	DESCRIPTION	From	Copied	Init.
(16)	10/11/87	pkt.	Nov 87	Draft Regional Govt in AK		DCRA	✓	2
(18)	10/11/87	"	"	Proj Summary		DCRA	✓	7
(19)	10/11/87	ltr.	10/3/7	to Reau's fr Lanson		Lanson	✓	3
(20)	12/12/87	rpt.	12/10/87	HCRA SSHB1 Report Addendum A-F - responses.		HCRA	✓	3
(21)	1/4/88	rpt.	Jan 88	DCRA final rpt Regional Govt Study		DCRA	✓	3
(22)	1/15/88	rpt.	1/24/84	House Research Rep. B3-223		Res.	✓	3
(24)	1/15/88	ltrs	vary	Additional Responses to SSHB1 II "J-X"				
(23)	1/15/88	rpt RR	12/21/87	House Res 28,073 Com. Res. "J"		IX Res	✓	2
(25)	1-15/88	clippings	1/7 vary	Newspaper articles	A-C		✓	7
(26)	1/15/88	ltr petition	1/15/88	Spr ltr. + petition	III - "Y"	Spr.	✓	7
(27)	1/10/88	F.N.	1/10/88	Rev.		R. Weller	✓	7
(28)	1/10/88	Memo Rpt.	1/10/88	to Poland from - Borkhaus Trip - Glenmullen.		DCRA	✓	3
(K)	1/10/88	W.R.	1/10/88	Lit. Reg.		J	✓	2

(#) = Distributed, all files

(Ltr) = Master, Backup, Next Com. Files

File Contents

SSHB 1

- | <u>No.</u> | <u>Description</u> |
|------------|---|
| 1. | Bill-SSHB 1 |
| 2b. | Updated/replacement Packet-REAA Est. Value |
| 3. | Article, Tundra Drums 3/19/87 |
| 4. | DCRA Position Paper |
| 5. | Law Position Paper |
| 6. | Statutes |
| 7. | DCRA Fiscal Note |
| 8. | Chapters from <u>AK Urban and Rural Governments</u> |
| 9. | (Companion bill-not introduced) |
| 10. | Community Borough Map |
| 11. | POM-Leigh Dennison |
| 12. | Ltr-from Nome Public Schools |
| 13. | Revenue-Fiscal Note |
| 14. | Discussion Draft-Interim Work Plan-DCRA |
| 15. | Ltr & Resol. from St. Mary's School Board |
| 16. | Ltr & Resol. from St. Mary's School District |
| 17. | Proposed Charter, Northwest Arctic Borough |
| 18a&b | DCRA Draft Regional Gov't in Ak and Project Summary |
| 19. | Ltr from Larson |
| 20. | HCRA SSHB 1 Report, December 10, 1987 + Responses "A-I" |
| 21. | DCRA Final Report, Regional Government Study |
| 22. | Service Delivery in Organ. and Unorgan. Borough, House Research, 83-223, January 24, 1984 |
| 23. | Conversion of REAAs into Third-Class Boroughs: Comments House Research, 88.073, December 21, 1987 |
| 24. | Responses II "J-X" |
| 25. | Newspaper articles |
| 26. | Responses III "Y" (Springer Ltr & Coombs-Petition) |

BILL PREPARATION/ACTION*

Bill # SSHBI

Date Referred: / /

Out: / /

Title: _____

Referrals: _____

REQUESTS:*****

Dept.	-----POSITION PAPER-----			-----FISCAL NOTE-----		
	Dt Req.	Person	Rcvd	Dt Req.	Person	Rcvd
<u>DCRA</u>	<u>1/15/86</u>	<u>Worley</u>				
						<u>Base up to Jim Pressman - past meeting.</u>

CONTACTS:*****

Name	Organization Address	Phone	Date Contacted
<u>Mary Lou Cooper</u>	<u>Capital Information Group</u> <u>526 Main St. June 99201</u>	<u>586-1290</u>	<u>87-SSHBI</u> <u>1/5/88-copy Paul Apr + Lauren etc</u>
<u>Wm Baumgartner</u>	<u>Whole Pass Homeowner's Assoc.</u> <u>Gen. Del. E. Whole Pass, AK 99950</u>		<u>msg contact: Marine operator, Petersburg</u> <u>direct - 462 Boat</u> <u>msg - marina "D" WICE 2011</u> <u>Info of mtg (1/5/88) - no phone yet.</u>
<u>George Eason</u>	<u>AFA</u>	<u>274-3611</u>	
<u>Jim Stimpfle</u>	<u>Box 729 Nome AK 99762</u>	<u>443-5701 ho</u> <u>443-2002 wk</u>	<u>> both msg phones</u>

REMARKS: _____

ANALYSIS: _____ Completed: _____

MEETINGS:*****

Date	Action
<u>3-27-7</u>	<u>1st msg</u>
<u>4-3-87</u>	<u>(T) Statewide</u>
<u>4-10-7</u>	<u>(T) Statewide</u>

*See other side for additional information.

BILL PREPARATION/ACTION*

Bill # SSHB 1

Date Referred: / /

Out: / /

Title: _____

Referrals: _____

REQUESTS:*****

Dept.	-----POSITION PAPER-----			-----FISCAL NOTE-----		
	<u>Dt Req.</u>	<u>Person</u>	<u>Rcvd</u>	<u>Dt Req.</u>	<u>Person</u>	<u>Rcvd</u>
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CONTACTS:*****

<u>Name</u>	<u>Organization</u> <u>Address</u>	<u>Phone</u>	<u>Date Contacted</u> <u>Attend/Remarks</u>
<u>Jeff Smith</u> <i>Special Asst. to Mayor</i>	<u>NW Arctic Borough</u> <u>Box 1110, OTZ 99752</u>	<u>442-2500</u>	<u>10/24/87</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

REMARKS: _____

ANALYSIS: _____ Completed: _____

MEETINGS:*****

<u>Date</u>	<u>Action</u>
_____	_____
_____	_____
_____	_____
_____	_____

*See other side for additional information.

(27) SS HB 1

FISCAL NOTE

REQUEST:

Revision Date: 1/18/88
Title: An Act Converting REAA into
Third Class Boroughs
Sponsor: Representative Larson
Requestor: (H) C&RA

Agency Affected: Revenue
BRU: Operating
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: (Attach a separate page if necessary)

The fiscal impact of the bill cannot be determined.

Prepared By: Royce Weller *RW* Phone: 465-2300
Division: Commissioner's Office Date: January 18, 1988

Approved by Commissioner: Hugh Malone *H Malone* Date: January 18, 1988
Agency: Department of Revenue

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

SSHB1

fw / CRA

MEMORANDUM

State of Alaska

(28)SSHB1

Community and Regional Affairs

TO: Pat Poland
Deputy Director

DATE: December 7, 1987

FILE NO: 0656L/DB/1s

TELEPHONE NO:

THRU:

SUBJECT: Trip Report
Glennallen (11/29-
12/1)

FROM: Dan Bockhorst ^{DB}
Local Government Specialist

PURPOSE OF TRIP:

The purpose of the trip was twofold: 1) to provide technical assistance to the Copper Basin Borough Information Committee (CBBIC) and 2) to provide technical support at a hearing on SSBH 1.

PERSONS CONTACTED:

State Representative Ron Larson
Larry Bussone, Aide to Representative Ron Larson
David Harrison, Aide to Representative Henry Springer
Leland Dishman, Superintendent of the Copper River REAA
Duste Bonin, Chairman, CBBIC
Linda Weld, reporter, Copper Valley Country Journal
Ellen Lockyer, reporter, Copper Valley Views
Others in attendance at meetings held 11/29 and 11/30

ACTIVITIES

Sunday, November 29

I left from my house at noon and arrived in Glennallen at approximately 3:45 p.m.

The CCBIC meeting was scheduled to begin at 7:00 p.m., however, I was asked to arrive around 8:00 p.m. The time prior to my arrival was to be used to develop a list of questions concerning borough government and to discuss general organizational issues.

I arrived at the meeting at 7:45 p.m. Eighteen others were in attendance. Seven members of the CBBIC were present (Duste Bonin, Bob Niebrugge, Frank Bird, Bill Oudal, Rocky Ansell, Bob Carnahan and Al Krinke). Eleven others were present, including reporters for the Copper Valley Country Journal and the Copper Valley Views. The meeting was tape recorded by local residents.

Pat Poland
December 7, 1987
Page Two

Soon after I arrived, we began a question and answer session on issues relating to borough government. We discussed procedures and standards for the formation of a borough. We also discussed the different classes of borough government. CBBIC members indicated that Senator Coghill had expressed support for the development of a new form of borough. I indicated that it would likely be difficult to modify the law to allow a new type of borough. In this regard we discussed problems with the third class borough and the action by the legislature in 1985 to prohibit new third class boroughs. I outlined the flexibility permitted home rule boroughs. A concensus seemed to develop that forming a home rule borough would be better than attempting to create "a fourth or fifth class of borough".

We talked extensively about the expressed intent of the Matanuska-Susitna Borough to seek annexation of a portion of the trans-Alaska oil pipeline lying within the boundaries of the Copper River REAA. We also discussed conflicts inherent in the prospect of annexation by the Fairbanks North Star Borough and the potential for borough formation in the Prince William Sound Area.

Procedures and standards for borough annexation were discussed. My role in the proposed annexation attempt by the Matanuska Susitna Borough was discussed. I indicated that if the petition was submitted, our agency's position was that I would not be involved in the analysis of the petition since I am a resident of the borough.

I explained that I felt that the prospective borough annexation proposals raised legitimate public policy issues. In response to questions, I indicated that there was no method to forestall any annexation attempt while residents of the Copper River region considered the formation of a borough. However, I assured those present that I was confident that the LBC would take no action which would devastate the prospects of a future Copper River borough.

In response to a question concerning the requirements for an annexation hearing, I indicated that with regard to the proposed Matanuska Susitna Borough proposal, the Department would encourage the LBC to go beyond the requirements a single hearing be held "in or near the territory" proposed for annexation. I suggested that hearings in Paxson, Glennallen and Palmer/Wasilla would seem appropriate.

The formal meeting ended about 10:30 p.m. After the meeting, I spoke with Linda Weld concerning the article which appeared in the Copper Valley Country Journal entitled "Coghill Offers

Pat Poland
December 7, 1987
Page Three

Hints For Self Government". I explained that, contrary to the article, step annexation was not an option without some municipal government in place. We also spoke generally about other aspects of the article. I talked with others until about 11:00 p.m., at which time we all left.

Monday, November 30

During the day, I met with Frank Bird, CBBIC member whose responsibilities involve prospective borough revenues. During the course of our discussions, the prospect of borough sales and use taxes were discussed. Reportedly Pump Station #12 (within the boundaries of the Copper River REEA) uses \$36.5 million worth of fuel annually to operate. In addition, businesses in the region reportedly have some \$20 million in annual retail gasoline sales. Although questions exist concerning the prospect of a use tax on the pump station fuel, a 3% sales and use tax on both fuels would generate nearly \$1.7 million annually. We have requested the opinion of the Department of Law concerning the prospect of the use tax on the pump station fuel.

In between meetings I worked on drafts of the HB 1 study and the publication "Regional Government in Alaska".

At 5:00 p.m., I met with Representative Larson, Larry Bussone, David Harrison and members of the CBBIC for approximately 1.5 hours prior to the hearing on SSHB 1. This meeting involved general discussions concerning the formation of a borough, potential annexation by an existing borough and, of course, SSHB 1.

The hearing began at 7:00 p.m. in the Glennallen High School Auditorium. Thirty-two people were in attendance. Representative Larson opened the meeting with a discussion of the philosophy which led to his introducing SSHB 1. As you know, this was discussed in Representative Larson's letter of October 3 concerning SSHB 1.

Larry Bussone, David Harrison and I provided technical support during the course of the hearing. The hearing went well and covered the range of anticipated issues and topics, which were similar to those encountered during the previous evening.

The ultimate message of Representative Larson was that it is in the best interests of the residents of the region to form a borough without substantial delay.

Pat Poland
December 7, 1987
Page Four

The hearing concluded at approximately 9:30 p.m. Following the hearing, I met again with the CBBIC, this time until 10:15. I agreed to provide a number of materials (e.g. sample home rule charters, maps and other information) for the future work of the Committee. For the most part, these materials were provided to Duste Bonin on December 4. We are presently researching some additional information to be provided to the CBBIC.

Tuesday, December 1

I departed Glennallen at 7:00 a.m. and arrived in the office at approximately 11:00 a.m.

OBSERVATIONS:

Those residents of the region with whom I came into contact appeared most concerned about the prospect of portions of the region being annexed by another borough (MSB and FNSB) or being including within the boundaries of another prospective borough (PWSB). Without such concerns, it would appear that residents of the Copper River REAA would be satisfied with the status quo. However, given the present circumstances, it would not surprise me to see a petition for incorporation of a Copper River Borough by April or May, 1988.

cc: Marty Rutherford
David Harrison
Gene Kane/Carol Akerelrea
Bob Aiken
Copper River Borough file
Matanuska-Susitna Borough file

Act



26 SSHB1

III

Y

Alaska State Legislature

REPRESENTATIVE DISTRICT 23 HEINRICH "Henry" SPRINGER

COMMITTEES:

CHAIR:
Community and
Regional Affairs

VICE-CHAIR:
Transportation

MEMBER:
Resources

HOME:
P.O. Box 352
Nome, AK 99762
(907) 443-2854

WHILE IN JUNEAU:
P.O. Box V
Juneau, AK 99811
(907) 465-3789/4984

15 Jan '88

To
Mike & Barbara Coombs
P.O. Box 325
Nenana, Ak. 99760

Dear Mike & Barbara,

Thanks for your letter dated 1/12 re the HB 1 - Borough bill. - Read with much interest the position expressed by the ^{titans} petrovers and yourself, and frankly I'm not surprised. You know I have spend most of my time in Rural Alaska and share your concerns.

I assure your nothing will be crammed down anybody's throat. We are taking steps to have some one from the Dept. Comm. & Reg. Affairs and from the legislature come to Healy in the near future, to make a presentation and to listen. I keep you posted.

Thanks for involving yourself

Greetings,
Henry

JAN 14 1988

Mike and Barbara Coombs
P.O. Box 325
Nenana, AK 99760

Representative Henry Springer
Pouch V
Juneau, AK 99811

January 12, 1988

Dear Henry,

Opposition to the formation of boroughs is growing. Only a small minority are in favor of the idea and everyone we have spoken to, for or against, wants some input into the issue.

Reading over the report prepared for you by Karen Oakley, it seems obvious that most areas would not be able to support themselves. Any savings the state would initially see would evaporate when funding was needed to support a new level of bureaucracy: the net savings of three million dollars will in truth become a deficit of tens of millions.

Alaska is unique in many ways from any other part of the country. To attempt to solve our problems in the same manner as other states is a foolish path. We have both lived here long enough to have seen the disastrous results of many of these experiments in government. We must find our own solutions to our unique problems.

A borough form of government would be a bad and costly mistake at this time, in the presently unorganized areas. Our quality of life would surely be adversely effected.

In short, we urge you to let this House Bill #1 die in committee.

I look forward to the chance to speak with you in depth on this subject.

Sincerely,

Mike Coombs
Barbara Coombs

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

- | | | | |
|---|---|---|--|
| <input type="checkbox"/> 849 EAST 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 561-8586 | <input type="checkbox"/> P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475 | <input type="checkbox"/> P.O. BOX 295
DILLINGHAM, ALASKA 99578-0041
PHONE: (907) 842-5135 | <input type="checkbox"/> 1514 CHISHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-8286
PHONE: (907) 452-7126 |
| <input type="checkbox"/> P.O. BOX 8H
JUNEAU, ALASKA 99811-2110
PHONE: (907) 485-4750 | <input type="checkbox"/> 710 MILL BAY ROAD
KODIAK, ALASKA 99615
PHONE: (907) 488-5736 | <input type="checkbox"/> P.O. BOX 350
KOTZEBUE, ALASKA 99752-0280
PHONE: (907) 442-3696 | <input type="checkbox"/> P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457 |

December 3, 1987

Dear Reviewer:

In 1987, the Alaska Legislature directed the Department of Community and Regional Affairs to "examine the issues of forming regional municipal governments in the Unorganized Borough and report back to the legislature by January 1, 1988."

Presented here is our DRAFT report to the Legislature on the topic. Nearly 400 copies of this draft are being circulated to interested parties for review and comment. Included in this distribution are all municipal governments in the state, unincorporated communities in the Unorganized Borough, members of the House and Senate Community and Regional Affairs Committees, superintendents/boards of all Regional Educational Attendance Areas, boards of all Coastal Resource Service Areas, State Legislators and State Departments who have been involved in these issues or have expressed interest in them, and other interested parties such as the Institute of Social and Economic Research and the Alaska Municipal League.

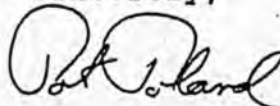
I stress that this document is a draft report. Revisions may be made after comments are received by this office. We ask that you submit any comments no later than December 28, 1987. You may offer them in writing or over the phone. If you provide written comments, please address them to:

Local Boundary Commission Component
Municipal and Regional Assistance Division
949 East 36th Ave., Suite 404
Anchorage, AK 99508

Or you may contact component staff at our Anchorage office by calling 561-8586.

Thank you for participating in this review effort. We appreciate your input.

Sincerely,



Pat Poland
Deputy Director

REC'D DEC 7 1987

The Department would add to this list the benefit that establishment of boroughs throughout Alaska could convert a fractionalized system of delivering services into one which is uniform and potentially far more efficient.

3. To be welcome, a regional government must serve useful functions as defined by its residents and the state. It must also be of a form which is considered acceptable to its residents. To this end, the Department believes that a home rule borough is the best vehicle to address the needs of the state and regions.

4. Ideally, residents of unincorporated regions would seek to form boroughs on their own initiative. However, reality indicates that this is not likely to happen. Nearly 96% of all the Alaskans who live in boroughs today, live in boroughs which were mandated to be formed by the legislature in 1963 - 1964. Only four boroughs have incorporated since 1964. Without some compulsory action, it is unlikely that many unincorporated regions of the state will form boroughs in the foreseeable future.

5. Many of the residents of the Unorganized Borough already live within a local government structure similar to a borough. More than 36% of the residents of the Unorganized Borough live within home rule and first class cities -- organizations whose powers and duties are virtually identical to boroughs. Further, 43 percent of the residents of the Unorganized Borough live within second class cities -- organizations which, in many respects, are identical to boroughs. Thus, nearly 80% of the population of the Unorganized Borough lives within a structure similar to or identical to a borough.)

6. Clearly, the "natural resources" of the state -- whether they be fishing, minerals, timber or property used in oil and gas exploration, production and transportation -- are not located so as to promote equitable distribution of the benefits of those resources. It is apparent that some unincorporated regions presently have the resources to support a borough government. In fact, some would seem to have far greater resources than many existing boroughs. Other regions, however, have much more limited resources and may not be able to support a borough under the present formulas for funding public services.

7. In many cases, the boundaries of regional educational attendance areas would serve as poor boundaries for prospective boroughs.

SECTION V
FINAL COMMENTS

The role of the Department in this matter was simply to examine and report on issues relating to regional government in the Unorganized Borough as directed by the

January, 1988

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
X Borden Gregory M	Box 300 Healy, AK	229 Parks Highway
Imelda Dehon	SR. 1 M.P. 260 Healy AK	
George W. Paul	M 260 Parks Highway AK	260 Parks Hwy
James D. Ennis	PO Box 209 Healy AK	260 Parks Hwy
X Joan J. Truett	Box 132 Healy, AK 99743	Tri-Valley Subd. Lot 6 Bk 6
Louise Decker	SR #1 M.P. 260 Parks Hwy	Healy AK 99743
Joe Pearson	P.O. Box 175 Healy 99743	Stampede Rd
Nancy Russell	Box 343 99755	1.5 Dignity Rd.
Lolita (J) Cook	261 Parks Hwy	Healy 99743
X Carl H. Parsen	POB 40052 CLEAR AK	Mile 276.6 Parks Hwy
X Paula B. Larsen	PO Box 40052 Clear.	Mile 276.6 Parks Hwy
X Ellen Ken	Box 40239 CLEAR	MILE 276 PARKS HWY
X Ralph Shewky	Box 40239 CLEAR	MILE 276 PARKS HWY
X Paul E. Shuford	Box 52 Healy AK	Dry Creek
Rita Burke	SR 1 Healy	Idley
Murray Jensen	SR 1 Healy	Farm
Barbara Carnos	Box 377	Healy AK
X Paddy Tatum	ST. RIZ Nenana, AK	99760

SSHB-1

x	Cheri L. Sabrew	Box 178 Healy	683-2565
x	Dave Baker	Box 166 Healy	683-2508
x	James H. Derryman	Box 91 Healy	683-2587
x	Jeffrey Craig	Box 201 McKinley Park	M24 STAMPEDE RD.
x	Walter A. Funderud	Box 127 Healy	3-2782

January, 1988

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
X Ronald J. Clark	Cantwell, Ak 99729	Mile 229 Park Hwy.
X A. Kevin Lane	Cantwell, Ak 99729	MP 229 Park Hwy.
X Deke L Stratton	Box 67 Healy 99743	Tri-Valley Sub
X Thomas J. Stratton	" " " " " " "	" " " " " " "
X Jyle J. Stratton	Box 120 Healy Ak 99743	Tri-Valley Sub.
X Ronald J. Clark	Box 326 Healy 99743	Park Lane, Healy
X Helson and Alice Hills	Box 351 Healy	Subdiv.
X Marvyn Young	PO Box 5	Healy AK 99743
X Bob Crowder	PO Box 77 Healy 99743	Tri-Valley Sub-division
X Betty Collier	P.O. Box 102 Healy	Tri-Valley Subdivision
X Michael Anderson	18 Box 106 Healy	Tri-Valley Subdivision
X John Cate	P.O. Box 199 Healy	Tri-Valley Sub Div.
X Quinnell	Spur Box 50 Healy	Healy
X Carrene Anderson	Bx 103	Healy Alaska 99745
X Alice Anderson	Bx 103	Healy Ak 99743
X Chasley Williams	Bx 43	Healy, AK 99743
X Kenneth M. Atwood	AK	Healy, Ak 99743
X Torie L. Homel	Box 353	Healy Ak 99743

(over)

→ Δ

<u>Name</u>	<u>address</u>	<u>physical address</u>
Julie Boselli	X Box 821 Denali	Mile 229 Parks Hwy
Al Busby	X Po Box 614 Denali	Mile 224 Parks Hwy
PATRICK W. T. CLORES	X P.O. BOX 142, HEALY, AK 99743	Mi. 248 1/2 PARKS HWY
Jacob Tom. S. Towers	X Box 198 Healy, AK. 99743	Mile 245 Parks Hwy.
David My...	X BOX 7 HEALY 99743	OTTO LAKE
Robert D. Lewis	X Box 322 Healy 99743	Tri Valley Sub Div 'd
Kristy Colburn	X Donner 169 Healy 99743	Bramm Hill
Jonathan Jorenfekar	X P.O. Box 311 Healy	Waugaman Village
John W. Younger	X P.O. Box 311 Healy	Waugaman Village
James Y. Hancock	X P.O. Box 311 Healy	Waugaman Village
Carol E. Desmoyers	X P.O. Box 126 Cantwell	Behind Issyva
Mike Deery	X " " " "	" "
W. D. Jones	X PO Box 40 Healy	Hester CD.
Sam Jay	X PO BOX 326 HEALY	LIGNITE RD.
TIM CONDAN	X P.O. BOX 181 HEALY	1.4 Lignite RD.

January, 1988

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Sincerely,

	NAME	MAILING ADDRESS	PHYSICAL ADDRESS
	Jack A. Ford	Box 215 NENANA 99760	MILE 300 PARKS HWY
X	Alan T. Shaw	Box 371 Nenana, AK	mile 300 Parks Hwy.
X	Margaret T. Dial	Box 690 Clear AK	174 Spruce St Anderson AK.
X	Jerry Durck	Box 298 Nenana AK 99760	2nd + D
X	St. Hub.	Box 304 ANDERSON AK 99744	E ST 132
X	Nancy Shaw	Box 00377 NENANA AK	99760 MI 300 PARKS
X	Ronald G. Brown	Box 707 CLEAR AK	99704 MILE 290 ^{PARKS}
X	Maria C. Brown	Box 707 Clear AK	99704 mile ²⁹⁰ Parks
X	Richard	Box 00384 NENANA AK 99760	
X	MARE GROSS	Box 467 NENANA AK 99760	MILE 297 1/2 PARKS
X	Jess R. Neil	Box 173 Nenana AK	mile 297 1/2 Parks
X	Howard Halbert	Box 6 Nenana AK	

January, 1988

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Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
X Chris Miller	P.O. BOX 33, Healy 99743	Park 5 Hwy Mile 245
X Donna Ziegler	P.O. Box 33 Healy 99743	Near Access Road
X Kathy Soper	Box 303 Healy 99743	Lot 50 block 5
X James Koss	Box 316 Healy 99743	248.5 Parks Highway
X Christa Snyder	Box 147 Healy 99743	Lot 37 Block 5
X Joseph P. Wilson	Box 204 Denali Park	Mile 230 Parks Hwy.
X Pat J. Wilson	Box 124 Healy AK	1.2 Ugnite Rd.
X James B. Branner II	Box 39 Healy AK	Branner's Hill
X Shirley Hamel	Box 105 Healy, AK 99743	Mile 248.5 Parks Hwy.
X Kay W. Durham	Box 313 Healy	Hilltop Lane
X James D. Branner	Quicum 169 Healy AK	Branner's Hill
X Gail Hoffman	Box 174 Healy 99743	Lot 43 Healy Sub.
X G. N. Sharp	Box 8 Healy 99743	Hilltop Lane
X Jeanne Sawatzky	Box 371 Healy AK 99743	Lot #2 Andy Drive
X Nori Kockers	Box 61 Healy, AK	Block 1 Lot 2
X Eric Richards	Kobuk Area - Lot 29	And. Address: 14221 Sarvina 99515
X Gus " " "	" " " 32	" " " "
X Tim Kelahan	Box 174 Denali PK AK 99755	

Beth Miller Box 29 Healy AK 99743

L. Monte Lamer
X Bruce Carter

P.O. Box 277 Healy AK 99743
Box #8 Healy AK 99743

January, 1988

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House of Representatives
P. O. Box V
Juneau, Alaska 99811

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Sincerely,

NAME MAILING ADDRESS PHYSICAL ADDRESS

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
X Patrick Connor	Box 58 McKinley Park	Mile 230 Parks Hwy
X Arleta D'Connor	BOX 58 McKinley Park	99755 mile 230 Parks Hwy
X Margaret Menke	Box 134 Healy	99743 1.5 Hilltop Rd
X Mark R Menko	"	"
X PETER CUBBY	BOX 366 DENALI PARK	DENALI PARK HOTEL
X Larry Keith	Box 609 Denali Park Alaska	
X Donald D. Butler	Box 301 Healy Ak	99743
X Riley Gilliam	Box 161 Healy Ak	99743 mile 261 Parks
X Yvonne William	Box 161 Healy, Ak	99743 mi 261 Pks Hwy
X Tom Reno	SR Mile 261 Healy Ak	99743 MI 261 Parks
X Linda Franklin	Mile 261 Healy	99743 mile 261 Parks Hwy
X Elizabeth Scheen	SR #1 Healy	99743 MP 260 Parks Hwy
X Carole K. Glend	Box 167 Healy Ak	Tri Valley Subdivision
X Steve Zeeb	Box 167 Healy Ak	Tri Valley Subdivision

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

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Sincerely,

	NAME	MAILING ADDRESS	PHYSICAL ADDRESS
<i>duplicate signature</i>	Borden Gregory A	Box 300 Healy, AK	229 Parks Highway
	David H. Shaw	Box 371 Nenana 99760	300 Parks
<i>dup.</i>	Jean J. Truett	Box 132 Healy, AK 99743	Tri-Valley Subd. Lot 6 BK
	James W. Hall	P.O. Box 373 Healy, AK 99743	Tri-Valley Subd.
	Laura K. Hall	P.O. Box 373 Healy	
	William R. Small	P.O. Box 191 Healy	Tri Valley Subd
	Jeanette Leamy	Box 188 Denali AK	M.P. 238
	Chris Elmore	Rt. 1 Healy 99743	M.P. 253 Parks Hwy
	David Graham	Box 38 Healy	T.V.S. Division
	Mark Towell	Box 346 Healy	Penguinsue Subd.
	Chloria A. Hoar	Box 125 Healy	McPherson Subd.
	Robert L. Brown	Box 325 Healy	249 mi. Parks
	Daniel A. Berg	P.O. Box 65 Healy, AK	249.4 Parks Hwy
	Bill D.	mile 260 Parks Hwy, Healy	mi. 372
	Tracy Gilliam	Box 161 Healy AK 99743	mile 261 Parks
<i>dup.</i>	Walter William	Box 161 Healy, AK 99743	Mi. 261 Pks.
	Tom Pharo	5 MILE 261 Healy AK 99743	Mi. 261 Pks.
	Linda Franklin	mile 261 Healy 99743	Mile 261 Parks Hwy.

January, 1988

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Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

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Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
James S James	Box 337 Healy	Coal Street
Jerry Cloud	Box 340 Healy	Mile 248.5 Parks
Barbara Caspell	Box 312 Healy	Stampede Rd
Ad P... <i>(unclear)</i>	STATE ROAD Healy MILE 26 D. POWERS Hwy	FERRY
Elaine Paddock	Box 117 Healy	99743 Coal Street
John P... <i>(unclear)</i>	" "	" "
Judy Tideman	Box 148 Healy	6/10 mile Shellis Spur
Robert Engman	" " "	" " "
Michael A Pearson	Box 409 Clear AK	248 Tamarack Anchor
Paul J Washburn	Box 45 Healy 99743	Oldie
Richard C. White	Box 144 Healy 99743	DRY CREEK
Heidi Mc Isaac	Box 52 Healy 99743	Dry Creek -
Don Kenney	Box 40239 Clear	MILE 276.6 PARKS -
David Reed	Box 40239 CLEAR	MILE 276.6 PARKS -
Kenneth P. Villanov	ST RT. M.P. 266.2	Healy AK.
James K. Lee	P.O. Box 601 McKinley Park	Waugaman Village Healy
Paul J. Tatum	RR #2 Nenana	99740
Steve Council	Box 374 Healy	99743 3.4 mi Stamp

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dup

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

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Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
John Elmore	2535 Parks Highway	
Diana Russell	PO Box 343 99755	Mile 1.5 Lignite Rd
Diana Russell	" " "	" " "
Laurie F. Grys	P.O. Box 21	Healy AK
Eugene J. Galbraith	Box 6 Healy 99743	Lester Rd Healy
Eda V. Jewett	Box 318 Healy 99743	Mile 24 1/2 Parks Hwy
Constance Staley	Box 66 Healy	Calcopyrite Pen
Kings J. Welch	" "	" "
Margaret McPherson	Box 19.5	Lot 11 OT's Lake
Greg Duke	S.R. 1	M.P. 260 PARKS HEALY, AK 99743
Carl H. Larsen	POB 40052 Chisik AK	276.6 Parks Highway
Lena R. Larsen	PO Box 40052 Healy AK	Mile 276.6 Parks Highway
Arl E. Shuford	Box 52 Healy AK	Dry Creek
Rita Deike	S.R. 1 Healy	Ferry
Jenssen Jensen	SR 1, Healy	Ferry
Barbara Cronk	Box 377 Healy	AK
Terry Himmelman	S.R. #1 Healy AK 99743	M.P. 260 Parks Highway
Mick Cronk	Box 377 Healy	AK

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dup
dup
dup

dup	Ken L. Seiper	Box 178 Healy AK	683-2565
dup	Dwz P. Baker	Box 166 Healy	683 2508
dup	James M. Wrayman	Box 91 Healy	683 2587
dup	Jeffrey Craig	Box 201 McKinley Park	M. 24 STAMPEDE
	Laverne P. Martin	Box 114 Healy	3-2620
dup	Walt R. Turicola	Box 127 Healy	3-2792
	Mary D. Pearson	Box 199 McKinley Park 99755	M.P. 238 ^{Park} Hwy
	Bill Allen	Box 191 McKinley 99755	M.P. 238 ^{Park} Hwy 683-2702

January, 1988

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Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

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Sincerely,

	NAME	MAILING ADDRESS	PHYSICAL ADDRESS
dup-	Ernst Steimonet	Box 375 Healy 99743	Park Lane, Healy
	Joyce Greenslade	Box 386 Clear 99704	276.8 Parks Hwy
	Alan R. Greenslade	Box 386 Clear, 99704	M. 276.8 Parks Hwy
X	Ronald J. Clark	Box 326 Healy, 99743	Park Lane, Healy
	Patrick O'Connor	Box 58 ⁹⁹⁷⁵⁵ McKinley	Parks Hwy 230
	Mark R Menke	Box 134 Healy 99743	1.5 Hill Top Street
	Margaret A Menke	"	"
	A. Kaius Law	Box 108 ⁹⁹⁷²⁵ Cantwell, Ak.	MP 229 Parks Hwy
	Ronald E. Dine	Centerville, Ak 99729	Mile 209 Parks Hwy
	Arleta O'Connor	Box 58 McKinley Park	mile 230 Parks Hwy
	Jerry Keith	Box 609 Denali AK	
	Karen Keith	Box 609 Denali AK	Healy Subdivision
	Peter Tubber	Box 366 Denali, AK	Denali Park Hotel
copy	Sharon L. King	Box 65 Healy, AK	Healy AK
	Elizabeth Scheep	SR#1 Healy	MP 260 Parks Hwy
	Steve Ziegler	Box 167 Healy, AK	Tri Valley Sub Division
	Anneth Glavel	Box 167 Healy, AK	Tri Valley Sub Division

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

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Sincerely,

NAME

MAILING ADDRESS

PHYSICAL ADDRESS

Louis ~~Smith~~ ~~Box 437~~ ~~Kenai~~ ~~mi 280.5~~ ~~forks~~

~~Knobloch House~~ P.O. Box 136 Denali Park AK 99745 m.p. 228.8 forks

dup
|
|
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Jul. J. Stratton P.O. Box 120 Healy AK 99743 Tri Valley Sub.

Dick L. Stratton P.O. Box 67 Healy AK 99743 Tri-Valley Sub.

Thomas J. Stratton Box 67 Healy 99743 " " "

Inland Rice Mills Box 351 Healy 99743 Tri Valley Sub.

Norman C. Stroup STR. Kenona - 99768

Howard C. Vang Pox 3084 Anderson 99744

Mary E. Staker 2TR 2 Nenana mile 289 Parks Hwy

Carol Klockner P.O. Box 106 Denali Park Tri Valley Sub. Healy

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Robt. Crowley P.O. Box 77 Healy AK 99743 Tri-Valley Sub-division Healy

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Michael Anderson 10570 106 Healy AK 99743

John Carter P.O. Box 199 Healy AK TRI-Valley Sub Div.

James ~~Smith~~ ~~Box 50~~ Healy

Verence Anderson Box 103 Healy Alaska 99743

Alice Anderson Box 103 Healy AK 99743

Charles Williams Box 43 HEALY AK 99743

Harriet M. Atwood NA Healy AK 99743

Lerie L. Atwood Box 353 Healy AK 99743

<u>Name</u>	<u>address</u>	<u>physical address</u>
Julie Boselli	Box 821 Denali	Mile 224 Parks
AL Busby	Po Box 614 Denali	mile 224 Parks
THOMAS W. TOWERS	P.O. BOX 142, HEALY, AK 99743	mi: 248 1/2 PARKS, HEALY
and tm. S. Towers	Box 148 Healy, AK 99743	mile 245 Parks, Hwy.
David Wigg	Box 1 Healy, AK 99743	OTTO LAKE
Carl S. Spurr	Box 146 Healy, AK 99743	
Raymond D. Noble	Box 2 Cantwell 99729	132.5 Denali Highway
Walter E. Desmeyer	P.O. Box 126 Cantwell	Behind Desmeyer
Mike Desmeyer	" " " "	" " "
Walter Desmeyer	P.O. Box 40 Healy	Lester Rd.
Tom Desmeyer	P.O. Box 376 Healy	LIGNITE RD
Tom Desmeyer	P.O. Box 181 Healy	1.4 Lignite RD.

all
dup

Alcohol abuse costs economy up to \$117 billion

By SPENCER RICH
The Washington Post

WASHINGTON — Alcoholism and alcohol abuse cost the nation as much as \$117 billion a year in lost productivity and medical bills, an anti-alcoholism conference convened by Health and Human Services Secretary Otis Bowen was told Friday.

Thomas Burke, Bowen's chief of staff noted that the figure is more than five times as high as the \$23 billion savings that the Reagan administration and congressional

leaders are striving for in their current budget summit.

"Much of this comes out of the Treasury in one way or another," Burke said in a speech at the conference here. "I'm talking about Medicaid payments, health-care payments, family-support payments, funds for the homeless and the like."

Burke said \$92.8 billion of the total cost "represents products, goods and services never produced, never delivered" because of alcohol-related problems.

"These hidden costs represent the economic stagnation caused by reduced productivity, premature loss of life, employment lost by victims of alcohol-related motor vehicle crashes and incarceration of criminals," he said.

About \$15 billion of the total is for direct medical costs, according to the HHS. The rest is for various indirect and social welfare costs.

Bowen convened the meeting to launch several projects, including speedier transfer of research findings to treatment

programs, more clinical training, new public assistance and employee assistance programs, advertising programs and possible health warnings on alcoholic beverage containers.

Enoch Gordis, director of HHS' National Institute on Alcohol Abuse and Alcoholism, said in an interview that the \$117 billion figure was computed for 1983 by the Research Triangle Institute of North Carolina.

Lost productivity includes loss due to premature death

or illness of workers as a result of alcohol, financial impact on labor benefit plans and added costs of courts, police work and the like.

"Direct medical costs for the treatment of alcoholism are tiny," Gordis said. The big medical costs involve complications, the diseases associated with alcoholism, cirrhosis of the liver — mostly alcohol-related, 90 to 95 percent of the time. Brain damage, cardiac problems, stroke, pancreatitis, highway accidents."

Gordis said about 18 million adults have alcohol-related problems. About 10.6 million are alcoholics and another 7 million to 8 million are alcohol abusers, he said.

Bowen, in remarks Thursday, said, "Nearly 5 million adolescents, or three in every 10, have problems with alcohol."

An HHS fact sheet said average per capita consumption of alcohol was 2.65 gallons in 1984, the third consecutive annual decrease.

'Superbaby' today; burnout tomorrow

By LINDSEY TANNER
The Associated Press

CHICAGO — Parents trying to rear "superbabies" may instead create a generation of early burn-outs, a panel of experts said Friday, warning that force-feeding ac-

Academy of Pediatrics' Committee on Early Childhood, Adoption and Dependent Care.

"They're tired, they're irritable, they have bellyaches. ... It's obvious they're on overload," he said.



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SSHB1

Anchorage Daily

VOL. XLII, NO. 297 84 PAGES

ANCHORAGE, ALASKA, SATURDAY, OCTOBER 24, 1987

Sovereignty issue loses in AFN vote

By E.W. PIPER
Daily News reporter

A five-year debate that had threatened to shatter Native solidarity and undermine the Alaska Native Claims Settlement Act ended early Friday evening as the Alaska Federation of Natives reached agreement on changes to the landmark 1971 federal law.

The delegates to the 21st annual AFN convention voted overwhelmingly to separate the complex and potentially explosive issue of tribal sovereignty from the so-called "1991 amendments," designed to help Alaska Natives maintain ownership of the 44 million acres of land conveyed to

them by ANCSA.

A record number of delegates — more than 2,000 — voted on the amendments shortly before 6 p.m. after a long and emotional day of debate at the Egan Convention Center.

The matter held a special and anxious urgency for the AFN leadership, which has been trying to gain consensus on ANCSA amendments and get them passed by the U.S. Congress before 1991, the expiration date for provisions protecting Native corporations from losing land or stock to non-Natives.

Those amendments are now

See Back Page, **CLAIMS**

NEWS
PRICE 25 CENTS

ANC DAILY NEWS

10/17/87

C-4

Cowper: Communities must develop their economies

The Associated Press

SCAMMON BAY — Economic development in rural Alaska must come from community initiative rather than government spending or outside sources, Gov. Steve Cowper says.

Cowper told the Association of Village Council Presidents on Thursday that government-based economies are unacceptable.

"We have learned that economic development initiated by outside communities or by a distant government has proven unlikely to be a long-term success or improve the lives of the poor."

Government spending accounts for almost two-thirds of the income in many rural communities, while accounting for only about one-third in urban areas, Cowper said.



Alaska State Legislature

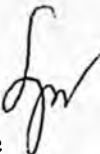
House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

M E M O R A N D U M

To: All House and Senate Members

From: Representative Henry Springer, Chairman
House Community and Regional Affairs Committee 

Date: December 10, 1987

Subject: SSHB 1, Conversion of REAAs into third class boroughs, and providing for an effective date.

Please find attached a copy of the House Community and Regional Affairs staff report on SSHB 1. It was not possible to review the entire state economic picture nor all the local government review of social service delivery to the Unorganized Borough.

If you have any questions or comments, please call my office at 465-3789 in Juneau.

Thank you for your interest.

Attachment

cc: Municipal governments-statewide
REAA's
Coastal Resource Service Areas
Unincorporated communities in unorganized borough
State agencies
Other interested groups (AML, ISER, LBC, etc.)

SSHB 1:

Conversion of REAAs into Third Class Boroughs

Prepared for
Representative Henry Springer, Chairman
House Community and Regional Affairs Committee
Alaska State Legislature

by
Dr. David C. Harrison
Committee Staff

December 12, 1987

P.O. Box V
Juneau, Alaska 99811
(907) 465-3789

ISSUES ON LOCAL GOVERNANCE

SUBJ: SSBH 1, Conversion of REAAs into third class boroughs

A signpost along a local street in Anchorage reads, "Freedom is not free." That sign is indicative of the civic responsibilities free people have as citizens of the United States, the State of Alaska, and the local communities in which they live. Just as citizens of this country have rights, so also do they have the responsibility to contribute to the common good. Reflecting this concept of civic responsibility, the Alaska State Constitution is dedicated to the principles that all persons, ". . . are equal and entitled to equal rights, opportunities and protection of the law; and that all persons have corresponding obligations to the people and to the State." [Emphasis added.]

The Alaska Constitution also provides that, "All local government powers shall be vested in boroughs and cities." Based on this provision, in 1963 the Alaska Legislature enacted SLA 1963, Chapter 52, requiring certain areas of Alaska to be formed into boroughs by January 1, 1964. It had become evident that with the state's population growth Juneau could no longer provide all the necessary services and technical assistance required throughout the state. It had become necessary for local areas to establish local government and to help provide for themselves. Just as the state had severed its dependency on Washington in 1959, it had become necessary that certain areas of the state sever their dependency on Juneau.

The "Mandatory Borough Law" was challenged in state court in 1963 and found to be constitutional. It was determined that areas could, and should, become boroughs when certain social, cultural, economic, transportation, and population standards were met.

Over 20 years later, in 1987, Representatives Ron Larson and Curt Menard introduced SSBH 1, which would require the REAAs in the Unorganized Borough to form as organized boroughs by July 1, 1989. SSBH 1 is now before the House Community and Regional

Affairs for consideration by the second session of the Fifteenth Alaska State Legislature. A summary of the primary provisions of the bill is as follows:

- REAA's formed under AS 14.08.031 as of July 1, 1982 become third class boroughs effective July 1, 1989.
- Two or more REAA's may combine to form a single borough.
- The lieutenant governor shall hold elections for initial assembly members of boroughs no later than June 1, 1989.
- The initial assembly shall consist of seven members elected at-large from the borough.
- The initial assembly shall provide for the form of representation, composition, and apportionment of the assembly under AS 29.20.060 - 29.20.110.
- The Department of Education shall oversee and assist the transition from REAA's to boroughs.
- All REAA property becomes the property of the borough.
- The borough becomes the successor to all contracts and other obligations, litigation, hearings, and other proceedings involving the REAA that are pending or in effect.
- Faculty, staff, officers, and employees of the REAA are transferred to the borough.
- School board membership in the REAA terminates upon certification of members of the borough assembly.

Following is a discussion of several issues being debated about the bill.

I. ECONOMIC CONSIDERATIONS:

Those opposed to borough organization often argue that many areas in the Unorganized Borough do not have the economic viability to form and support borough government. They argue that areas in the Unorganized Borough lack economic wealth and cash flow to pay taxes for local support.

A. Land Values and Property Tax --

There are a number of factors to consider regarding economic viability. First of all, it should be clear that there are a number of ways to approach local support. Traditionally, a property tax has been the method most often used to support local education. Certainly, this method would be appropriate to some

areas of the Unorganized Borough, particularly those with oil pipeline within their boundaries. Because SSHB 1 calls for organization into third class boroughs and therefore is primarily concerned with support of education, one consideration would be property values in the Unorganized Borough as they relate to average daily membership (ADM) in current REAA school districts.

The department has provided estimated property values. In Table 1 below full taxable value for both current boroughs and potential third class boroughs (again, estimated value) proposed under SSHB 1, are shown. The table shows the ADM of each borough and ranks the boroughs by the full taxable value per ADM. The reader should notice that wherever appropriate, city districts have been incorporated into the to-be-formed third class boroughs. (See Table 1.)

It is interesting to note in Table 1 that 11 of the potential third class boroughs rank the lowest in terms of taxable value per ADM. However, it is also interesting to note that of the 10 boroughs with the highest value per ADM, 5 of the boroughs currently are part of the Unorganized Borough and would become boroughs under SSHB 1. These 5 potential boroughs have a full taxable property value per ADM that is higher than 11 of the 12 current boroughs, suggesting a readiness for borough formation.

Table 1: Existing boroughs and proposed third class boroughs ranked by taxable value per average daily membership (ADM)

SCHOOL DISTRICT	FULL TAXABLE VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	VALUE PER ADM	BOROUGH TYPE UNDER HOUSE BILL 1
North Slope	\$13,570,786,300	1,231	\$11,024,197	Existing
Yukon Flats	1,035,432,040	390	2,654,954	3rd class--REAA only
Copper River	1,198,725,880	561	2,136,766	3rd class--REAA only
Chugach	1,843,290,222	1,260	1,462,929	3rd class--REAA and city districts combined
Yukon-Koyukuk	884,536,600	1,022	865,496	3rd class--REAA and city districts combined
Delta Greeley	813,113,635	1,027	791,737	3rd class--REAA only
Anchorage	19,343,356,800	38,874	497,591	Existing
Kenai	3,905,341,700	8,414	464,148	Existing
Bristol Bay	101,541,000	231	439,571	Existing
Aleutian Region	206,485,320	528	391,071	3rd class--REAA and city districts combined
Fairbanks	4,726,913,900	13,158	359,243	Existing
Juneau	1,688,992,300	4,244	397,972	Existing
Ketchikan	904,384,100	2,450	369,136	Existing

Table 1 - continued

SCHOOL DISTRICT	FULL TAXABLE VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	VALUE PER ADM	BOROUGH TYPE UNDER HOUSE BILL 1
Mat-Su	2,716,755,900	8,940	303,888	Existing
Haines	97,621,600	360	271,171	Existing
Sitka	441,175,000	1,637	269,502	Existing
Kodiak	552,447,400	2,319	238,227	Existing
Southwest Region	157,571,260	960	164,137	3rd class--REAA and city districts combined
Southeast Island	358,763,515	2,202	162,926	3rd class--REAA and city districts combined
Chatham	131,333,718	882	148,904	3rd class--REAA and city districts combined
Northwest Arctic	235,045,200	1,637	143,583	Existing
Bering Strait	240,477,297	2,010	119,640	3rd class--REAA and city districts combined
Lower Kuskokwim	321,017,462	2,963	108,342	3rd class--REAA only
Pribilof	14,153,160	152	93,113	3rd class--REAA only
Railbelt	30,170,000	346	87,197	3rd class--REAA only
Alaska Gateway	45,527,741	523	87,051	3rd class--REAA only
Lake and Peninsula	30,546,520	369	82,782	3rd class--REAA only
Iditarod	23,481,360	392	59,901	3rd class--REAA only
Lower Yukon	89,378,063	1,657	53,940	3rd class--REAA and city districts combined
Kuspuk	19,839,960	371	53,477	3rd class--REAA only
Annette Island	0	432	0	3rd class--REAA only
Adak	0	600	0	3rd class--REAA only

Notes:

1. The estimates of value of taxable property and the estimates of numbers of students within REAAs include those for home rule and first class cities located within the REAAs.
2. The estimates of the numbers of students are based upon projected enrollments for the 1987-1988 school year.

Another way of looking at full taxable value information is to consider the per capita property tax of each of the current and potential boroughs. Using Department of Community and Regional Affairs information, current millage rates for existing boroughs, and a mill rate of 4.00 for boroughs to be formed under SSHB 1 (with the assumption that a mill rate of 4.00 is reasonable), Table 2 ranks current and potential boroughs by per capita property tax--that is, the average property tax to be paid by each citizen of a borough.

Data in Table 2 demonstrates, again, that the prospective boroughs along the pipeline corridor have considerable potential to generate local revenues. Based on a hypothetical 4.00 mill property tax levy for each of these boroughs, the five prospective boroughs (Chugach, Copper River, Delta-Greeley, Yukon Flats and Yukon-Koyukuk) could each raise more than \$700 per capita in local taxes (some as much as \$2,500).

Table 2: Existing boroughs and proposed third class boroughs ranked by per capita generated property taxes (current and anticipated)

BOROUGH	MILL RATE	TAXES	PER CAPITA	BOROUGH TYPE UNDER SSHB 1
North Slope	18.37	\$234,307,090	\$28,203	Existing
Yukon Flats	4.00	4,141,728	2,500	3rd class--REAA only Copper
Delta Greeley	4.00	3,252,455	1,990	3rd class--REAA only
Copper River	4.00	4,794,904	1,946	3rd class--REAA only Chugach
Chugach	4.00	7,373,161	1,089	3rd class--REAA and city districts combined
Yukon-Koyukuk	4.00	3,538,146	726	3rd class--REAA and city districts combined
Anchorage	5.05 to 10.18	120,713,129	486	Existing
Juneau	8.96 to 9.96	13,125,267	447	Existing
Fairbanks	8.45 to 16.73	26,970,985	399	Existing
Bristol Bay	5.00	475,000	374	Existing
Mat-Su	5.30 to 9.00	14,587,650	329	Existing
Kenai	4.00 to 9.32	12,866,928	295	Existing
*Aleutian Region	4.00	825,941	203	3rd class--REAA and city districts combined
Southwest Region	4.00	630,285	151	3rd class--REAA and city districts combined
Chatham	4.00	525,335	145	3rd class--REAA and city districts combined
Sitka	4.00	1,147,782	140	Existing
Ketchikan	2.70 to 18.58	1,853,797	130	Existing
Southeast Island	4.00	1,435,054	125	3rd class--REAA and city districts combined
Railbelt	4.00	120,680	125	3rd class--REAA only
Kodiak	3.75 to 7.25	1,691,997	121	Existing
Bering Strait	4.00	961,909	114	3rd class--REAA and city districts combined
Lower Kuskokwim	4.00	1,284,070	108	3rd class--REAA only
Haines	3.00 to 5.60	180,139	97	Existing
Alaska Gateway	4.00	182,111	95	3rd class--REAA only
Lake and Peninsula	4.00	122,186	79	3rd class--REAA only
Kuspuk	4.00	79,360	78	3rd class--REAA only
Pribilof	4.00	56,617	72	3rd class--REAA only

Table 2 - continued

BOROUGH	MILL RATE	TAXES	PER CAPITA	BOROUGH TYPE UNDER SSHB 1
Lower Yukon	4.00	357,512	59	3rd class--REAA and city districts combined
Iditarod	4.00	93,925	55	3rd class--REAA only
Northwest Arctic	0.00	0	0	Existing
Annette Island	0.00	0	0	3rd class--REAA only
Adak	0.00	0	0	3rd class--REAA only

*Aleutian Region data includes Aleutian East Borough.

There are those who would argue that because the preceding information is based on estimated property values in the Unorganized Borough, it is of little value. They might argue further that there is little market for land in the Unorganized Borough, and therefore market value cannot be established. For those who make such an argument, the following brief listing (Table 3) of actual private land sales occurring in different areas of the Unorganized Borough since 1986, as provided by the Federal Bureau of Indian Affairs Regional Office, might be enlightening. Federal/Native land trade appraisals are available.

Table 3: Sample of actual private land sales in unorganized borough since 1986.

AREA	SALE DATE	VALUE	ACRES OR SQUARE FOOTAGE	TYPE
Bethel	05/15/87	\$3,700	17,500 sq. ft.	Com.
Bethel	01/16/87	14,300	1,000 sq. ft.	Res.
Bethel	06/04/87	15,000	1,000 sq. ft.	Res.
Bethel	06/02/87	15,600	1,200 sq. ft.	Res.
Tok	08/01/87	28,000	28.00 acres	
Tok	09/19/86	5,600	4.63 acres	Res.
Remote	05/23/86	28,000	80.00 acres	
Remote	06/01/86	88,000	160.00 acres	
King Cove	10/01/86	5,000	10.00 acres	
Cold Bay	01/03/86	23,000	41,730 sq. ft.	Res.
Unalaska	04/01/86	50,000	32,094 sq. ft.	Res.
Unalaska	01/15/86	125,000	8,276 sq. ft.	Com.
Wrangell	05/03/87	24,510	15,176 sq. ft.	
Wrangell	07/07/86	104,000	24,890 sq. ft.	
Emmonak	09/10/86	5,000	13,500 sq. ft.	Res.
Emmonak	09/10/86	6,000	15,434 sq. ft.	

Table 3 - continued

AREA	SALE DATE	VALUE	ACRES OR SQUARE FOOTAGE	TYPE
Emmonak	09/10/86	5,000	13,500 sq. ft.	
Interior	04/01/87	12,000	2.30 acres	Rec.
Interior	12/01/86	8,000	2.78 acres	
Interior	08/01/86	17,100	5.02 acres	
Interior	02/25/87	10,500	4.94 acres	
Ninilchik	08/01/86	15,000	40.00 acres	
Ninilchik	09/12/86	10,000	40.00 acres	
Dillingham	01/01/86	18,000	1.00 acre	Res.
Dillingham	03/01/86	22,932	1.30 acres	Res.
Dillingham	03/01/87	28,600	1.87 acres	Res.
Yakutat	04/01/86	15,200	6,000 sq. ft.	

Note: Information compiled from files of Bureau of Indian Affairs Assessor's Office in Anchorage.

In addition to private land sales, the Alaska State Department of Natural Resources estimates that it has sold approximately 400,000 acres of state land between 1960 and 1986 (130,856 acres of which were disposed in the years 1982 through 1986). Though the estimate does not separate land in the organized boroughs from land in the Unorganized Borough, departmental figures show that a large proportion of the land is located in the latter.

Over the next 20 years, the department plans to offer approximately 10,000 acres per year, and still, based on past land offerings, predicts that public demand will not be met. The department points out in its July of 1986 Annual Report on State Land Offerings: FY 87 and 20 Year Forecast that in 1985 22,000 applications were received for 1,300 parcels and that in the summer state land lottery of 1986 alone 45,000 applications were received for 740 parcels.

B. Other Means of Taxation --

We said at the outset that property tax is but one method of providing for local support. According to an Alaska State Attorney General's opinion, a newly formed borough could also provide that support with a severance tax, such as that chosen by the new Northwest Arctic Borough. Though it has not yet been established as to what a borough severance tax might be applied, it is not unreasonable to think it could be applied to the removal of minerals or the harvesting of timber. A borough could also assess a sales tax and/or use tax.

No doubt, a fish tax could be assessed in the coastal boroughs to be formed. For example, the newly formed Aleutian East Borough has chosen to support local government with a two percent tax on all fish caught in the borough. Though a thorough assessment of fishing activity throughout the state is beyond the purview of this paper, Table 4 below summarizes income produced over recent time spans in two separate fishing areas of the state, the Bristol Bay area and the Lower Yukon area. These two areas were chosen because Bristol Bay represents one of the most productive fishing areas of the state, whereas the Lower Yukon represents one of the least productive.

Table 4: Gross earnings of nonresident and resident permit holders in the Bristol Bay area

YEAR	TYPE OF FISHING	NONRESIDENT EARNINGS	RESIDENT EARNINGS
1977-1985	Salmon Set Net	\$26,854,694	\$80,333,021
	Salmon Drift Net	391,421,133	387,665,693
1975-1985	Togiak Herring Gill Drift Set	6,753,882	7,991,430
	Togiak Herring Purse Seine	10,754,495	46,505,850
1975-1987	Spawn-on-Kelp	<u>587,279</u>	<u>446,741</u>
	Total	436,371,483	522,942,735

Note: Information compiled from files of Alaska State Department of Fish and Game.

Additionally, the total estimated catch value for salmon set net and salmon drift net in 1986 (nonresident and resident permit holders combined) was \$144,200,000. The combined total fishing income for the Bristol Bay area over this approximate ten year time span, then, was \$1,103,514,218. If a 4 percent sales tax had been applied, \$44,140,569 would have been earned.

In addition to the income earned by permit holders of the area, a large income was earned by the fish processors during this time span. Figures for 1981 alone show that processors in the Bristol Bay area processed salmon products with a wholesale value of \$202,761,349. If this amount were to be taken as an average year for a 10 year time span, the wholesale value income would amount to \$2,027,613,490 for the total ten years. The tax potential (a "can tax," for example) for the area speaks for itself.

As shown on Table 5, the Lower Yukon area is a much less productive fishing area than that of Bristol Bay. Nevertheless, over the five year time span summarized, the total estimated fishing income from the area amounted to \$23,554,021. Once again, if that amount had been taxed at a 4 percent level, \$942,161 would have been earned.

Table 5: Estimated earnings of combined nonresident and resident permit holders in the Lower Yukon area

YEAR	TYPE OF FISHING	NONRESIDENT & RESIDENT EARNINGS COMBINED
1982-1987	Gill Net Summer Chinook & Chum	\$19,950,425
1982-1986*	Gill Net Fall Chum & Coho	2,016,596
1982-1987	Herring	<u>3,587,000</u>
	Total	\$23,554,021

Notes:

Information compiled from files of Alaska State Department of Fish and Game.

*No fall gill net opening in 1987.

C. Wage and Salary Information --

In considering the economic status of the Unorganized Borough, it would be appropriate to consider the Alaska State Department of Labor's employment figures for various regions. Table 6 on the following page provides wage and salary employment figures from the 1986 census for 6 regions of the Unorganized Borough. These figures do not include self-employment, which would exclude employment as a fish harvester. A handicap in trying to present employment and payroll information for rural Alaska is the Department of Labor nondisclosure policy. Industry categories which are not disclosed are marked with an asterisk (*) in Table 6, while those which do not exist in the region are left blank.

As can be seen in Table 6 on the following page, government employment (which includes school district employment) in rural Alaska accounts for a very large proportion of total wage and salary employment. Government employees account for an average of 62 percent of total employment (number of people employed) and 66 percent of payrolls in the wage and salary economy of rural Alaska.

Table 6: Wage and salary employment by major industry for selected areas of the Unorganized Borough (FY 86 census information)

INDUSTRY	KOBUK	NOME	KOYUKUK- MID YUKON	YUKON FLATS	LOWER KUSKOKWIM	ANIAK
Fed. Govt.	\$4,171,467	\$3,096,130	\$4,703,235	\$233,704	\$7,975,210	\$278,758
State Govt.	3,044,041	10,049,166	4,833,593	1,402,444	10,556,369	3,760
Local Govt.	19,684,390	22,192,067	14,393,804	4,257,806	28,381,889	4,791,088
Total Govt.	26,899,898	35,192,067	23,393,804	5,893,954	46,913,468	5,073,606
Miscellaneous		*	128,340		312,982	*
Mining	349,800	3,001,806	*	*	*	
Construction	*	1,871,282	2,944,656	*	4,916,493	*
Manufacturing	297,488	*	*		*	*
Transportation	3,732,472	5,823,356	6,623,932	1,495,761	4,833,891	457,964
Wholesale Tr.	*	*	692,503	*	248,350	
Retail Tr.	3,316,158	5,064,879	1,267,546	252,538	5,019,973	254,839
Fire	2,212,923	2,357,532	528,886	74,741	2,290,799	*
Services	5,345,464	11,496,251	1,424,950	393,678	11,126,189	674,876
Total Private Sector	16,455,067	29,752,421	21,625,820	3,228,678	30,881,668	1,434,658
GRAND TOTAL	43,354,965	65,089,784	45,556,452	9,122,649	77,795,136	6,514,877
Private % of Total	38.0%	45.7%	47.5%	35.4%	39.7%	22.1%
Govt. % of Total	62.0%	54.3%	52.5%	64.6%	60.3%	77.9%

Notes:

Source: Department of Labor

Prepared by the House Research Agency, February 1987

D. Land and Cash Distribution to New Boroughs --

We will end this discussion on economic viability by pointing out that each new borough would receive state land, \$600,000 to defray the cost of borough formation, and additional funds from the Municipal Assistance Program.

AS 29.65.030 entitles each newly formed borough 10 percent of the maximum total acreage of vacant, unappropriated, unreserved land within its boundaries. A municipality may not receive an entitlement exceeding 20 acres per person residing in the borough on the date of incorporation.

If the following boroughs were formed under SSHB 1, based upon July 1, 1986 census estimates by the Department of Community and Regional Affairs, land entitlements would be as shown on Table 7.

Table 7: Land entitlements for boroughs formed under SSHB 1

BOROUGH	POPULATION		ACRES		TOTAL ACRES
Bering Straits	8,403	x	20	=	168,060
Lower Yukon	6,027	x	20	=	120,540
Lower Kuskokwim	11,644	x	20	=	232,880
Kuspuk	1,021	x	20	=	20,420
Southwest	4,180	x	20	=	83,600
Lake & Peninsula	1,556	x	20	=	31,120
Pribilof Islands	790	x	20	=	15,800
Iditarod	1,705	x	20	=	34,100
Yukon Koyukuk	4,873	x	20	=	97,460
Yukon Flats	1,657	x	20	=	33,140
Railbelt	969	x	20	=	19,380
Delta Greely	1,634	x	20	=	32,680
Alaska Gateway	2,062	x	20	=	41,240
Copper River	2,464	x	20	=	49,280
Chatham	3,634	x	20	=	72,680
Southeast Islands	11,468	x	20	=	229,360
Chugach	6,771	x	20	=	135,420
*Aleutian Region	7,238	x	20	=	144,760
Total	78,096	x	20	=	1,561,920

*Aleutian Region includes Aleutian East Borough and Adak REAA.

It should be noted that some potentially formed boroughs do not have sufficient vacant, unappropriated, unreserved land within their boundaries. It might be appropriate for the legislature to consider a companion bill that would provide appropriations in lieu of land in such cases and to provide payments accordingly.

State law also provides \$600,000 in funding to newly formed boroughs for the purpose of defraying the cost of transition to borough government. If SSHB 1 were to become law and the above 19 boroughs were to be formed, a total of \$11,400,000 would be distributed. It should be said, however, that under provisions of the bill, two or more REAAs could form as one borough and therefore reduce the total amount of payments.

It is possible that newly formed boroughs would increase the total entitlement to State Revenue Sharing and Municipal Assistance monies. The amount each borough would receive, of course, would depend on a number of factors, including but not limited to population, local fiscal effort, and the number of already incorporated cities within the borough.

The preceding information would suggest that some areas on the Unorganized Borough have sufficient economic resources to form borough government and to provide for at least a minimal level of self support. It is also clear that under provisions of SSHB 1 the state is not "casting these areas off to fend for themselves." No doubt the state would work in partnership with the newly formed boroughs to help meet the needs of their citizens. The state would provide cash payments to help defray the costs of beginning government. It would provide municipal assistance and revenue sharing to the borough as a whole. The state would provide land and technical assistance, and would continue most of the programs and services it now provides.

E. Other Economic Considerations --

To end this discussion on economics, three final observations would be in order:

First, boroughs forming with pipeline within their boundaries would gain the benefit of much of the pipeline tax money that now goes to the state.

Secondly, it should be noted that currently in the Unorganized Borough, each village and city has to "fight for its own survival." Each is essentially responsible for providing its own services. Needless to say, those fortunate enough to have resources to develop are much more able to provide those services than those with few or no resources. With borough organization, the income of a borough would be spread throughout the borough as a whole in the provision of services.

Thirdly, you will notice that we said "most areas in the Unorganized Borough" have the potential economics to organize and provide minimal self support. Indeed, there might be some areas that will need a greater level of state support than others in their efforts to form and administer borough government. Perhaps it will be the task of the legislature, in conjunction with the Department of Community and Regional Affairs, to identify those areas and to establish means of providing for that higher level of state support.

It should be noted that there are those who argue that local government must come only after economic development has occurred. History would show otherwise. Neither this state nor this nation has depended upon economic conditions or development

before territorial or local governments were formed. In many instances, it can be argued, businesses looking for a sound economic climate would seek out those communities with established schools, health facilities, roads, power, libraries, recreational opportunities, etc., entities best established and supported by local government.

II. SOCIAL SERVICES AND EQUAL PROTECTION ISSUES

Federal and state constitutions mandate that the general welfare of society shall be maintained, that equal protection of the law shall be assured, and that justice wherever required shall prevail. Certainly, the success and the strength of the democratic process depends on these three basic concepts.

At this point in time, the state is left with the responsibility of assuring these three basic citizens' rights in the Unorganized Borough. That is, the state must assess and respond to the needs of citizens in the Unorganized Borough to assure general welfare, equal protection of the law, and justice. It must provide social workers to deal with child abuse; state troopers and village public safety officers to maintain law and order; and magistrates to judge and uphold the law. It must fund the costs of education and school construction. It must fund mental health and drug and alcohol abuse treatment programs.

Unfortunately, with the state's economic downturn the needs of citizens of the Unorganized Borough (as well as citizens all over the state) have become more acute. At the same time, the state's resources to deal with these needs have dwindled. The state budget has been reduced for the past two fiscal years, resulting in the reduction and elimination of programs and services all over the state. In short, the state's ability to respond to its citizens' needs has been stretched beyond limits, and no longer can the state, by itself, assure quality services to meet all those needs.

Those who are most affected, of course, are those with the least amount of political influence. This can be translated to mean those without local government to assess and to represent needs and interests to the state legislature. Department of Health and Social Services Commissioner Myra Johnson says as much in her September 18, 1987 FY 89 budget policy memorandum. "Typically, when cutbacks in state spending occur they are targeted at the rural parts of the state," she observes, and then goes on to note that, "certainly [this has been] the case in this department."

Let us first look at a sampling of the growing social service needs of the state, with a focus on the rural areas of the state, and then discuss how those needs might best be met.

Services by the Division of Family and Youth Services --

The Department of Health and Social Service's FY 86 Annual Statistical Report indicates several significant trends and developments regarding services provided by the Division of Family and Youth Services during FY 86. The division served 19,310 individuals in FY 86, compared to 17,002 in FY 85, representing an increase of 13.6 percent. It provided protective services to 9,222 children in FY 86, compared to 7,702 the previous fiscal year, representing a 19.7 percent increase. Finally, it supervised 1,448 youth under probation in FY 86, compared to 1,236 the year before, representing a 17.2 percent increase. There is no reason to believe these increases did not continue during FY 87.

A. Child Abuse and Runaways --

Carolyn Frichette, Staff Development Coordinator for the Department of Health and Social Services, provided the child abuse and runaway statistics in Table 8, following. The statistics were taken from records of the Division of Family and Youth Services and indicate reports to the division between September 1, 1986 and February 28, 1987. The table shows average monthly intake.

Table 8: Average monthly intakes of reports of harm and runaway by region (September, 1986 through February, 1987)

REGION	PHYSICAL ABUSE	PHYSICAL ABUSE	NEGLECT	RUNAWAY
South Central				
Region Total	82	53	132	37
(Rural Only)	(32)	(21)	(62)	(20)
Northern				
Region Total	28	20	63	11
(Rural Only)	(7)	(8)	(26)	(4)
Southeast				
Region Total	26	26	77	20
(Rural Only)	(12)	(4)	(10)	(3)
Northwest				
Region Total	7	6	18	1
Western				
Region Total	11	7	23	2

Note: Information provided by the Division of Family and Youth Services.

The preceding figures show that, on average, during a six month period there are 924 cases of physical abuse, 672 cases of sexual abuse, 1,878 cases of neglect, and 426 runaways reported to the division. It should be noted that a fairly large proportion of the cases were from rural Alaska. Admittedly, the figures do not show the number of reports that were found to be unsubstantiated; however, they also do not show the number of cases that went unreported.

In the beginning of this section, we stated that with rising needs and decreasing state resources, it is the rural areas that suffer the most. In the afore-mentioned September 18 budget policy memorandum, Commissioner Munson recognizes the department's problems with handling child abuse reports in rural Alaska. To exemplify the department's problem throughout all of rural Alaska, she talks of the Bethel area:

The social services office in Bethel has only 14 positions to handle child abuse and neglect cases for the entire Yukon-Kuskokwim Delta, serving over 50 villages. Each worker carries 56 cases, twice the nationally recommended norm for child protective services caseloads, and, yet, the office is still meeting only a fraction of the demand.

Bethel has one of the highest incidences of under-reporting of child abuse due mainly to the slow response rate by division staff to new complaints. The fact is that even though Bethel has 14 authorized positions, there is only enough money to hire 11.5 people.

Villages with high rates of child abuse and neglect have to rely on someone from the Bethel office arriving to investigate in a timely manner. Sometimes there isn't enough time or money to get there. Supervision of personnel in the field offices has to be accomplished mainly on the phone, hardly an adequate way to supervise experienced workers, much less new employees.

B. Suicide --

Like child abuse, neglect, and runaways, suicide--especially among Alaskan Native young people--is a growing concern in the state. According to the National Center for Health Statistics, Alaska Natives have one of the highest rates of suicide in the nation.

The report The Recordings and Epidemiology of Suicides in Alaska 1983 - 1984 provides a review of the 195 suicides which occurred during the two year time span. The report indicates that the proportion of suicides among Natives (33 percent) was

significantly larger than the proportion of Natives in the population (14 percent). Similarly, the median age at which suicide was committed was significantly younger for Natives (23 years) than it was for whites (32).

Among Natives the average annual rate for suicides was 42.9 per 100,000 population per year, 2.2 times the white age-adjusted rate of 19.1 per 100,000 per year. Finally, when the data was stratified to adjust for the effect of the racial distribution, there was no statistically significant differences in suicide rates between residents of small rural and larger urban communities, there was a strong trend for Native suicide rates to be higher in rural areas.

Two other studies on Native suicide (Kraus, 1971, and Travis, 1984) point to reasons for the high rate of suicide among Natives. Kraus points to the high correlation between suicide and alcohol intoxication. Travis identified various factors--alienation, loss of family, low income, alcohol abuse, and high unemployment. His study showed that unemployment was statistically the biggest contributor to suicide in the region of the state he examined. He concluded that where economic development allowed Natives to achieve the goals and aspirations created by modern education, the suicide rate approximated the national average.

C. Alcohol and Drug Abuse --

The problem of alcoholism and drug abuse in the state--as well as the problems associated with the two--are so well documented that it might be unnecessary to set forth some facts and figures. Let us list just a few gleaned from the State Office of Alcoholism and Drug Abuse's (SOADA) 1985 and 1986 Annual Reports:

-- In 1985 the equivalent of 4.35 gallons of absolute alcohol was sold per person over age 21 in Alaska. The U.S. average rate is 2.52 gallons per person.

-- U.S. alcohol problem indicators report Alaska's death rate for alcoholism was 9.9 per 10,000 while the national average was 3.2.

-- Alaska has the highest rate of birth defects due to alcohol use during pregnancy.

-- Fifty-five percent of all crime in Alaska is estimated to be alcohol-related.

-- In up to 90 percent of child abuse cases, alcohol is a significant factor.

-- Alcoholics have a 30 times greater risk of suicide.

-- Fifty-eight traffic fatality accidents in 1985 resulted in 69 alcohol-related fatalities. Each fatality is calculated to cost \$306,000, resulting in a total cost of \$21,114,000.

SOADA makes no attempt to assess or quantify the problem in terms of areas of the state. However, the agency does list its grants to nonprofit agencies around the state. Of the approximate \$13 million granted throughout the state, about \$2.4 million went to agencies in the Unorganized Borough.

D. Equal Protection of the Law --

A considerable portion of the public safety services in rural Alaska are provided by Village Public Safety Officers (VPSOs) or Village Police Officers (VPOs). Most VPSOs spend the majority of their duty time performing traditional "police" functions such as investigating criminal activity, making arrests, preparing reports, and patrolling the community. However, the officers are also expected to lead the community in other public safety functions--fire fighting, emergency first aid, etc.

VPOs are hired, supervised and paid by a local unit, usually a city, but sometimes by an IRA or traditional council, to keep the public peace in rural communities. While the duties of the officers are basically those considered basic "police duties," they too are expected to address the broad public safety concerns of the community. Generally, VPOs do not receive the extensive police training provided to state troopers and municipal police officers. Exercise of police powers by entities other than the state or a municipal government, raises state constitutional concerns.

Equal protection of the law can best be served through democratically elected officials that meet the state constitutional standards for cities and boroughs. To do otherwise would bring into question equal protection, due process and equal justice required of our state constitution.

In a nation where justice is prized but sometimes forgotten, equal justice, due process, and equal protection of the law must begin at the local level where people can provide leadership that enhances the quality of life in the community. Community values are best expressed and carried out at the local level.

Just as importantly, local elected officials must impact state government regarding matters of local importance. The local community must make their needs known to the legislature and state administration, not only in regards to airports, roads,

harbors, schools, and health facilities, but also with regards to basic human social services. Child care and protection must be improved. Drug and alcohol abuse as well as physical and sexual abuse must be reduced in the unorganized areas of the state. Where local government is lacking, the will of the people cannot be heard in the halls of the legislature and state administrative government.

Of the three levels of government, local government can be the most rewarding. It alone fulfills desired needs through direct local participation. Local decisions by local participants enhance the unity of the community towards the larger goals of the region, state, and country. The enduring strength and vitality of this state begins with the collective wisdom and choices that local governments make in insuring the well being of the local community. This point needs to be stressed: Neither the state nor the federal government can do what local governments can do, decide what is best for themselves.

It is understandable that some areas of the state do not wish to become boroughs because of their perceived difficulties of being able to meet such obligations locally. Yet, it is precisely government at the local level that can best assess the needs of a community, develop means of meeting those needs, and in the end, provide necessary local services.

Finally, it should be emphasized that some REAAs in the Unorganized Borough are more ready to assume local powers and responsibilities than others because of favorable factors of governance in those areas. It is possible that the legislature will require those REAAs that it deems financially able and capable to be required to be organized within an acceptable time frame. It is understood, however, that no unorganized area would be denied basic state services.

Following is a list of respondents providing testimony on SSHB 1. A copy of this testimony is available upon request.

Respondents on SSHB 1

Name/Organization

A.

Association of Village Council Presidents
P.O. Box 219
Bethel, Alaska 99559
(907) 543-3521
Position Statement on file with HCRA

B.

Alaska Municipal League
105 Municipal Way, Suite 301
Juneau, Alaska 99801
(907) 586-1325
Position Statement on file with HCRA

C.

Yukon-Koyukuk School District
P.O. Box 00309
Nenana, Alaska 99760
(907) 832-5592
Position Statement on file with HCRA

D.

Mike and Barbara Coombs
P.O. Box 325
Nenana, Alaska 99760
Position Statement on file with HCRA

E.

Representative Bill Hudson
Alaska State Legislature
Pouch V
Juneau, Alaska 99811
(907) 465-3744
Position Statement on file with HCRA

F.

Verbatim Transcript: Workshop during AFN Convention,
10/21/87.

Representative Adelheid Herrman
Position Statement on file with HCRA

Representative Ron Larson
Position Statement on file with HCRA

Pat Poland
Department of Community and Regional Affairs
Position Statement on file with HCRA

Commissioner Hoffman
Department of Community and Regional Affairs
Position Statement on file with HCRA

Joe
Position Statement on file with HCRA

Bob Greene
Position Statement on file with HCRA

Roy Ewan
Position Statement on file with HCRA

Representative Kay Wallis
Position Statement on file with HCRA

G.
Haines Borough
P.O. Box 1209
Haines, Alaska 99827
(907) 766-2711
Position Statement on file with HCRA

H.
Northwest Arctic Borough
P.O. Box 1110
Kotzebue, Alaska 99752
(907) 442-2500
Position Statement on file with HCRA

I.
City of Emmonak
P.O. Box 8
Emmonak, Alaska 99581
Position Statement on file with HCRA



Alaska State Legislature

(24) SSB#B1 II - (J)

House of Representatives Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4873

November 20, 1987

DEC 3 - 1987

Honorable Stan Peters, Mayor
Emmonak City - P. O. Box 8
Emmonak, Alaska 99581

Dear Mayor Peters:

Just a delayed note to say that I enjoyed visiting and meeting with the Mayors of the Coastal Yukon Mayors Association.

In gathering information pro and con on SSB 1 - Mandatory Borough Bill, Representative Henry Springer would appreciate any comment on this bill that is in his committee. I know Martha Fischbach, his Secretary has asked for this information and I just want to follow-up a bit so we can have your concerns for the record and for the committee members.

If you could poll or call the various mayors, and indicate the number that are for SSB 1 _____; indicate the number that are against SSB 1 _____. Thanks for your time and effort in this matter.

We would appreciate any comments that you wish to add based upon phone calls, etc. Space is provided for your written comments.

Comments on SSB 1.

It is the concensus of the majority of the mayors that they are opposed to SSB 1. However, we are not going to be like ostriches and stick our heads in the sand, we are proceeding with studies on boroughs and the financial burdens it would curtail.

Please us the backside if you need more space to write.

Sincerely yours

David C. Harrison
Dr. David C. Harrison, P.A. HCRA
cc: Martha Fischbach, Secretary HCRA

(24) (K)

UNIT 17 AND PORTION OF UNIT 6 UP TO THE CHITINA RIVER OF THE ELECTION DIST.
AND THE COPPER RIVER SCHOOL DISTRICT.

DEC 21 1987

CHITINA, AK 99566-0026
P.O. BOX 26
DEC. 2, 1987

GOVERNOR STEVE COWPER
P.O. BOX A
JUNEAU, AK 99811-0101

DEAR GOVERNOR STEVE COWPER & *Rep Virginia Mc Collieris*

THE LEGISLATORS ARE FORCING US INTO A BOROUGH. IN FACT IT'S MANDATORY. IF THE NATIVES CAN MAKE CHANGES AT A NATIONAL LEVEL, WHY CAN'T THE STATE MAKE CHANGES ON A STATE LEVEL?

THE PEOPLE IN THIS AREA, ON A WHOLE, DON'T FAVOR A BOROUGH AND THIS INCLUDES THE AHTNA CORPORATION. THE ONLY REASON WE WOULD FORM A BOROUGH IS TO PROTECT THIS AREA FROM POSSIBLE TAKE OVER FROM OTHER BOROUGHs.

WE ALL KNOW WHAT REVENUE IS COLLECTED FROM THE OIL PIPELINE AND THE STATE IS COLLECTING IT IN RETURN FOR MINIMAL SERVICES THAT THIS COMMUNITY DESIRES.

WE WOULD LIKE TO CONTINUE OPERATING AS IN THE PAST WITH THE STATES INVOLVEMENT IF THE STATE WOULD GURANTEE THE BOUNDERY, THAT NO OTHER BOROUGH COULD ENCROACH THIS UNORGANIZED BOROUGH.

INDEED WE ARE ALREADY OPERATING AS A BOROUGH TO SOME EXTENT, BUT AN UNORGANIZED ONE THROUGH THE COMMUNITY AND REGIONAL AFFAIRS.

THE STATE COULD USE THE SURPLUS FUNDS FOR OTHER AREAS THAT HAVE PROBLEMS WITH THE FUNDING FOR OPERATIONS.

I WOULD APPRECIATE A REPLY AT YOUR EARLIEST CONVIENIENCE AS THE MATSU BOROUGH WANTS TO INFRINGE AND WE DON'T HAVE MUCH TIME.

IF THIS REQUIRES A PETITION, I WOULD APPRECIATE YOU LETTING ME KNOW SO THAT I CAN GET STARTED ON IT AND THAT THE LEGISLATORS CAN ACT ON THIS NOW.

SINCERELY

Virginia B. Knutson

VIRGINIA B. KNUTSON

It would be nice to leave one area completely state controlled. We enjoy going to larger cities to take in events that we don't have because of preference.

JAN 14 1988

sp KCRA

(2)

P. O. Box 944
Delta Junction, AK 99737
Dec. 30, 1987

Hon. Steve Cowper, Governor
State of Alaska
Third Floor, State Capitol
P. O. Box A
Juneau, AK 99811

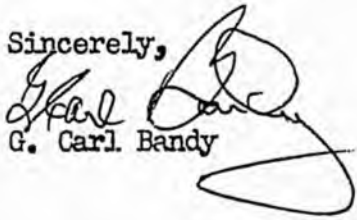
Dear Gov. Cowper:

During the past several months certain members of the Alaska Legislature have been promoting legislation that would force formation of organized boroughs in those areas of Alaska where such boroughs do not now exist. Apparently those proposing this legislation have not explored either the costs involved or the effect such legislation would have not only on the areas involved but the entire State of Alaska.

Using the Delta Junction area as an example, it is unlikely the costs of starting up a borough government could be recovered for many years even considering the availability of taxes from the oil pipeline that passes through the area. To tax the pipeline you must also tax private property; costs of appraisals alone would be enormous, and since only five mills would be available from the pipeline the balance would have to come from borough residents. At this time there is simply not enough taxable private property to make up the difference since total population within a 50-mile radius is less than 5,000 including men, women and children along with the military and dependents at Ft. Greeley. The entire area from Delta to the Canadian border is very sparsely populated. There is no way a borough government can be self-supporting in all that area or in other areas of Alaska with so few people. I urge you, as leader of our State, along with all members of the Legislature, to carefully consider the total impact on the future of our State of adding another layer of government before population and need warrants such action. The current funding for unorganized boroughs is provided from oil revenues on a per capita basis. Deleting some of the "nice to have but not really needed" capital projects should be considered prior to adding more government.

In regard to the proposed annexation of the pipeline corridor to the Delta Junction city limits by the MatSu Borough, I cannot believe you or the Legislature will permit this. Not only would the State be deprived of needed revenue, it would preclude any future development and population growth in the entire 150-mile long corridor in addition to the Delta Junction and Glenallen areas. Along with the proposed borough, it would be a devastating blow to the economy of both areas. If the State of Alaska is to develop its potential we must encourage, not discourage, growth and development. We rely on you, as Governor, for leadership and we trust our Legislature will exercise good judgement in these matters.

Sincerely,


G. Carl Bandy

cf: Members, House and Senate
David Hoffman

(m)

December 27, 1987

JAN -4 1987

The Honorable Henry Springer
Pouch V
Juneau, Alaska 99811

Dear Representative Springer,

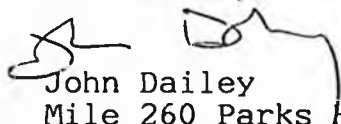
Enclosed please find a copy of my recent letter to Commissioner David G. Hoffman, of the Department of Community and Regional Affairs concerning their Regional Government Study, to be released in January. That letter details my objections to the Report, and to the passage of SSHB 1.

Although I have not had the opportunity to meet you personally, my neighbor and friend, Mike Coombs has, and has passed along his great respect for your fair-mindedness and understanding of our concerns as rural non-borough residents. I believe that as your Committee delves further into the actual economic feasibility of implementing this legislation, they will see that, far from securing a net revenue increase, it will only add superfluous and expensive government, due to the sparsity of population, in the end causing a further drain on the beleaguered state treasury. We in rural areas are not unmindful of the thorny economic issues you are dealing with, but would prefer some form of benign neglect to the mandatory formation of a borough along with every service to be found in large urban areas.

We are counting on your careful and critical appraisal of this legislation, and a fair and respectful treatment of our lifestyle.

Thank you for your consideration.

Sincerely,


John Dailey
Mile 260 Parks Highway
Healy, AK 99743

Encl: Letter to Commissioner Hoffman re:Regional Government Study

December 26, 1987

Commissioner David G. Hoffman
Department of Community and Regional Affairs
949 East 36th Avenue, Suite 400
Anchorage, AK 99508-4382

Dear Sir:

I am writing to respond to the Draft of the Regional Government Study scheduled to be released in January by the Department of Community and Regional Affairs. You and your staff have marshalled a useful array of statistics, which certainly help any discussion concerning the fate of the vast, largely unpopulated regions of the state which are not presently incorporated as boroughs. But while the Commission disclaims the advocacy of "any particular course of action with regard to issues relating to regional government in the Unorganized Borough," their conclusions and final comments do just this, in what seems to be a most illogical and biased manner.

For example, the Commission states that "Ideally, residents of unincorporated regions would seek to form boroughs on their own initiative", but that "without some compulsory action, it is unlikely that many unincorporated regions of the state will form boroughs in the foreseeable future." Since four boroughs have voluntarily organized since the mandating of the original boroughs in 1964, it is illogical to assume that this voluntary process will not continue as the need arises. With an "additional 80% of the Unorganized Borough residents living within first or second class cities, within a structure similar to or identical to a borough", it seems that the Report's stated goal of government which "serves useful functions as defined by its residents", "...of a form which is considered acceptable to its residents" has been met within the present governmental framework. Why then must the remaining small and exceedingly dispersed population be "compulsorily" required to accept a form of government that they neither desire nor feel to be appropriate at this time?

The question of whether to force unwelcome forms of government on the sparsely populated areas is really the crux of the matter. The Commission summarizes and seems to support the insincere wording of SSHB 1. As the potential recipients of this unwelcome largess, we are unctuously assured that by creating a vast borough (or being annexed to a large neighboring borough) we will "unite the residents of Alaska in an effort to make the state the best that it can be - to eliminate the divisiveness which results from 'rural versus urban' thinking." Here, I must state unequivocally that my rural neighbors and I do not wish to force any form of government (or non-government) on the urban residents. We recognize the urban areas' right to chose a more organized way of life, and we certainly expect that they in turn would respect

the choices we have made. We know that, borough or not, there is no way that any government body can give us the complex of cultural and educational opportunities that more populated areas enjoy, nor the infrastructure of roads, water systems, and power facilities that serve these areas.

While I am unable on such short notice to provide adequate statistics to support my position, I believe that a description of my and my neighbors' lifestyle is germane. Our small, unincorporated community consists of about 10 families in and around the old railroad town of Ferry, about 13 miles north of Healy, in the Railbelt REAA. Most of us live on the east side of the Nenana River, and to get to our cabins must park our vehicles on the west side of the River and cross on a narrow footbridge. To gain access to my family's homestead, we paid one of the local miners to improve an old access road with his cat. We then purchased a small farm tractor with a backhoe attachment to install culverts, and maintain the road. Our small cabin was built with lumber that we milled from timber on our land. Our house is heated by wood, and lighted by batteries and a generator. We have a 1½ mile telephone line, which we installed ourselves, in order to receive telephone service. This is not a smug description of the superior nature of rustic living but merely a description of a different way of living, a different series of choices. In the place of service districts and other government facilities we have elected a more direct and individualistic way of providing for our basic needs. Once again, I must insist that the reader not dismiss us as macho folks describing our 'last of the rugged individualists' routine. Although we are proud of our abilities, we recognize the value of urban amenities, and sometimes even envy them... Realistically, we do not expect any publicly financed government body to build multi-million dollar bridges, roads, powerlines, etc. to our isolated cabins.

Since we do not request or expect the many government services provided by boroughs, we are baffled as to why legislators from these areas feel that they need to be provided for us. The issue of 100% state funding of our schools (as opposed to the 35% local support formula in organized boroughs) has sometimes been raised. While it is true that our local school system is almost totally supported by the state, certainly the per capita disbursement of state funds here in the Railbelt REAA, to all residents (not just students) does not exceed the per capita disbursement to the residents of the typical organized borough. If we choose to use our state oil money for our school system, and largely provide other services ourselves, should we not be permitted to make that choice?

I am also alarmed that instead of fashioning an impartial report by seeking genuine comment from all sectors, including the areas in question, the Commission seems to credit what they identify

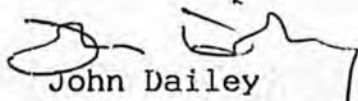
as concerns of "excessive regulation", "unwarranted growth of government" and governments grown "out of control", not as the legitimate fears of a wary citizenry, but as the intemperate ravings of an anti-government fringe; as weary and obstructionist arguments to be overcome by such bland assurances that charters of newly formed boroughs can incorporate "ironclad guarantees"... "to severely control the manner in which the borough may assume regulatory duties and discretionary powers." The desperate and successful efforts of the Fairbanks North Star Borough voters to regain at least partial fiscal control of their borough government by placing a tax cap on their assembly shows that it is not such an easy task to "control" a borough government.

Rather than truly investigate the sentiments of these areas, the Commission seems to have embarked on a sell-job, complete with strategies to "enhance the acceptability of a borough." The Commission helpfully suggests sops that might be thrown to the Native community, for example, to gain their support, such as "appointing the community IRA or Native Traditional Council to serve as the borough service area board for that community." It seems unlikely that these bodies would willingly exchange the real powers they now have in the Native Corporation structure for a largely advisory role.

Further, the Report recommends that "Before any across-the-board change is implemented [emphasis mine] such as that envisioned by SSHB 1, it is essential that appropriate boundaries for prospective boroughs be identified." It seems that this should be done, in fact, before any across-the-board changes are adopted. Additionally, hearings should be scheduled to solicit local opinion and identify the concerns of the areas involved. The whole process should be slowed down to the point where adequate time is available for complete discussion.

In closing, I would state my belief that the best interests of all Alaskans are not well served by the presumptuous, disingenuous and falsely altruistic attitudes expressed by the authors of SSHB 1, and echoed by the Commission. Would not recognition and respect for the varied lifestyles that characterize our state better serve the drafters' goals of "uniting the residents of Alaska...to make the state the best that it can be" rather than "compulsory action" to force unpopular and unnecessary forms of government on some of its citizens? I would sincerely hope that the Draft Regional Government Study is expanded and rewritten to address these concerns.

Yours truly,


John Dailey
Mile 260 Parks Hwy
Healy, Alaska 99743

cc: Senator Coghill, Representatives Schultz, and Springer

(N)

JAN - 4 1987

Dec 27, 1987

DEAR SIR,

AS I ALSO WROTE TO REPRESENTATIVE RONALD LARSON:


I AM NOT MUCH WITH WORDS, SO AS BEST AS I CAN! PLEASE HOUSE BILL # 1! AS I UNDERSTAND WANTS US TO BECOME A BOROUGH. (WE LIVE AT MILE 261 PARKS HWY) I DO NOT NOW, DID NOT WHEN I MOVED HERE, OR DO I WANT TO EVER LIVE IN A BOROUGH, COUNTY, OR CITY! I LIKE RURAL LIVING. I LIKE MY outhouse, I LIKE HAVING NO ELECTRICITY. I LIKE TO PUMP MY WATER BY HAND. I LIKE HAVING TO PLOW MY OWN ROAD OR WALK!

I DO NOT, DON'T, REFUSE, WANT LOCAL SERVICES PROVIDED BY REPRESENTATION OR TAXES! I'LL PROVIDE FOR MYSELF!

IF I CHOSE TO LIVE URBAN I'LL MOVE TO TOWN!

REMEMBER WE CHOOSE TO LIVE RURAL, NO ONE MADE US DO IT! LEAVE US BE!
IT'S CALLED FREEDOM!

Thank you for listening,



Rylee Gilliam

Box 161

HEALS, AK, 99743



RAILBELT SCHOOL DISTRICT

Drawer 280 Healy Alaska 99743 • (907) 683-2278
James W. Paul, Superintendent

December 22, 1987

JAN -4 1987

Local Boundry Commission Component
Municipal and Regional Assistance Division
949 East 36th Avenue, Suite 404
Anchorage, AK 99508

In response to the Regional Government Study, our initial reaction was quite negative and is probably a result of an extension of the thought in Section IV under Conclusions, item 4, "Ideally residents of unincorporated regions would seek to form boroughs on their own initiative."

The argument the study makes is that people tend to not want regional government. Therefore the state may need to make it compulsory. What doesn't seem to be addressed adequately is the point that the population centers of the state already have regional governments and that most Alaskans, in addition to the natural distrust they have for any kind of government, may well intuitively understand that the levels of service a government can provide per unit of taxation:

- a) is a function of the wealth of the area and the density of population, and
- b) that below a certain point, services actually decline, inequities loom larger, and the regional government itself needs a disproportionate share of the revenues - just to remain in existence.

The point here is that there are very valid reasons for not wanting a regional government in some areas!

After rereading the document however, there needs to be some credit granted the authors for the insight shown in the first part of item 3, and all of item 6 and 7 in their Section IV Conclusions, with the final point being "....a regional government must serve useful functions as defined by its residents and the state." An extension of this thought may well be - that in order to be viable - a regional government must be able to better serve its constituents as perceived by them than the status quo.



RAILBELT SCHOOL DISTRICT

Local Boundry Commission Component
December 22, 1987
Page 2

The foregoing represents a general response to the study. The following is a more specific response to a couple of themes that are repeated regularly in the study. We feel these themes go to the heart of the regional government issue.

1. Item 1 under Conclusions - i.e. that there is a large political push for the creation of regional governments.

We would concur that there is this push - however - we don't see it statewide. We, instead, tend to see this as an offshoot of the rural/urban conflict wherein there is a tendency for urban people to latch onto the concept - "we pay 35% of the cost of education through taxes - and they don't - and that is not fair." A more in-depth discussion of this will follow under 2 below.

The point here is, however, that a political push based on unsound perspectives is not a good reason to change the status quo. Instead - sound reasoning and, as stated earlier, the probability of a regional government serving a useful function must be the basis of any change if it is to be lasting and positive.

2. The repeated theme of inequity in support of schools between urban and rural - both through state funding and local support.

There is a factor that is missing in this argument - and that factor is program equity. If education is a function of the state (and it is) then is the state bound to provide an equality of programs throughout the state? The rural areas of this state will never have the elementary reading specialists, counselors, certificated librarians, library collections, teachers teaching in their areas of expertise, science labs, foreign language offerings, special education resources, expanded extra curricular offerings (football, swimming, etc.) that the urban areas have (and please be assured - the above list is just a fraction of the whole picture).

So - the rural perspective tends to be more one of - "yes, the urban people must contribute up to 35% of the cost of education - but they have at least a 35% better program offering for their children."



RAILBELT SCHOOL DISTRICT

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Page 3

Realistically, we ruralites understand that program equity in education is probably impossible - that the economy of scale makes providing educational and most other services much more efficient in the more densely populated urban areas than in the rural areas. From our perspective, an increased level of services is both more required and more efficiently provided as the population density increases and that while in our area the levels of service are very significantly lower than in most urban areas in the state, we are also not being asked to pay for an inefficient attempt to provide those services. Things balance out!

There is a corollary here also. While we don't expect a government to provide the various services provided in urban settings, there is an unwritten code in the rural areas that one must do his/her part through volunteering, donations, etc., to provide basic services that are determined to be needed - i.e. - emergency medical aid, firefighting, education, day care, road clearing, and the list goes on. The formation of regional governments usually has the distinctly negative effect of causing the aforementioned volunteerism to drop off sharply.

While we have never done a study on this, we strongly suspect that in sparsely populated areas, the informal providing of services through volunteers is really a more efficient mechanism than is a regional government. Further, we would then anticipate that below some point in population density the formation of a regional government would cause a drop in the levels of service actually reaching the majority of the residents of the area.

To give credit where credit is due, the authors of the study do quietly acknowledge that regional governments won't work in some areas, and if there is a single point to this lengthy missive - it is - regional governments should be formed only when it is demonstrably shown that they will help the residents. Regional governments should not be formed to satisfy urban residents' and/or politicians' narrow and incomplete perspective of "equity."

Sincerely,

RAILBELT SCHOOL DISTRICT BOARD

Gerald R. Moberg
Chairman

8861
H61
File
NWT
EJW CRA
Mike Coombs
P. O. Box 325
Nenana, AK 99760

(P-1)

Representative Henry Springer
P. O. Box V
Juneau, AK 99811

December 24, 1987

Dear Henry,

Representative Larson says this HB#1 is in your committee. As you can see by the enclosed copy of our letter to Mr. Larson, we do not think very much of the idea. Given the opportunity, we would expand our ideas on it much more.

We would very much like to have you delay action on the bill for this session. No one that we have talked to has been in favor of it. Any hearings on it in this area will, I believe, bring a negative response.

If you are ever in the area, make sure to stop and say hello.

Sincerely,

Mike Coombs

JAN

4 1988

P-2

Mike and Barbara Coombs
P.O. Box 325
Nenana, AK 99760

Representative Ronald Larson
P.O. Box 53
Palmer, AK 99645

November 20, 1987

Dear Representative Larson:

Having read your article in the November 1st edition of the Fairbanks Daily News-Miner, regarding the formation of borough governments, I thought to convey my ideas on the subject. As I live in the Healy-Nenana area, passage of your bill would have a direct effect on me and my family's lifestyle.

I am in disagreement with you on almost every point you made in your argument.

Your first point was that each newly organized borough would receive \$600,000 from the state. I suggest that this money will do no more than put in place a taxing authority - a new level of bureaucracy that will have to be supported by the residents within its boundaries. That amount of money would go nowhere in setting up a workable government. (I find it very telling that your first word on the subject was the money the state would hand out to gain its end; though, after all, this ploy has proven to work so well.) It only sounds to me as if you are asking the local governments to "sell out" what control they now have for \$600,000; after three years the money is spent and they have in place a borough government, a monster, they will not be able to get rid of - a monster that will take how many more thousands of dollars to continue to support?

Your next point is the 10% land selection: this sounds good on the surface, but in reality many of the areas do not have much state land within their boundaries to select from - the most valuable land is already taken. Besides that, take a look at the track record of the existing organized boroughs - those lands have not eased many of their problems.

Regarding your point on revenue sharing: I believe that if you attended your borough meetings you would discover that the reality of the situation is that federal and state revenue sharing is diminishing fast. The services these funds could finance, such as

the public services that you quoted, are being met sufficiently in the unorganized areas with the means already available to them.

As for bonding powers: That is one of the biggest problems right now facing all governments in the state. With almost 30% of the state budget going for debit services, there is only danger in that path: what is good in a flood of oil dollars is not necessarily best now. One poignant example is the heavy load the Kenai Peninsula Borough taxpayers find themselves under at this time.

You bring out a point that the people would be taking for themselves the powers and functions that now lie in the hands of the state legislature. This also sounds promising, but in reality it does not work that way. Ask the people in your area if they feel they have much control over the bureaucracy that dictates their daily lives. Government doesn't help an individual to do a thing, it puts obstacles in his path - fees, licenses, restrictions, ..red tape. At a time when we must diversify the economy and break away from government dependancy, we should not make the process more difficult by adding more layers of government.

We who live in the outlying areas do so by choice; we do not feel a deprivation of those services, those "benefits", of which you promise a borough could provide.

Let me point out what I see as the benefits of the status quo:

Foremost is the lack of interference in my daily life. The physically further away the seat of government is, the less impact it has on one's daily existence. We here, of all the people in the U.S., have the privilege of owning our own homes - and not "renting" them from any government or agency (i.e. property taxes.) This may sound extremely radical to those who have, and who have always had, the burden of such taxes - but fail to pay that "rent" and see who really owns your house. Take a close look at the unorganized boroughs, and take into account all the lands that will remain non-taxable, and it becomes clear that the burden that will rest on those who will be taxed will be heavier than they will be able to carry.

One thing that you failed to mention in your article is that HB#1 is directed to force the rural areas to pay 30% of the cost of their schools. Most of these areas do not have the tax base to support that amount of funding. Those that do, have most generally already taken over school funding - those areas where the population

is big enough to warrant such a move. Your bill as written would take away their control and give it to a borough - a very unpopular idea.

Borough form of government to cover large under-populated areas does not work: only the centers of population of the borough are able to reap any of whatever benefits might be gained - leaving to their outlying areas a few garbage dumpsters, more restrictions, and property taxes. Ask the people living in such situations!

When such time arrives that the bush areas develop a population and a tax base to warrant a need for the (dubious) benefits a borough form of government could provide, perhaps such a move should be considered. We are far from that point now. May I suggest that misery loves company? - and those who find themselves weighed down under property taxes and huge bonded-indebtedness due to the benefits of their borough governments may feel such sentiments toward their fellow Alaskans who live outside those boundaries. Please, don't drag us into the morass with you.

Sincerely,

cc: The Fairbanks Daily News-Miner
Representative Richard Shultz

Alaska
MUNICIPAL
League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801



CR A

post

January 4, 1988

JAN 11 1988

The Honorable Henry Springer
House of Representatives
P. O. Box 352
Nome Alaska 99762

Dear Representative Springer:

On behalf of the Board and staff, thank you for your time and participation as a panelist at the 1987 Conference held in Anchorage. The 37th Annual Local Government Conference is history but it lives on in the 1988 Policy Statement and resolutions adopted at the Business Meeting held on Friday, November 13, 1987, and in the minds of municipal officials who attended and who have new skills and knowledge to better serve the people of Alaska.

It is important that knowledgeable individuals such as yourself and others from all levels of the public sector, as well as the private sector, are available to exchange viewpoints with municipal officials on issues affecting local governments in Alaska. The discussion and development of AML policy was improved, and learning enhanced, by your contribution of expertise and experience.

I never know whether the annual conference marks the end or the beginning of the year for the AML. I do know it is a lot of work. And, I do know that your participation was well received and helped make it another successful conference.

Once again, we appreciate your time, energy, and participation in helping make the 1987 annual conference a success.

Sincerely,

Scott A. Burgess
Executive Director

CITY OF NUNAPITCHUK

P. O. BOX 190 NUNAPITCHUK, ALASKA 99641
(907) 527-5327

(R)

for CRA
NOTA
JAN 11 1988


December 29, 1987

Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Attn: Henry Springer, Chairman
House Comm. & Reg. Affairs Committee

We are in receipt of your staff report on the SSHB1, conversion of REAA's into third class boroughs, and providing for an effective date. In a public meeting yesterday, Nunapitchuk City Council discussed this issue and our consensus is in total opposition of this provocation for reasons of property taxes that will eventually clean out land owners. Land owners at the AVCP region before reconveyance are the Village Corporations and the revenues earned are not stable enough for this kind of change. Eventually, property tax imposed on the low income will enable them to lose what small property they may have. As soon as reconveyance occurs under the 14(c) provisions of the famous ANCSA act they will be up for tax which will lead to losing their lands. And these lands are their homeland from time immemorial. Their culture will be gone. For these reasons, Mr. Chairman, we respectfully request the legislature not to adopt this legislation that will provoke communities all across the proud State of Alaska. Thank-you for this opportunity to address our sincere concern.

Truthfully,


Ivan N. Wassillie/Mayor

INW: ejw: ga

cc: Senator John Binkley
Representative Lyman Hoffman
Representative Ron Larson
Representative Curt Menard
files

⑤

Ju
CRA
PuHv

JAN 11 1988

Box 117
Healy, Alaska 99743

January 8, 1988

Henry Springer
Pouch V
Juneau, Alaska 99811

Dear Mr. Springer,

Last night we attended a very large public meeting at the Tri-Valley Community Center regarding the implementation of House Bill No. 1 or its substitute. It seemed as if everyone in the REA attendance area was present and they seemed to be unanimously opposed to any form of self-government. We, Jerry and I, are well aware that this bill or any other form of imposed self-government would not be passed without at least one public hearing but the leader of the kangaroo court, Mike Coombs, was of a different view. We seem to be in need of some direct information on what to do or not to do to repel an imposed borough or borough type government in this area.

Just for the record, Jerry and I are both opposed to House Bill No. 1 and its substitute.

On an entirely different matter, we hope that you are supporting Senator Coghill on Senate Bill 206 and on his efforts to obtain funding for electrification of the stretch of highway between Denali Park and Cantwell. We feel that it is a real shame that the gateway to the number one tourist attraction in the state is still without power and must be handicapped in an effort to develop commercial facilities that will enhance and support the economic development of our state.

Sincerely,

Elaine & Gerald Pollock

Elaine and Gerald Pollock

C.C. Jack Coghill

STEVE COWPER
GOVERNOR



Copy from Gov. Off.



JAN 13 1988
CRA

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 6, 1988

Ms. Adina B. Knutson
P.O. Box 26
Chitina, AK 99566-0026

Dear Ms. Knutson:

Thank you for your recent letter concerning borough government in the Copper River Basin.

As you are aware, a bill (SSHB 1) is currently pending before the Legislature which would create boroughs throughout the unincorporated regions of Alaska. The effects of that Legislation are complex and have far reaching consequences.

Because of the nature of the bill, the Legislature directed the Department of Community and Regional Affairs (DCRA) to prepare a report examining the issues involved. Enclosed for your consideration is a copy of two draft publications prepared by DCRA in this regard. Your comments on these draft publications would be appreciated. Comments should be sent directly to the address noted in the letter which accompanies the drafts.

You have expressed the desire for the state to "guarantee" the boundaries of the region in which you live. There is no means to provide such a guarantee. However, any proposed change to the boundaries would undergo careful review.

While the Matanuska-Susitna Borough has expressed its intention to propose the annexation of a portion of the Copper River region, a petition for the annexation has not yet been filed. When the annexation petition is filed, it will go before the Alaska Local Boundary Commission. The Commission will act on the petition using standards and procedures set out in state law. I have included a copy of the standards and procedures which would be used by the Commission in dealing with the annexation proposal.

If you have any further questions concerning the aforementioned material, it would be best to contact either Dan Bockhorst or Gene Kane directly at the following address or telephone number:

January 6, 1988.

Dan Bockhorst or Gene Kane
Local Boundary Commission Component
Department of Community and Regional Affairs
Municipal and Regional Assistance
949 East 36th Avenue, Suite 404
Anchorage, Alaska 99508
Telephone (907) 561-8586

DCRA has been working with a group of residents in the Copper River Region for the past several months on matters such as those discussed in this letter. The group calls itself the Copper Basin Borough Information Committee. The Chairman of the Committee is Duste Bonin of Copper Center.

I hope that this letter is helpful. Thank you for your inquiry.

Sincerely,

Steve Cowper
Governor

Enclosures:

SSHB 1
draft "Regional Government in Alaska"
draft "Regional Government Study"
standards/procedures for borough annexation

cc: Senator Arliss Sturgulewski
Alaska State Senate

Representative Henrich Springer
Representative Ron Larson
Representative Curt Menard
Alaska State House of
Representatives

David Hoffman, Commissioner
Marty Rutherford, Director, MRAD
Department of Community and
Regional Affairs

TELEPHONE RECORD

for CRA

3

DATE: 8-Jan 88
 FROM: Mr. Larsen, Clear Ak
 PLACE:
 SUBJECT: HB1

JAN 13 1987

against it.
 meeting @ Kealy, several
 100 (200) people there
 majority strongly against HB1
 Mike Combs organized Meeting
 should have someone explain
 to people what the subject is
 all about; please - business.

PHONE CALL

FOR	Kealy	DATE	1/8	TIME	10:20	A.M.	P.M.
M	Tom Brunel						
OF	Kealy						
PHONE	AREA CODE	NUMBER	EXTENSION				
MESSAGE	definitely against						
	HB #1 not wanted						
	you to know						
SIGNED							

TOPS FORM 4003

CRA for
 HB1

for

①

1/14/88

Nels Anderson, Bristol Bay, called.

HB 1

Transition to third class boroughs was about \$600,000.

Now it would be about 1.2 million.

(W)

JAN 14 1988
LW

Jan 10, 1988
Box 437
Nenana, AK. 99760

Chairman
Representative Henry Springer
Box V
Juneau, AK. 99811
Sir,

I am opposed to HB# I sponsored by Larson and Menard. I don't want or need borough government. Also, the power that the Dept of Community and Regional Affairs has, needs to be curtailed in this area.

Please read the Dept's draft report on the formation of boroughs. I don't want a bureaucrat deciding this for me. I am asking you to look into this and vote against t his bill.

We wouldn't have a third class borough anyway since the legislature outlawed the formation of more third class boroughs in 1987. So who is Larson and Menard trying to kid anyway?

Thank you,
Louis Waitt

DISTRICT OFFICE

BERING STRAIT SCHOOL DISTRICT

P.O. BOX 225

UNALAKLEET, ALASKA 99584

(907) 624-3611

December 18, 1987

JAN 15 1987

Local Boundary Commission Component
Municipal and Regional Assistance Division
949 East 36th Avenue, Suite 404
Anchorage, Alaska 99508

BREVIK MISSION

RE; Regional Government Study

COUNCIL

DIOMEDE

Dear Sir or Madam:

ELIM

Pat Poland, Deputy Director of the Department of Community and Regional Affairs, has provided me with a copy of the Regional Government Study. Since that is a draft report, I appreciate the opportunity to submit written comments.

GAMBELL

GOLOVIN

KOYUK

SAINT MICHAEL

SAVOONGA

SHAKTOOLIK

SHISHMAREF

STEBBINS

It appears almost certain that during the upcoming legislative session, I and others from the Bering Strait region will have an opportunity to present our views in depth on whether or not municipal governments should be formed in the Unorganized Borough and specifically in the Bering Strait region. For now, my comments will be concise and to the point.

TELLER

UNALAKLEET

WALES

WHITE MOUNTAIN

Had the Department of Community and Regional Affairs limited the draft report to a factual analysis of the legal ramifications of the various forms of municipal governments available in the Unorganized Borough, my comments, if any, would have been so directed. However, the draft report is actually a forum for the Department to express its view as to what is "the best choice" as to the form of municipal government in the Unorganized Borough.

Unfortunately, the Department has decided what is "the best choice" and made "certain important conclusions" without having considered and analyzed the views, hopes, aspirations, concerns, and desires of the people who live in the Unorganized Borough. Incredibly, the Department states in numbered paragraph 4 on page 16 of the draft report that "Ideally, residents of unincorporated regions would seek to form boroughs on their own initiative. However, reality indicates that this is not likely to happen. Without some compulsory action, it is unlikely that many unincorporated regions of the state will form boroughs in the foreseeable future".

[DCRA DRAFT Report attached to original]

December 18, 1987

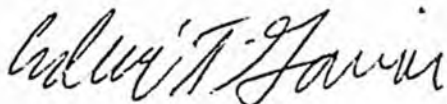
Page Two

The Department's report would be of greater value had it determined why the Department's view of the "ideal" has not become reality, why those of us who reside in the Unorganized Borough have not sought to form municipal governments, and what our views are on the proposed "compulsory action".

Rather, the Department, in analyzing the "status quo", i.e., the current state of affairs, reaches its conclusions on the basis of a number of stated concerns that the Department "has been exposed" to. The individuals, groups, or other entities that have apparently expressed those concerns are not identified. The concerns are not analyzed in any sense as to their validity. Rather, the fact that such concerns are expressed seems to be the driving force behind the Department's rejection of the status quo. An example is the concern that the status quo "may be a violation of the Constitution". While the report quotes from Article X, Section 2, it fails to discuss Article X, Sections 3, 4, 5, or 6. The draft report uses the alleged existence of the concern as impetus for its recommendations as opposed to considering and dealing with the merits of the concerns.

In closing, I thought that we were a government "of the people, by the people". It now seems that in the Unorganized Borough, we are to become a government by the government, for the government, demanded by the government. -

Sincerely,



Edwin T. Gonion
Superintendent

cc: Bering Strait School District Board of Education
Senator Willie Hensley
Representative Henry Springer
Representative Al Adams

(22) SSHB1



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y. State Capitol
Juneau, Alaska 99811
(907) 465-3591

January 24, 1984

MEMORANDUM

FROM: Jay Livey
Legislative Analyst

RE: Service Delivery in the Organized and Unorganized Borough
Research Request 83-223

You asked that we compare the delivery of services to residents of the organized and unorganized borough. To do this, we have compared the basic community services of education, sewer, water and public safety in two organized boroughs--Matanuska-Susitna and Kodiak Island, and two areas of the unorganized borough--the Lower Yukon REAA and the Yukon Flats REAA.

In the course of our research, we realized that the listing of available services offered no explanation for the differences in service delivery. Therefore, in an attempt to establish the context in which services are provided to rural Alaska we have included an examination of two additional topics: (1) the current service delivery system in the unorganized borough and (2) borough incorporation issues.

DESCRIPTION OF SERVICE DELIVERY ORGANIZATION IN RURAL ALASKA

This portion of the memorandum examines the variety of service delivery organizations that exist in the unorganized borough and offers a brief analysis of the effectiveness of these organizations as service delivery vehicles.

As noted in a Department of Community and Regional Affairs publication (hereinafter cited as DCRA report):

... in many respects the adjective "unorganized" is not appropriate for rural Alaska. Although the area is not organized into Boroughs under State law, rural Alaska sports an extraordinary amount of formal organization and government."¹

The following four types of entities which provide services to rural areas of the State will be discussed:²

- local governments,
- economic profit corporations,
- nonprofit development and service corporations, and
- legislatively created service areas.

LOCAL GOVERNMENTS

Two basic types of local governments exist in rural Alaska, those chartered by the State government and those chartered by the federal government. State-chartered governments are organized under the authority of the Alaska Constitution through Title 29 of the Alaska Statutes. Federally chartered governments are Native organizations that are either traditional governing councils or village councils formed under the Indian Reorganization Act.

¹State of Alaska, Department of Community and Regional Affairs, Division of Community Planning, Problems and Possibilities for Service Delivery and Government in the Alaska Unorganized Borough, September, 1981, p. 21 (hereinafter cited as DCRA report).

²A portion of this discussion relies heavily on: David Case, The Special Relationship of Alaska Natives to the Federal Government, Alaska Native Foundation, 1978.

State-Chartered Municipalities

Governments organized under State law are of two types: (1) home rule municipalities which can possess all government powers not reserved for State law; and (2) general law municipalities which possess all powers delegated by statute. General law governments provide services to residents through the exercise of the following powers:

1. general powers which allow the government to function as a corporate entity (collect taxes, hire employees, acquire and sell property);
2. regulatory powers which relate to public rights-of-way, animal control, public safety, building codes, etc.; and
3. the power to exercise areawide powers such as education, planning and zoning.

Currently, of the 222 villages determined eligible for land claims status by the Bureau of Indian Affairs, 103 are not organized municipalities under Alaska law. Regional nonprofit organizations, traditional councils, and councils formed under the Indian Reorganization Act (IRA) provide some of the services that municipal governments in these communities would normally offer.

Traditional Village Governments

David Case, in The Special Relationship of the Alaska Natives to the Federal Government, maintains that traditional Alaska Native governments have inherent governmental authority unless the federal government has in some way diminished it. Unless modified by Congress, Alaska villages with traditional councils have inherent powers of self-government to:

adopt and operate under a form of government of the Indians' choosing, to define conditions of tribal membership, to regulate domestic relations of members, to prescribe rules of inheritance, to levy taxes, to regulate property within the jurisdiction of the tribe, to control the conduct of members by municipal legislation, and to administer justice.³

However, Mr. Case also points out that because Alaska falls under the authority of Public Law 83-280, which grants to states some measure of

³David Case, The Special Relationship of Alaska Natives to the Federal Government, p. 130.

Representative Lacher
January 24, 1984
Page 4

civil and criminal jurisdiction over Native Americans, not all of these powers can be exercised by traditional councils.

In addition, the State of Alaska challenges the view that villages in Alaska are considered to be tribes.⁴ Assistant Attorney General Doug Mertz notes that according to an opinion of the Attorney General's Office, Metlakatla is the only recognized tribe in the state, and therefore, the only village that has inherent powers of self-government as recognized by Indian Law. State law, then, does not recognize the powers of traditional councils to exercise all of the local government powers described by Mr. Case. However, traditional councils can perform some functions of local government because they are recognized by the federal government for purposes of delivery of federal services and programs.

The Bureau of Indian Affairs reports that, as of July 1982, there were 77 villages in Alaska in which the traditional council was the sole form of municipal government.

Indian Reorganization Act Governments (IRA)

The IRA passed in 1934 and amended in 1936 to include Alaska, allows Alaska Natives to organize through the adoption of a constitution and bylaws on the basis of "a common bond of occupation, or association or residence."

The traditional governments' inherent powers are not diminished by the IRA. Section 16 of the IRA provides that:

In addition to all powers vested in any Indian tribe or tribal council by existing law, the constitution adopted by said tribe shall also vest in such tribe or its tribal council the following rights and powers: to employ legal counsel...; to prevent the sale, disposition, lease, or encumbrance of tribal lands...without the consent of the tribe, and to negotiate with the Federal, State and local Governments.⁵

⁴The villages of Venetie and Arctic Village are currently engaged in a controversy with the State of Alaska over this issue. These two IRA villages dispute the State's jurisdiction over such areas as the management of fish and game resources and contend that these are tribal powers that the villages should exercise.

⁵David Case, The Special Relationship of Alaska Natives to the Federal Government, p. 130.

According to David Case, it has been assumed that "vested powers" refers to the inherent powers of village governments.⁶ Therefore, as with traditional councils, the State of Alaska does not recognize IRA councils as possessing inherent powers of self-government. However, the State does recognize the IRA councils as a legal entity and will contract with them for services, as will the federal government. According to the Bureau of Indian Affairs, as of 1982, there were 71 IRA councils scattered throughout rural Alaska. Like traditional councils, their powers of self-government are influenced by lack of State recognition, but they do provide services through service grants and contracts.

ECONOMIC PROFIT CORPORATIONS

As long ago as 1936, Native profit corporations were able to organize under Section 17 of the Indian Reorganization Act. However, it was not until passage of the Alaska Native Claims Settlement Act (ANCSA) in 1971 that profit corporations spread throughout most of rural Alaska. ANCSA required that 13 regional and 200 village profit corporations be formed to receive the proceeds from the Settlement Act.

ANCSA corporations, because they are also incorporated under State law have all of the powers permitted by the Alaska Business Corporation Act unless specifically limited by the act. However, it also appears that ANCSA corporations, through the Indian Self-Determination Act, are eligible for federal contracts and grants as long as they permit the "maximum participation" of Natives.

This does not mean, however, that the ANCSA profit corporations are social service agencies. On the contrary, regional corporations are legally required to pursue profit making activities. Similarly, village profit corporations, because they fall under the Alaska Business Corporation Act, are supposed to use their best efforts to make profits for their shareholders. In addition to these legal issues, these corporations do not necessarily have capital available to use for social problems while still retaining an economic base for future financial viability. Consequently, it is unlikely that profit corporations will become the vehicle for local government services in rural Alaska.

NONPROFIT DEVELOPMENT and SERVICE CORPORATIONS

After the passage of ANCSA, twelve nonprofit regional corporations were established to deliver social services to rural Alaska. These regional nonprofits, whose funding derives mainly through contracts with the State and federal governments, have been characterized as quasi-regional governments.

⁶Ibid.

Generally, the services that these corporations offer fall into the areas of health, education, housing, employment assistance and social services. Most of these activities occur through federally funded programs that are targeted to Alaska Natives, although some services are provided through State contracts.

However, the ability of these organizations to act as more than service delivery vehicles, i.e., to assume the power and responsibilities of local government, is limited by several factors. First, even though they provide social services, these nonprofit corporations cannot pass laws or exercise taxation, police or other regulatory powers. These powers are specifically reserved by statute and the constitution for the various forms of local governments created by the legislature.

Secondly, the nonprofit may have representational problems. Although in many cases these organizations are directed by elected representatives, the directors may not be subject to the same accountability as are elected municipal officials. In addition, the election procedures may not be as rigorous as those imposed by the election authorities of the State.

Finally, the nonprofits do not have a source of nondesignated revenue that can be applied to general community needs. Money flows to these corporations through service grants and contracts that designate specific uses for the funds. Many times these uses have not been based on local need, but on the availability of the money from the State or national funding source. This funding process lessens the effectiveness of the nonprofits in meeting specific local needs.

LEGISLATIVELY CREATED SERVICE AREAS

Section 6 of Article X of the Alaska Constitution authorizes the legislature to "provide for the performance of services that it deems necessary or advisable in unorganized boroughs."⁷ The legislature has chosen to provide education and planning services to the unorganized borough through the establishment of Regional Education Attendance Areas (REAA) and Coastal Resource Service Areas (CRSA).

REAA's were formed primarily as a means of providing the unorganized borough more local control of schools than was previously enjoyed under the State Operated School organization. REAA school boards are locally elected and are given authority to make policy and operate the school system. These twenty-one school districts, funded directly by the legislature, provide education to all areas of the unorganized borough.

⁷Constitution of the State of Alaska, Article X, Section 6.

The DCRA report notes that, generally, most residents of the unorganized borough view REAAs as a positive step for the provision of educational services. Positive attributes that were cited include a greater amount of local control, strengthening of regional identification and establishment of boundaries that can be used for future rural organization. In addition, the State funding of REAAs was cited as a way of providing services to areas that otherwise would not have the resources to provide a comparable level of service.

The Alaska Coastal Zone Management Act of 1977 used the REAA units as the basis for developing district coastal management programs in the unorganized borough. One of the problems encountered in implementing these service areas was the lack of appropriate regional organizations with the capacity to inform residents about coastal management and carry through with the development of coastal zone plans. In some areas, the regional nonprofit corporations were able to fill this role, while in other areas, boundary problems have limited their effectiveness.

In spite of the initial administrative problems, many people that we talked with were enthusiastic about the program. Helga Eakon, Coordinator of the Bering Straits Coastal Resource Service Area Board, commented that the program was helping to create a regional perspective by bringing people in her area together to focus on regional issues.⁸ Abby Arnold, Coordinator of the Aleutians East CSRA Board, thinks that the service area concept is good because it encourages local participation in regional development issues.⁹ In addition, because the service area is established for a specific reason, it allows regional participation to evolve at a pace that is more comfortable for participants who are not accustomed to considering regional issues.

One criticism of Coastal Resource Service Areas as planning entities is their lack of implementation authority. Although each area has the authority to develop a plan, there is no regional body that has the power to implement the plan through land use controls and zoning. This leaves the responsibility for implementation to State and federal agencies through the concept of consistency, whereby these agencies are supposed to act in conformance with coastal plans once they are approved. Greg Peters, Director of the Bristol Bay Coastal Resource Service Area Board, stressed the importance of maintaining some form of ongoing

⁸Helga Eakon, Coordinator, Bering Straits Coastal Resource Service Area Board, Unalakleet, Alaska, 624-3062.

⁹Abby Arnold, Aleutians East Coastal Resource Service Area Board, Anchorage, Alaska, 276-2700.

monitoring of the coastal plan after it is approved.¹⁰ Not only would this encourage federal and State consistency and allow the plan to be amended to meet changing local conditions, it would help retain interest in regional issues.

COORDINATION OF SERVICE DELIVERY

The multitude of organizations in rural Alaska are able to offer a variety of services to residents, but there are also drawbacks to this service delivery approach. One problem is confusion among residents as to which agency is responsible for delivering a particular service. An associated problem is the coordination among agencies that are offering a related service. For example, it is often the case that the federal Department of Housing and Urban Development will be building a housing project while the Public Health Service supplies the sewer system for the project. Although the project may be coordinated adequately, the potential for inefficient management is greater than if one entity were supervising all aspects of the project.

Many residents are also concerned with their ability to review, comment on and refuse State and federal projects that are not appropriate for their areas. Examples of housing and sewer projects, designed for Lower 48 conditions, are common in the recent history of rural Alaska. A similar problem occurs when State projects are developed for rural areas without provisions for ongoing maintenance and operation. Many rural areas do not have the resources to generate revenues to maintain community facilities after they are built.

¹⁰Greg Peters, Director, Bristol Bay Coastal Resources Service Area Board, Dillingham, Alaska, 842-5257.

COMPARISON OF SERVICES IN THE ORGANIZED AND UNORGANIZED BOROUGH

The previous section of this memorandum discussed the context within which services are delivered to the unorganized borough. In this section, we will look at the results of the delivery system--the actual services that are provided to residents.

We examine the delivery of basic community services to residents of two organized boroughs, Kodiak Island and Matanuska-Susitna, and two areas of the unorganized borough, Yukon Flats and Lower Yukon. The basic services to be compared are education, public safety and sewer and water.

OVERVIEW OF FINDINGS

Our research reveals that school districts in the organized and unorganized boroughs have comparable funding levels to spend on education services. Education services in both the REAAs and borough school districts are funded through the State-supported foundation program. REAAs receive 100 percent funding for operations and school construction, while the borough districts receive less than 100 percent funding and make local contributions through property taxation.

Larger service discrepancies exist in the sewer and water and public safety areas. Within the unorganized borough, most villages have combinations of a central watering point or rain collection and honey bucket disposal facility, although a few villages have piped water and sewer systems. In the two organized boroughs, residents generally rely on well water and self-contained sewage disposal systems. The cities of Kodiak and Palmer have water and sewer systems.

Sewer and water systems, in areas of the organized borough outside of municipalities, are generally paid for by developers or homeowners. Municipalities within the organized borough fund the construction of sewer and water systems by a variety of methods, usually a combination of State, federal and local sources. Funds for the construction of sewer and water systems in villages of the unorganized borough have largely come from the State or federal governments.

The two organized boroughs depend mostly on the State Troopers for police services although some of the second-class cities within the boroughs have their own police departments. Fire services are provided by fire service districts staffed by volunteers. The Troopers also cover the unorganized borough and some communities provide additional coverage through village police officers. Active, well-trained fire departments are not common in the unorganized borough.

Representative Lacher

January 24, 1984

Page 10

State Trooper services to both the organized and unorganized borough are funded by the State as is the Village Public Safety Officer program. Municipal police departments in both the organized and unorganized borough are funded through local contributions and State municipal aid. Fire protection services to residents of the organized borough who live outside of cities are funded through special property tax assessments within the fire district. The operations of municipal fire departments within the organized borough and village departments in the unorganized borough are funded by a combination of State municipal aid and local contributions. In all departments, the construction of stations and the purchase of equipment is largely funded by the State.

EDUCATION SERVICES

It is impossible to examine education services in rural Alaska without seeing the effects of the Molly Hootch lawsuit. This suit, now named Anna Tobeluk vs. Harold Reynolds, has led to the construction of 92 new high schools in rural Alaska and the decision by a total of 109 villages to have their own high school program. One of the results of the Molly Hootch case has been to define the level of basic education services that will be delivered to all parts of the State; each community has the right to local education services if it so desires.

Prior to the lawsuit, high school education was provided through State or Bureau of Indian Affairs boarding schools that required the student to leave the village and sometimes the state. The effect of the Molly Hootch case was to give each village the right to decide if it wanted to keep its children at home and offer a local high school program. Steve Cotten, in an article in the Alaska Native News, notes that "the Molly Hootch case provided the village political power that it had never had before--real power over the education of their children."¹¹

As part of this power, the village was also given a voice in what was taught in the local high school program. The consent decree stipulates that for the first three years of the local program, an elected school committee will participate in planning and evaluating the high school program. After the three-year period, the local committee and the REAA board are free to establish their own relationship.

Operating costs

In this section of the report, we will examine the delivery of education services to the four selected areas by concentrating on the expenditure within each school district per average daily membership (ADM). This

¹¹Steve Cotten, Molly Hootch Schools, Alaska Native News, October, 1983.

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will roughly indicate the amount of money the district spends per student as calculated on an average attendance basis. Although this measure does not necessarily indicate the quality of instruction in the school district, it does compare the potential resources available to the district to develop quality education programs.

The expenditure totals presented here reflect the total operating expenditure in the districts including: all instructional categories, operation and maintenance of facilities, special revenue programs, pupil activities and general support services. (It does not include any construction funds.) Table 1 shows the total expenditure in each of the four study areas, all REAA school districts, all city and borough school districts and finally, all districts in the State.

Among the four districts we are comparing, the two REAAs, Lower Yukon and Yukon Flats, expend more per ADM than either of the two borough districts. This pattern continues where comparisons are made between the total expenditure per ADM for all of the REAAs and the city and borough districts. The expenditure per ADM in the REAAs is more than twice that of the city and borough districts.

One major reason for this expenditure differential is the location of the REAAs in rural areas of the state which are generally considered to have higher costs of service delivery. In fact, the State has recognized these higher costs and adjusts State funding contributions to education to reflect the differences among districts through the use of instructional unit allotments. These allotments, set by statute (AS 14.17.051), are used to equalize State contributions by increasing State contributions to those districts with higher service delivery costs.

For example, the Anchorage School District receives the instructional base amount while the Skagway District receives 1.08 of the base amount. If it is assumed that the difference in instructional unit allotments reflects the difference in costs among districts, then the total expenditure of a district can be divided by their allotment to establish a similar cost basis across districts for comparison purposes. As Table 2 indicates, after the district expenditures have been adjusted for cost factors, the two REAAs, Lower Yukon and Yukon Flats, still have higher adjusted expenditures per ADM than either of the borough districts.

TABLE 1
 TOTAL EXPENDITURE PER AVERAGE DAILY MEMBERSHIP

<u>District</u>	<u>Total Expenditure</u>	<u>ADM</u>	<u>Total Exp. per ADM</u>
Mat-Su	\$ 23,123,657	4,835	\$ 4,782
Kodiak	11,822,240	2,026	5,835
Lower Yukon	11,842,032	1,190	9,951
Yukon Flats	4,543,263	314	14,469
All REAAs	123,858,705	11,628	10,652
All City and Bor. Districts	354,804,998	72,790	4,874
Total All Dist.	478,663,703	84,418	5,670

Source: Education in Alaska, A Report to the People, State of Alaska
 Department of Education, 1982-1983

TABLE 2
 TOTAL EXPENDITURE PER AVERAGE DAILY MEMEBERSHIP ADJUSTED FOR
 INSTRUCTIONAL UNIT ALLOTTMENTS: SY 1982-83

<u>District</u>	<u>Inst. Unit Allotment</u>	<u>Total Expenditure</u>	<u>Adjusted Total Expenditure *</u>	<u>ADM</u>	<u>Adj. Exp Per ADM</u>
Mat-Su	1.04	\$ 23,123,657	\$ 22,234,285	4,835	\$ 4,598
Kodiak	1.16	11,822,240	10,191,586	2,026	5,030
Lower Yukon	1.55	11,842,032	7,640,014	1,190	6,420
Yukon Flats	1.55	4,543,263	2,931,137	314	9,334

Source: State of Alaska, Department of Education, Education in Alaska,
 A Report to the People, 1982-1983

* Total Expenditure divided by Institutional Unit Allotment

Prepared by House Research Agency, January 1984.

The assumption that underlies this analysis is that the instructional unit allotment is an accurate representation of the difference in the cost of providing education to various districts in Alaska. In 1982, a study done for the Legislative Budget and Audit Committee recommended the following changes in the instructional unit allotments to more accurately reflect cost differences.¹²

<u>District</u>	<u>Present Allotment</u>	<u>Recommendation</u>
Mat-Su	1.04	1.06
Kodiak	1.16	1.40
Lower Yukon	1.55	2.27
Yukon Flats	1.55	2.24

Table 3 shows the result of applying the recommended allotment in place.

TABLE 3
 TOTAL EXPENDITURE PER AVERAGE DAILY MEMBERSHIP USING RECOMMENDED
 INSTRUCTIONAL UNIT ALLOTMENTS

<u>District</u>	<u>Total Expenditure</u>	<u>Recommended Allotment</u>	<u>Adj. Total Expenditure</u>	<u>ADM</u>	<u>Adj. Exp. Per ADM</u>
Mat- Su	\$ 23,123,657	1.06	\$ 21,814,770	4,835	\$ 4,511
Kodiak	11,822,240	1.40	8,444,457	2,026	4,168
Lower Yukon	11,842,032	2.27	5,216,754	1,190	4,383
Yukon Flats	4,543,263	2.24	2,028,242	314	6,459

Sources: State of Alaska, Department of Education, Education in Alaska, A Report to the People, 1982-1983.

Homan and McDowall Consultants, A Study of the Instructional Unit Allotment Values Used In the Alaska Public School System, Juneau, Alaska, 1981.

Prepared by House Research Agency, January 1984.

¹²Homan and McDowall Consultants, A Study of the Instructional Allotment Values Used in the Alaska Public School System, Juneau, Alaska, 1981.

As Table 3 indicates, if the recommended instructional unit allotments are used to reflect the cost differences among districts, the Yukon Flats REAA shows the highest expenditure per ADM among the four districts. However, the other three school districts have comparable funding levels.

School Construction Funding

The State has spent approximately \$626.5 million on school construction funding in Alaska between 1978 and 1983.¹³ This includes funding for new facilities, major renovations, remodeling, and major equipment purchases. Of the total, \$326.5 million (57.9%) was spent on school construction in the independent and city districts. School construction in the REAAs cost the State \$263.9 million or 42.1 percent of the total. Based on the average daily membership in FY 83, the independent school districts serve about 86 percent of Alaska's public school population.

Between 1978 and 1983, the independent city and borough school districts received most (53.9%) of their funding from the school construction debt program. Funding was also provided through municipal grants (28.3%) and direct appropriations (17.8%). Most (96.6%) of the school construction in the REAAs was funded through direct appropriations, although some funding (3.4%) was provided through municipal grants.

Among the four districts that we are comparing, the following expenditures were made for school construction during the period 1978-1983:

TABLE 4
SCHOOL CONSTRUCTION FUNDING
1978 - 1983

<u>District</u>	<u>Total Expenditure</u>	<u>Average ADM*</u>	<u>Total Exp. Per ADM</u>
Mat-Su Boro.	\$29,408,343	4,317	\$ 6,812
Kodiak	9,613,253	2,022	4,754
Lower Yukon	17,826,300	1,086	16,415
Yukon Flats	11,541,100	292	39,524

* This is the average daily membership for the period 1978 to 1984.

Source: House Research Memorandum 83-169, School Construction Funding, authored by Christine Johnson, June 13, 1983.

Prepared by House Research Agency, January 1984.

¹³This information concerning school construction is from House Research memorandum no. 83-169 written by Christine Johnson, June 13, 1983.

As the above figures indicate, the expenditure in the REAAs per ADM is considerably higher than in the borough districts. Several factors contribute to the cost differential, particularly the higher costs of construction in the rural areas. Rural construction may involve the development of water and sewer and electrical systems that are already in place in urban areas. Also, it is difficult to benefit from economies of scale in rural areas where communities are small and scattered.

PUBLIC SAFETY

This section examines public safety services, police and fire protection in the four study areas.

Police Protection

The Alaska State Troopers have the primary responsibility for providing public safety services to all areas of the state including organized communities that have local police forces. This dual responsibility is called concurrent jurisdiction and the interaction of the troopers with community police departments depends upon the nature of the situation and the ability of the community police to provide effective service.

Within communities in Alaska, there are three general types of local police officers: municipal police officers, village public safety officers (VPSOs) and village police officers. Generally, the larger organized municipalities have a local police force while the smaller villages rely on VPSOs. However, some villages have a VPSO in addition to a local force.

The standards of training for police officers in Alaska are the responsibility of the Alaska Police Standards Council. Currently, the Council conducts three basic levels of training that correspond to the three classifications of officers. Although the actual training differs, municipal officers and VPSOs each receive six weeks of training, while the village police officers receive forty-hours of training. Mr. Jack Ray, of the Alaska Police Standards Council, feels that the VPSOs and the municipal officers receive comparable initial training; however, he also feels that the municipal officers are more likely to receive more followup and on the job training than the VPSOs.¹⁴

The amount of training received is important because the level of competence of the department is one measure of the potential quality of services that are enjoyed. During our research, however, we were

¹⁴Mr. Jack Ray, Department of Public Safety, Alaska Police Standards Council, Juneau, 465-4378.

unable to locate current information on the level of training among the various police departments. The Alaska Police Standards Council is in the process of updating this information and should complete the project by the end of February. Therefore, we urge some caution in drawing conclusions concerning the relative quality of services offered, especially among the village police departments.

The Village Public Safety Officer (VPSO) program is currently operating in approximately one hundred communities in Alaska. Sergeant C. W. Grutzmacher of the State Troopers, supervisor of the VPSO program, identifies law enforcement, fire safety, water safety, emergency medical response and search and rescue as the major areas of VPSO responsibility.¹⁵ In all of these areas of responsibility, the advantage of the VPSO is that he or she can offer an immediate response to a public safety situation, whereas, trooper response is hampered by delayed notification, long distance telephone and the uncertainties of weather and transportation. VPSOs are not expected to become involved in high risk situations although as peace officers, they can take evidence, conduct investigations and make arrests.

VPSOs are employees of the community in which they work, but are paid by the State. In many cases they are both the police and fire chief although, if the community has a police or fire chief, the VPSO works under his or her supervision.

The levels of police service available in the four study areas are described below.

Matanuska-Susitna Borough. The major responsibility for police protection falls on the State Troopers as the borough provides no police services. Among the communities located within the borough, only Palmer has its own police force and none use VPSOs.

Kodiak Island Borough. In areas of the borough outside of the communities, the State Troopers are the major source of police protection. The City of Kodiak has a city police force and there are VPSO positions in the following villages: Akhiok, Karluk, Larsen Bay, Old Harbor, Ouzinkie and Port Lions. (The positions in Karluk and Old Harbor are currently vacant.)

Lower Yukon REAA. As in the other parts of the state, the primary responsibility for police protection falls on the State Troopers. In addition to the troopers, the following villages have a VPSO and a

¹⁵Sergeant Charles Grutzmacher, Department of Public Safety, Division of State Troopers, Anchorage, 269-5642.

community police force: Alakanuk, Chevak, Emmonak, Hooper Bay, Mt. Village and Scammon Bay. The villages of Marshall, Kotlik, Pilot Station and Russian Mission have a VPSO only and the City of Saint Mary's has a community police force but no VPSO. (The VPSO positions in Mt. Village and Pilot Station are currently vacant.) Three villages, Pitkas Point, Sheldons Point and Andraefsky provide no local police service of any kind.

Yukon Flats REAA. In addition to trooper coverage of the area (a trooper is stationed in Fort Yukon) the city of Fort Yukon has the only community police force in the region. Two villages, Stevens Village and Chalkyitsik have VPSO positions while the following villages have no community police services: Arctic Village, Beaver, Birch Creek, Central, Circle, Rampart and Venetie.

Because the four areas of the state that we are examining are so different, the types of services that are offered and needed are dissimilar. It is difficult then to compare the level of service among the four study areas. Individual communities have different needs and perceive different approaches to solving their police problems. Ultimately, the best way to differentiate between levels of service is to determine if each community has the potential, both legal and financial, to provide the type and level of service that its residents desire.

Fire Protection

Within both the Kodiak Island and the Matanuska-Susitna Boroughs, fire protection services are offered through fire prevention districts that are funded by special property tax assessments. Municipalities located within the boroughs all have their own departments except for Wasilla within the Mat-Su Borough.

In the unorganized borough, fire protection services are offered on a community basis. There is a broad diversity of service, as some villages offer a fairly sophisticated program and others offer nothing. In villages which have a Village Public Safety Officer, he or she usually acts as fire chief. In other villages the chief may be the mayor or a volunteer. Most fire protection services are funded through grants from the State aid to local fire departments (A.S. 29.89.040) and from the other municipal aid programs.

The levels of fire protection services available to the four areas are described below.

Matanuska-Susitna Borough. The Mat-Su Borough provides fire protection on a borough-wide basis through eleven fire service areas. It is estimated by borough officials that these service areas provide services to 90 percent of the borough population. In addition, the municipali-

ties of Houston and Palmer have their own fire departments. All of the service areas, including the departments in Houston and Palmer have their own stations and equipment. One of the service areas and the Palmer department have paid fire chiefs, with the rest of the chiefs and firefighters being volunteers.

According to Jerry Pineau, administrative officer with the Mat-Su Borough, the operation of the service areas are funded by a special property tax assessment that varies from .4 to 2 mills among the fire protection areas.¹⁶ Mr. Pineau also estimates that 90 percent of the funds used to initially construct stations and purchase equipment has come from State and federal grants with the balance from bonding and local taxation.

The borough is also pursuing a plan of operational consolidation that will offer centralized support for all the fire service areas through borough-wide planning and training.

Kodiak Island Borough. The Kodiak Island Borough also provides fire services through established service areas outside of incorporated cities, while the City of Kodiak and the second-class cities rely on local departments. Linda Freed, borough planning director, estimates that between the service area and city departments, virtually all borough residents are covered by fire protection services.¹⁷

Operations within the two borough fire protection service areas are funded by special property tax assessments that ranged from 1 to 1.5 mills in 1983. The mill rate is recommended by the residents of each service area and if approved by the assembly, is collected by the borough administration. Ms Freed also notes that the initial purchase of the fire stations and equipment was through the use of State municipal aid monies.

The City of Kodiak and one of the fire service areas have paid chiefs, while the villages generally rely on the VPSO to fill this position. In all departments within the borough the balance of the firefighters are volunteers.

Lower Yukon Area. Within this area, eleven of the fourteen villages have a fire department that is registered with the Department of Public Safety, Division of Fire Prevention. However, according to Gordon

¹⁶Mr. Jerry Pineau, Administrative Officer, Matanuska-Susitna Borough, Palmer, Alaska, 745-4801.

¹⁷Ms. Linda Freed, Planning Director, Kodiak Island Borough, Kodiak Alaska, 486-5736.

Brunton, Director of the Division of Fire Prevention, just because a village has a registered fire department, does not necessarily mean that the department is active.¹⁸ Therefore, it is necessary to examine the departments in individual villages to determine what services can be actually provided.

Jack Oxford, Deputy Fire Marshall of the Southcentral Region, has supplied the information in Table 5 concerning the status of fire departments within the Lower Yukon area.¹⁹ The active designation is based on the periodic receipt by the Fire Marshall's office of status reports from the local department and provision of prevention services is based on requests by the local department for prevention literature and materials. The presence of equipment is based on the personal observations of the Regional Fire Marshall staff but contains no judgment concerning degree of maintenance of the equipment or the training in its use.

TABLE 5
FIRE DEPARTMENT STATUS
LOWER YUKON AREA

<u>Village</u>	<u>Active</u>	<u>Prevention</u>	<u>Equipment</u>	<u>Registered Dept.*</u>
Kotlik	no	no	no	no
Alakunuk	yes	no	no	yes
Emmonak	no	no	no	yes
Hooper Bay	no	no	no	yes
Chevak	no	yes	no	yes
Scammon Bay	no	yes	no	yes
Mt. Village	yes	no	yes	yes
St. Mary's	yes	no	yes	yes
Andraefski	no	no	no	no
Marshall	no	yes	yes	yes
Pitkas Point	no	no	no	yes
Russian Mission	no	no	no	yes
Pilot Station	no	no	no	yes
Sheldons Point	no	no	no	no

*Registered with Department of Public Safety, Division of Fire Prevention.

Source: State of Alaska, Department of Public Safety, Division of Fire Prevention, Southcentral Office, Anchorage, Alaska.

Prepared by House Research Agency, January 1984.

¹⁸Mr. Gordon Brunton, Director, Department of Public Safety, Division of Fire Prevention, Juneau, 465-4331.

¹⁹Mr. Jack Oxford, Deputy Fire Marshall Southcentral Region, Department of Public Safety, Division of Fire Prevention, Anchorage, 272-2404.

As can be seen, according to these observations, only three of the fourteen villages have an active fire department. Overall, it would appear that fire protection services offered in the REAA are minimal.

Yukon Flats Area. Within the Yukon Flats region, eight of the ten villages have a department that is registered with Division of Fire Prevention. According to Vern Long of the Division of Fire Prevention's Northwestern Office, the only functioning department in this area is in the community of Fort Yukon.²⁰ That community has both equipment and an active department that conducts ongoing training of volunteers and a prevention program. Mr. Long noted that within the other communities, there may be some equipment such as pumps, hoses and extinguishers, but it would not be considered sufficiently sophisticated to equip a department. In addition, he does not think that any of the villages except Fort Yukon are involved in prevention programs.

As with the Lower Yukon area, the residents of the Yukon Flats REAA receive minimal fire protection services with the exception of those that live on Fort Yukon.

SEWER, WATER AND GARBAGE SERVICES

This category of services involves the supply of drinking water, the disposal of sewage and the collection and disposal of garbage. Generally, we have found that within the study areas, there are a variety of delivery methods for these services. In areas of the organized borough outside of organized cities, the sewer and water systems are usually the responsibility of the developer and must comply with State of Alaska, Department of Environmental Conservation standards. In organized cities located within the boundaries of the Borough, the range and particular type of service vary by community.

Within the unorganized borough, the method of delivery and quality of service differ considerably by community because of the nature and operations of community facilities. For example, the Department of Environmental Conservation publication Village Sanitation in Alaska, reports that Chevak has a Village Safe Water central facility that provides a source of water, sewage disposal, bathing facility and laundromat.²¹ However, the report goes on to say that because the

²⁰Mr. Vern Long, Department of Public Safety, Division of Fire Prevention Northwestern Region, Fairbanks, 456-4002.

²¹Department of Environmental Conservation, Division of Facilities Construction and Operations, Village Sanitation in Alaska; 1983 Update, Juneau, 1983.

water contains high concentrations of iron, many residents collect rain water in the summer and melt ice in the winter as a supply of drinking water.

This example illustrates why caution must be used when analyzing services in the unorganized borough: it is difficult, through identification of facilities, to accurately define the level and quality of service actually enjoyed. Therefore, the information presented in this section does not attempt to provide a current assessment of the quality of services to the unorganized borough, but, rather, a snapshot of actual services that were being provided to residents when the Department of Environmental Conservation collected the information. Hopefully, the service descriptions will provide the reader with an understanding of the service delivery diversity in rural Alaska.

Identification of Services

Matanuska-Susitna Borough. Within the Matanuska-Susitna Borough, which provides no areawide sewer and water services, developers and builders are responsible for providing these services in compliance with State of Alaska, Department of Environmental Conservation (DEC) standards.

The DEC, in conjunction with lending institutions, monitors the construction of sewer and water facilities in homes by use of a health approval. Generally, before the lending institution will close on the loan, DEC must certify that the sewer and water system was constructed by installers trained to comply with DEC standards. In addition, before an existing home can be financed, the lending institutions require assurance by a qualified engineer that sewer and water systems meet the standards.

According to Paul Pinard, of the DEC Wasilla office, the general form of sewage disposal is a septic tank which must be pumped out occasionally to allow the liquids to flow through.²² Currently, there are no facilities in the Mat-Su Borough in which to dump the waste that is pumped from the tanks, necessitating the transportation of the waste to facilities in Anchorage for disposal. However, the borough is currently in the process of constructing a dumping station that will allow these wastes to be disposed of locally.

The Matanuska-Susitna Borough does provide area-wide landfill services through the maintenance of five landfill sites and three bins. Future plans call for the additional use of bins in the outlying areas. The

²²Paul Pinard, Department of Environmental Conservation, Wasilla, 376-5038.

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borough provides no pick up service, although in some areas this is available through privately owned companies.

Among cities located within the borough, Palmer provides sewer, water and garbage collection services and Wasilla provides water to some residents and refuse collection by private contractor. The City of Houston provides no sewer and water services, but does maintain a landfill although there is no collection service.

Kodiak Island Borough. As in Mat-Su, there is not an areawide sewer and water system in the Kodiak Island Borough, and individual developers are responsible for constructing sewer and water systems that comply with State standards. The monitoring of this activity is done through the lending institution's requirement that all systems in new homes be constructed by qualified installers and that systems in homes over four years old be inspected by a qualified engineer before financing can be approved. If the home is not to be financed, there is no monitoring of the sewage and water system. The general type of facilities is a private well and septic tank.

The City of Kodiak provides sewer and water services to its residents, and as a result of a recent system expansion, now provides services to some areas of the borough outside of the city.

The City of Kodiak and the borough jointly operate a landfill site with the city offering pick up services to city residents under contract with a private operator. Borough residents outside of the cities can either haul their own garbage to the landfill, or can have it collected by private companies.

The other communities within the Kodiak Island Borough have the following services:

TABLE 6
SEWER, WATER AND GARBAGE SERVICES
KODIAK ISLAND BOROUGH

<u>Community</u>	<u>Sewer*</u>	<u>Water</u>	<u>Garbage</u>
Akhiok	septic tanks	pipd to homes	fenced dump site
Larsen Bay	septic tanks	pipd to homes	land fill
Old Harbor	septic tanks	pipd to homes	uncontrolled dump site
Ouzinkie	septic tanks	pipd to homes	land fill
Port Lions	septic tanks/ privies	pipd to homes	land fill; collection by community
Karluk	septic tanks	pipd to homes	comm. land fill

* Depending on the proximity of the homes, septic tanks can either serve one home or several homes.

Source: State of Alaska, Department of Environmental Conservation,
Village Sanitation in Alaska; 1983 Update.

Prepared by House Research Agency, January 1984.

Lower Yukon Area. In this area, no areawide services are provided, and the following sewer, water and garbage services are found in individual communities:

TABLE 7
 SEWER, WATER AND GARBAGE SERVICES--LOWER YUKON AREA

<u>Community</u>	<u>Sewer</u>	<u>Water</u>	<u>Garbage</u>
Alakanuk	honey buckets dumped into central collection point	central watering point	no facilities
Andreafsky	honey buckets/ a few	pipd system	no facilities
Chevak	honey buckets dumped into central facility	central watering point	central disposal site
Emmonak	honey buckets, no dumping facility	central watering point; haul system to homes but ice and rain still used	no facilities
Marshall	pipd sewer	pipd system	open dump
Hooper Bay	honey buckets dumped in bunkers	central watering point; rain collection	no facilities
Kotlik	honey buckets; no central disposal	watering point	no facilities
Mt. Village	septic tanks	pipd system	dump site
Pilot Station	pipd sewer	pipd system	fenced dump
Pitkas Point	honey buckets, not dumped at disposal site	central watering point	no facilities
Sheldons Point	honey buckets, no dumping facility	central watering point; rain collection	no facilities
Scammon Bay	pipd system	central watering point; limited pipd system	no facilities
Saint Mary's	pipd system	pipd system	trash collection
Russian Mission	pipd system	pipd system	community dump site

Source: State of Alaska, Department of Environmental Conservation, Village Sanitation in Alaska, 1983 Update.

Prepared by House Research Agency, January 1984.

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In summary it can be seen that there is a variety of service delivery methods within the fourteen communities located within this REAA. Six of the communities have a piped water system to homes while eight communities have a central watering point. Three communities in this latter group also collect rain water and melt ice for drinking. Six communities have flush toilets through the use of a piped system or septic tanks. Eight others still rely on honey buckets for sewage collection, although, four of these have no central disposal facility. Garbage services in the form of a central dumping site are found in six communities, while no services are found in eight others.

Yukon Flats REAA. Generally, in this area, honey buckets or privies are the usual form of sewage collection, although, one community, Central, has flush toilets. Three of the other communities have central disposal facilities for sewage. One community, Central, has individual wells and three other communities have central watering points with some home water delivery. Four communities haul water from streams or collect rain water. Dump sites are found in six communities, and two other communities provide no dump facilities for garbage disposal.

The following table lists the sewer, water and garbage services offered in the various communities in this area.

TABLE 8
SEWER, WATER AND GARBAGE SERVICES
YUKON FLATS AREA

<u>Community</u>	<u>Sewer</u>	<u>Water</u>	<u>Garbage</u>
Arctic Village	honey buckets, disposal point with some home collection	central watering point	dump site
Beaver	honey buckets with disposal facility	central watering point	dump site
Birch Creek	honey buckets with seepage pits	haul from Birch Creek	no facilities
Central	septic tanks and cess pools	individual wells	dump site
Chalkyitsik	honey buckets, no disposal facility	haul from river	no facilities
Circle	privies, cess pools	haul from river	dump site
Fort Yukon	honey buckets, privies	watering point, delivery to some houses	dump site
Rampart	privies	haul from river, rain water	dump site

Source: Village Sanitation in Alaska, 1983 Update, State of Alaska, Department of Environmental Conservation.

Prepared by House Research Agency, January 1984.

BOROUGH FORMATION ISSUES

Boroughs offer a structure that could potentially create a new service delivery system in rural Alaska. This section of the memorandum will focus on the following issues related to the formation of boroughs: (1) a brief history of the formation of the present boroughs; (2) an examination of the fiscal capacity of the unorganized borough; and (3) transition issues relating to borough formation.

HISTORY OF BOROUGH FORMATION

Tom Morehouse, in Alaska's Urban and Rural Government, reports that at the time of Statehood, cities and special districts covered all of the state's urban areas and included 80 to 90 percent of the state's taxable wealth.²³ These areas had the resources and capacity to implement the local government scheme found in the Constitution. However, if boroughs were to be formed, they had to come to some accommodation with cities, independent school districts and residents living in areas outside of cities which enjoyed tax free services provided by the State.

After two years of legislative study concerning the accommodation of these interests, the Borough Act of 1961 was passed. This act required that all special service districts be integrated within organized boroughs by July 1, 1963. The unorganized borough would be formed from the residual territory left unorganized.

The legislators and administrators who wrote the Borough Act thought, or at least hoped, that urban Alaska would embrace the borough concept. However, by the 1963 deadline only the Bristol Bay Borough had formed from local initiative. As Morehouse reports, the Local Affairs Agency discovered:

school district interests wanted to avoid loss of autonomy, city residents saw no need for a new layer of government and taxation and residents outside of cities and school districts wanted to preserve their tax-free status while receiving school and other services.²⁴

²³Thomas Morehouse, Gerald McBeath, Linda Leask, Alaska's Urban and Rural Government, Institute of Social and Economic Research, University of Alaska, draft of a manuscript to be published by University Press.

²⁴Ibid, p. IV-6.

The result of this inaction was the passage in 1963 of the Mandatory Borough Act. This act required the incorporation of eight areas of the state that contained public utility and independent school districts by January 1, 1964. People in these areas had the option of initiating incorporation and proposing borough boundaries or having the boundaries mandated. Four boroughs--Ketchikan, Sitka, Juneau and Kodiak Island--were initiated locally and four others--Anchorage, Fairbanks, Matanuska-Susitna and Kenai--were mandatorily incorporated on January 1, 1964. Since this time, two other boroughs, the Haines Borough and the North Slope Borough have incorporated.

FISCAL CAPACITY OF THE UNORGANIZED BOROUGH

The fiscal capacity issue involves a range of concerns from property assessment and economic development in rural Alaska to future State revenues. It is beyond the scope of this memorandum to make any judgments concerning the fiscal capacity of the unorganized borough. However, we hope to at least briefly note some of the aspects of this issue which affect borough formation.

Local Government Powers

The Alaska Constitution gives the legislature the authority to determine the powers of the different local government options. The legislature, in Title 29, has given the mandatory powers of tax assessment/collection, education and planning/zoning to first and second-class boroughs; third-class boroughs are restricted to exercising only education and taxation powers. To many rural areas, however, planning powers to implement coastal zone plans, provide for regional transportation development and administer capital construction projects are important and desirable. So, for all practical purposes, the third-class borough, which does not mandate planning powers, is not a popular option. In fact, in two recent borough feasibility studies, one corresponding to the Yukon Flats REAA and one to the Lower Yukon, Lower Kuskokwim and Kuspuk REAAs, the option of third-class borough status was not recommended for this reason.²⁵ In addition, the proposed amendments to Title 29 do not allow the incorporation of third-class boroughs as a local government option.

²⁵Darbyshire and Associates, Yukon Flats Regional Government Study, Summary Report, Anchorage, Alaska, August, 1979; and AVCP Regional Government Study, Summary Report, Anchorage, Alaska, December, 1982.

Therefore, for a rural area to incorporate as a borough, it must assume responsibility for education, planning, tax assessment and collection, as well as develop the administrative capacity to operate the borough government. In the past, it has been suggested that this is beyond the financial capability of the unorganized borough.

Economy and Taxation in Rural Alaska

The Department of Community and Regional Affairs study notes the problem of financial capacity:

... traditional communities exist for reasons of family relationships and proximity to subsistence resources rather than for conventional economic reasons (e.g. location of developable resources). Furthermore, the communities are small, remote and without communication and transportation systems capable of supporting a conventional economic base. The result is that few rural Alaskan communities meet the normal criteria for economic viability.²⁶

The study goes on to describe a mixed subsistence and cash economy. Within this type of economy, the study concludes that there are serious questions as to the utility of taxation because of the lack of taxable property and the number of residents who have insufficient cash incomes to pay taxes.

According to the State Assessor's Office, there are no good estimates of the value of taxable property in the unorganized borough. Although several estimates have been made, the assessor's office does not consider them to be a sufficiently accurate for policy decisions. However, a brief look at one of the studies illustrates the general disparity between the organized and unorganized borough in terms of property taxing capacity.

A 1979 study done by the Legislative Finance Division determined that the 1978 assessed property in the unorganized borough, exclusive of oil and gas property, averaged \$6,069 per capita.²⁷ This compared to the assessed value of the organized borough, excluding oil and gas properties, of approximately \$25,000 for the same period. Clearly,

²⁶State of Alaska, Department of Community and Regional Affairs, Problems and Possibilities for Service Delivery and Government in the Alaska Unorganized Borough, p. 16.

²⁷Legislative Finance Division memorandum to Sen. Arliss Sturgulewski, Financial Disincentives to Borough Formation, November 15, 1978.

the unorganized borough does not possess the same taxing potential to generate revenues as does the organized borough.

It is worth noting that this per capita assessed value of the unorganized borough is based on several revealing economic characteristics of rural Alaska. First, it was assumed that 50 percent of the residential property is subject to restricted deeds and therefore cannot be taxed. Restricted deeds are issued by the Federal Townsite Trustee to Native Alaskans and Alaska communities and are common throughout the rural areas of the state. The second assumption was that the assessed value per nonrestricted deed household is \$20,000 and the average taxable personal property per household is \$2,000. No doubt the assessed values of the property have increased since this study was done in 1978, but so has the cost of providing the government services that the taxes would support.

This disparity in taxing potential was also noted by Victor Fischer in his 1980 report Regional Self Government in Rural Alaska: Pending Issues and Study Needs:²⁸

It is clear that, even at the maximum tax rate of 30 mills, regional boroughs in rural Alaska, which do not have oil and gas properties, would not be able to raise sufficient funds from property taxation for general government operations. The problem is exacerbated by the generally low-income level and lack of commercial development, and, therefore lack of sufficient base for a productive sales tax.

State Aid to Municipalities

Until recently, the rapid increase in oil revenues enjoyed by the State and the State's ability to provide increased aid to local governments, lessened the importance of fiscal capacity. A Legislative Finance Division memorandum in 1982 suggested that this has been done through: (1) the passage of Chapter 26 SLA 1980 which amended the school foundation program to ease local tax burdens, and, (2) the general increase in funding for State aid to municipalities.²⁹

The ability of the State to increase contributions to local government seemed to make borough formation more economically viable. In one study, the proposed AVCP Borough was deemed to be feasible assuming

²⁸Victor Fischer, Regional Self Government for Rural Alaska: Pending Needs and Study Issues, Anchorage, Alaska, 1980.

²⁹Legislative Finance Memorandum to Senator Charles Parr, Financial Incentive for Borough Formation, February, 10, 1982.

that the State would pay for 100 percent of school construction funding in all borough school districts, and, that the borough would not be required to provide any local contributions to support the borough school district.³⁰

However, the conditions that resulted in the financial incentives listed above are currently changing. During the past legislative session, the Department of Education was charged with making recommendations for changes in the school funding program, and, until they are made, it will be difficult to determine their financial effect on proposed rural boroughs.

State funding of school construction is also an area that has been affected by declining revenues. Although the State has historically paid 100 per cent of school construction in the REAAs, contributions by the State for school debt service in the city and borough districts has ranged from 50 percent in the early 1970s to 90 percent in 1982. However, legislative action in 1983 stipulated that State reimbursement for school construction debt incurred in the future would be limited to 50 percent.

Decreases in other areas of State aid could also require local governments to raise property tax levies. Consequently, borough formation, and the corresponding requirement to provide mandated services, will likely focus on the fiscal capacity of the unorganized borough.

TRANSITIONAL ISSUES

Title 29 offers several forms of assistance to boroughs that are attempting to organize. The State supplies one year grants to newly formed boroughs to help with initial organization. Currently, this grant amount is \$10 per capita for every resident in the borough or \$25,000 whichever is greater. In addition, the borough is allowed to select 10 percent of the available State-owned land within the borough boundaries.

³⁰Darbyshire and Associates, AVCP Regional Government Study, Summary Report, December, 1982

Representative Lacher
January 24, 1984
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Proposed changes in Title 29 would extend the transitional grant to three years and authorize funding of \$300,000 the first year, \$200,000 the second year and \$100,000 the third year. In addition, the following transitional assistance is offered to the borough by the Department of Community and Regional Affairs:

1. Establishment of the initial sales and use tax assessment and collection departments if the borough has adopted a sales or use tax;
2. Determination of the initial property tax roll if the borough has adopted a property tax, including contracting for appraisals of property needed to complete the initial assessment.

CONCLUSION

This report shows that funds available for educational services in selected areas of the organized and unorganized borough are comparable, but that there are considerable differences between sewer and water and public safety services. This conclusion should not be surprising considering the cultural, economic and political differences between urban and rural Alaska. But, the report also indicates that the structure of the service delivery system in rural Alaska influences service delivery.

One suggested method of restructuring this service delivery system is through the formation of boroughs within the unorganized borough. It is felt, by some, that this would improve the quality of services that are delivered to residents. Others favor borough formation because they feel that organized boroughs would require the rural areas of the state to contribute more local revenues for services, most notably education, thereby distributing the tax burden more fairly across the state.

There is considerable doubt, however, about the practicality of establishing boroughs in rural Alaska. Current law requires that the organized area immediately adopt broad powers of self-government. Many rural Alaskans, although gaining experience with the concept of rural government through the REAAs and CRSAs, have been in contact with formal, organized government for only a short period of time. Establishing another layer of government, and especially one that may be perceived as conflicting with the village, is a difficult step.

The other problem is how new boroughs can pay for the services that they are required to provide. There is legitimate concern that the rural areas of the state do not have the tax base to pay for the operation of boroughs once they are organized. This concern is especially relevant if State aid to municipalities declines in the future.

These two characteristics of borough formation, the immediate assumption of broad governmental powers and the fiscal capacity to pay for acquired services, will likely continue to restrain the organization of the unorganized borough, even in the face of growing recognition of the benefits which can be gained through borough government.

If you have any further questions, please call us.

JL



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

22 SSB 1

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

December 21, 1987

MEMORANDUM

TO: Representative Henry Springer

ATTN: David Harrison

FROM: Karen Oakley *KO*
Legislative Analyst

RE: Conversion of REAAs into Third-Class Boroughs: Comments
Research Request 88.073

You asked us to review the staff report on House Bill 1 entitled "SSHB 1: Conversion of REAAs into Third-Class Boroughs," dated December 10, 1987 and recently distributed to parties interested in, or affected by, HB 1. You also asked whether any major changes in the means by which services are provided to the unorganized borough had occurred since 1984.

We reported on the structure of the service delivery system that serves unorganized borough communities in House Research Agency Memorandum 83-223. This basic structure has not changed since 1984. Services are still provided by a variety of governmental and quasi-governmental organizations in a nonintegrated fashion.

* The major change that has occurred since 1984 is in the amount of funds available to the organizations that provide services in the unorganized borough: Funding has been significantly reduced, necessitating cutbacks in services. The Department of Community and Regional Affairs (DCRA) recently conducted a telephone survey of rural community governments to assess how service delivery by these entities has been affected by declining revenues. In their preliminary report, DCRA reported that many communities have reduced basic public health and safety services, such as fire, police, health, water and sanitation. While all regions have been affected, the regions that have been most affected by the economic downturn were primarily those in the unorganized borough--the Yukon-Kuskokwim Delta, Bering Straits, and Doyon regions. The DCRA will publish their final report on this survey in early January.

Note that entities other than local governments--especially nonprofit organizations--provide services to unorganized borough communities and it may be useful to conduct a companion survey of these organizations to determine the full impact of the recent economic downturn.

*

I found only two minor errors in the staff report on House Bill 1. In Table 3, presenting the value of recent land sales in unorganized borough communities, Ninilchik, a Kenai Peninsula Borough community, was mistakenly included. In Table 8, presenting statistics on child abuse and runaways by region, two columns were titled "Physical Abuse."

*Should have been
2nd column "Sexual Abuse"*

Attached are several House Research Memorandums that provide additional information on social and public safety service delivery and issues in the unorganized borough.

I hope this information is useful. If we can provide any additional information, please contact us.

Attachments

House Research Memoranda
85.157
85.254
85.268
87.232

* I TAKE responsibility FOR errors: DATA 1/15/88



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

April 16, 1985

MEMORANDUM

TO: Representative Jack Fuller

FROM: Katherine Hazard *KH*
Legislative Analyst

RE: Village Public Safety Officers Program
Research Request 85-268

You requested information about the cost effectiveness of making the Village Public Safety Officer (VPSO) program a division under the Department of Public Safety. In addition to your letter requesting this information, Brenda Bruce gave us a copy of the letter from the VPSO in Golovin which, she indicated, prompted your enquiry.

SUMMARY

I spoke to the VPSO in Golovin; he was interested in finding a more efficient means of administering the VPSO program than the current method of contracting through the nonprofit regional Native corporations. He thought creation of a separate division might address this concern. The VPSO program coordinator with the Alaska State Troopers (AST) thought that awarding the program division status would complicate administration. However, the Alaska State Troopers now are seeking to contract directly with several villages to see if this will reduce the administrative costs of the VPSO program.

CURRENT VPSO ADMINISTRATION

In FY 85 there were 116 VPSOs in the state. The VPSO program is now under the Division of Alaska State Troopers in the Department of Public Safety (DPS). The program is administered in part through the regional nonprofit Native corporations, and in part through the Alaska State Troopers. Money for this program is channeled to three budgets: 1) contracts to nonprofit regional Native corporations; 2) VPSO support, which goes to the AST; and 3) administration, which supports three positions in the AST.

Contracts. The VPSO program is administered through ten nonprofit regional Native corporations:

- Aleutian/Pribilof Islands Association (APIA);
- Association of Village Council Presidents (AVCP);
- Bristol Bay Native Association (BBNA);
- Cook Inlet Native Association (CINA);
- Kodiak Area Native Association (KANA);
- Kawerak, Inc. (KAW);
- Manilleq Manpower, Inc. (MAN);
- The North Pacific Rim (NPR);
- Tanana Chiefs Conference (TCC); and
- Central Council of Tlingit-Haida Indian Tribes of Alaska (THCC).

The VPSOs are employees of the corporations and are paid through the corporations. Each corporation has a VPSO coordinator. The contract responsibilities of the nonprofit corporations are as follows:

1. maintain records including: VPSO personnel files, job applications, hiring papers, program transfer records, salary increase notices, information about benefit coverage, annual leave slips, life insurance, travel authorizations or requests, airline ticket agent billings; per diem requests and trip reports, monthly payments for office and fuel allowances, guard hire time sheets ...or any other documentation required by the Division of Public Safety;
- * 2. pay employees and bill the State for all expenses incurred during the month including: salaries, benefits, travel, guard hires and per diem;
3. set the minimum daily and weekly hours required of the VPSO;
4. determine the communities within its region in which the VPSO program will be developed, with prior approval of the DPS;
5. with approval from DPS, change the communities which have VPSOs;
6. maintain a close relationship with the Alaska State Troopers and forward recommendations to the DPS as may appear appropriate to assure program success;

There are several administrative functions which are shared by the community's council, the nonprofit regional corporation and the State Troopers:

1. VPSOs are appointed by the community council, but must be approved by the corporation and the AST. ✓?
2. Firing of a VPSO is a joint effort of the community council, corporation and the AST.
3. The council and corporation must both approve "subsistence leave" for a VPSO.

VPSO Support. The Alaska State Troopers have 19 staff positions allocated to the VPSO program, including four clerk typists and a civilian pilot. Fourteen VPSO oversight officers provide training to the VPSOs, visit each village for VPSO training at least once every two months, make weekly phone contact with the VPSOs, furnish all equipment, inventory, review the VPSO reports, evaluate the VPSOs, and participate in hiring and firing of VPSOs and guards. There are 15 modular training units that the oversight officers take to the villages for VPSO training. Funds for training VPSOs at the Public Safety Academy in Sitka come out of the AST budget for VPSO support.

Administration. There are three positions in the Division of Alaska State Troopers VPSO administration. One is the Program Coordinator, Lt. Glen Godfrey, one is a training coordinator who designs and schedules the VPSO training programs statewide, and one is an administrative assistant who administers the contracts with the corporations.

Budgets. Money was appropriated to the VPSO program in FY 85 as follows:

Nonprofit Regional Corporation Contracts	\$3,675,000
VPSO Support	\$2,200,000
Administration	\$ 260,000

The attached table shows the distribution of contract funds.¹ The attached graph shows the percent of the total contract funds which are used for administration as opposed to VPSO costs. The amount retained by the corporation is used for administration, corporation overhead, and coordinators' salary, benefits and travel. The overhead ranges from 23 to 41 percent of the contract total.

¹Contracts to the corporations from the Department of Public Safety were let for nearly one million dollars more than was appropriated for FY 85. Gary Kostenko at the DPS said contract receipts will probably exceed the amount appropriated by \$400,000 to \$450,000 rather than \$1 million. The DPS plans to absorb the excess expenditure.

Representative Fuller
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Page 4

The community health aide program, a comparable program in many ways, is also administered through the regional corporations. Dwayne Peeples, of the Division of Public Health, said the administration costs charged by the corporations range from 12 to 44 percent of the total direct funds.

CONSTITUENT'S CONCERNS

✓ Golovin's VPSO, Pat Farrell, expressed two major concerns with the VPSO program, both related to administration through the nonprofit regional corporations. Kawerak, Inc. receives about \$160,000 for administration and for the salary of one coordinator. There are 15 VPSOs in the region. Mr. Farrell said that between FY 84 and FY 85, the Kawerak contract was reduced by approximately \$11,000. He said that most of the cut was taken out of the VPSOs budget and that the corporation absorbed only about \$1,000 of the budget reduction between the two years. He said that he and several other VPSOs suspect that if there are high administrative costs in this regional corporation, such may be the case with the nine other corporations administering the VPSO program. He wanted to know whether the State could reduce costs by administering the program directly.

Mr. Farrell's other main concern was that he is currently under several different supervisors, and sometimes gets conflicting directives. He said he has four supervisors: the Corporal in Nome with the Alaska State Troopers, the Oversight Trooper, the Coordinator for the corporation and the City Council. If the VPSOs were made a separate division, he anticipates that the VPSOs would have only one direct supervisor.

He mentioned several other problems. He said that the coordinator at the nonprofit knows little about the VPSOs' jobs but that she is responsible for negotiating their contract. He said the coordinator has given the VPSOs no say in what they would like for COLA or wages. When I asked what the coordinator does, he said he sends his pay slips and insurance records to her and she gives them to the people at Kawerak that handle salaries and insurance. She gives the VPSOs their per diem when they come in for training, but the training is done by the Troopers. She notifies the VPSOs when there is going to be training.

Mr. Farrell thought that creating a separate division of VPSOs within the Department of Public Safety would simplify the hierarchy, benefit the State economically and allow more of the money allocated for the VPSO program to go to training, or other things that would directly improve the services for which the program is designed.

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Mr. Farrell mentioned that the State has been investigating the possibility of contracting directly with the villages, rather than channeling money through the nonprofit corporations. Mr. Farrell thought there might be a problem with contracting directly with the councils because it would make it difficult for a VPSO to investigate the community's council members without fear of losing his/her job. ✓

MAKING THE VPSO PROGRAM A SEPARATE DIVISION

The VPSO program coordinator, Lt. Glen Godfrey, said that if the VPSO program was made into a separate division, he could foresee several added costs and problems. There is currently a lot of interchange between VPSO oversight troopers and other troopers. Often when oversight officers are in a village, residents report problems to them. The oversight officers record and investigate complaints as needed. Similarly, a trooper who goes to a village will often do some training of the VPSO. Lt. Godfrey explained that the amount of time devoted to the VPSO program in a detachment approximates the personnel positions budgeted for that detachment, but the time may be contributed by other AST employees not specifically assigned to the VPSO program.²

Lt. Godfrey said that separating the trooper force such that some troopers could take reports while others could not would not facilitate the best protection in communities, would be incomprehensible to many community members and would be inefficient. While it might still be possible to interchange services between divisions, this might be more difficult than it is under the present system where all troopers (oversight and nonoversight) are under the same command.

Lt. Godfrey added that if the VPSO oversight officers did not have assistance from other troopers, travel expenses could increase because training is now done by nonoversight troopers who are in the VPSO villages on other business. He said that unless there was some provision for exchanging personnel services between the AST and the VPSO division, the VPSO division would need to hire more oversight troopers and other staff.

²Lt. Godfrey provided an example of how the present system functions. In the Interior, there are two oversight trooper positions and no clerical or other staff funded under the VPSO program. The clerical work is done by staff not designated to the VPSO program. The two oversight troopers do some trooper work other than that related to the VPSO program and three other troopers helped with VPSO training. The VPSO-related work of the five troopers (two designated oversight troopers and three others) came to a total of 1.62 oversight trooper positions worth of work. The remaining units of work time, as it were, helped cover work done by non-VPSO staff, such as the clerical work.

✓ would this be a change in state policy
towards - state constitutional cities - boroughs only
... .. ?

Representative Fuller
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I did not pursue examination of the officer ranks, number of visits made to villages and actual hours devoted to VPSO work by the troopers and other staff. It is not clear that such an examination was the intent of your request. However, the troopers do keep records of their hours, and such a study might be possible.

At the least, creation of a division would require upgrading a program coordinator position to the director level. A director's salary and benefits would be \$10,000 to \$15,000 more than the program coordinator's. There would probably also be more administrative costs with the creation of a new division and additional travel costs, as mentioned earlier.

On the other hand, there are several oversight troopers who are serving other major functions in the troopers and may be of higher rank than would be required if their sole responsibility were as oversight officers. For example, in Nome there is one oversight trooper at a salary of \$80,400 and a corporal at \$86,200. The corporal has duties outside the VPSO program.

While Lt. Godfrey believes that exchange of services and equipment might be possible if the VPSO program became a new division, he thinks that coordination and administration would be more complicated. He does not believe that creating a separate division for the VPSO program would be a costeffective or efficient manner of administering the program. Nor would it necessarily address the concerns expressed by your constituent. Mr. Farrell's main concern was with the efficiency of contracting with the corporations. Creation of a separate division would not necessarily mean that the DPS would cease contracting with the corporations.

CONTRACTS FOR SERVICES

The Department of Public Safety has been exploring ways to reduce the administrative costs of the VPSO program. In January 1985, Commissioner Sundberg circulated a letter to mayors of the villages involved in the VPSO program. In his letter, he stated that while administrative support by the regional corporations has been working well, "there may be a more efficient way to handle the administrative details and at the same time allow more of the program's money for direct services" to the village. The Department of Public Safety circulated a questionnaire to find out how many villages would be interested in contracting directly with the DPS instead of channeling funds through the corporations.

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In a memorandum dated January 28, 1985, Commissioner Rudd, of the Department of Administration, granted approval to the DPS to contract directly with the villages for administration of the VPSO program. The Department of Administration is currently reviewing the specific contract design. The DPS would like to contract directly with ten villages beginning July 1, 1985.

Program Coordinator Lt. Godfrey said each village in the pilot project will be expected to do approximately 20 to 40 percent of the administration now being done by the corporations. The oversight troopers will absorb the remainder of the administrative duties. The Alaska State Troopers Division will be assuming the responsibilities of checking the payrolls, auditing, making sure that the VPSOs get their checks, granting annual leave, arranging for travel to training etc. These administrative responsibilities will be handled at the detachment level. At this time, Lt. Godfrey does not anticipate adding additional staff in order to do the pilot study. However, if the whole program were reorganized, there would need to be some increases in staff.

The oversight troopers will be keeping records of how much time it takes to do the additional administrative work. Lt. Godfrey anticipated that if the pilot study begins in July, by this time next year the DPS could evaluate quite accurately how the VPSO program could best be administered statewide.

Through the pilot study, the DPS should be able to evaluate how many additional positions or which type would be needed to administer the whole program. Lt. Godfrey said that, at that juncture, the DPS will be able to carefully compare costs to see which administrative system would be most cost effective. He said they cannot evaluate this at the present time.

At this point, it looks as if program administration by the DPS could offer several savings: 1) the ten nonprofit corporations fall into four trooper detachments, so if coordinators were hired, there would probably be three or four instead of ten; 2) the overhead might not be as high; and 3) there would be less redundancy in administrative responsibilities.

Representative Fuller
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Michael Clemens, Assistant Director of the Division of Administrative Services at DPS mentioned one reservation in contracting directly with councils statewide. He said that some villages may not want to contract directly with the State because the contract requires a waiver of some sovereignty rights.

I hope this memorandum addresses the aim, if not the letter, of your request. Please let us know if you have questions or would like a more detailed analysis of any aspect of the VPSO program.

KH

Attachments

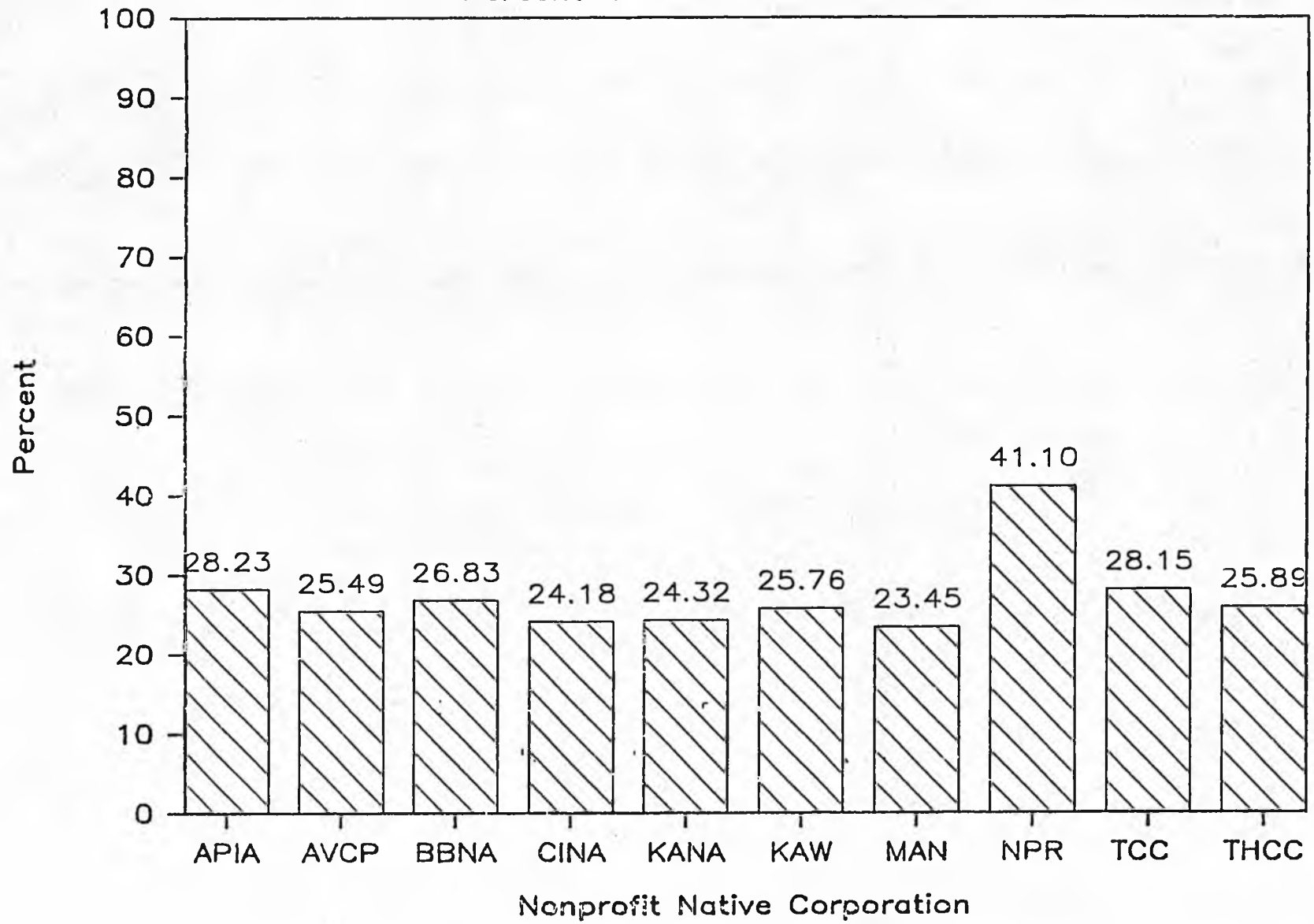
VILLAGE PUBLIC SAFETY OFFICERS PROGRAM BUDGET FY 85

Native Corporation	VPSO EXPENSES							OTHER CORPORATION EXPENSES							Total
	VPSOs	Salaries	Benefits	Travel	Guard hire	Fuel + Office	VPSO Expenses Subtotal	Corp. VPSO Salaries	Benefits	Expenses Travel	Corp. Admin. Costs	Corp. Overhead	Corporation Expenses Subtotal	Corp. % of Total	
APIA	8	\$172,124	\$43,031	\$19,000	\$214	\$14,400	\$248,769	\$31,000	\$7,730	\$4,000	\$4,200	\$50,919	\$97,869	28.23	\$346,638
AVCP	30	583,481	175,044	21,250	2,550		782,325	40,788	12,236	6,000		208,655	267,679	25.49	1,050,004
BBNA	16	304,016	89,685	22,800	237	28,800	445,538	33,000	8,382	9,701	3,050	109,242	163,375	26.83	608,913
CINA	1	18,103	4,933	2,090	238	1,800	27,164			1,300	1,000	6,363	8,663	24.18	35,827
KANA	6	115,692	47,087	5,760	475	10,800	179,814	19,200	8,218	2,210	9,045	19,107	57,780	24.32	237,594
KWA	15	319,120	67,015	38,000	3,050	36,000	463,185	30,000	6,300	7,000	7,500	109,937	160,737	25.76	623,922
MAN	10	198,862	49,317	14,250	5,700	18,000	286,129	14,000	2,429	4,000		67,234	87,663	23.45	373,792
NPR	3	50,200	10,542	5,700	475	5,400	72,317	12,960	2,722	4,000	3,000	27,776	50,458	41.10	122,775
TCC	16	358,341	143,172	41,108	3,705	20,800	575,206	34,383	13,793	6,000	11,912	159,248	225,336	28.15	800,542
THCC	11	207,767	66,486	23,714	2,280	19,800	320,047	14,702	4,705	10,000		82,414	111,821	25.89	431,868
Total	116	\$2,327,706	\$696,312	\$193,752	\$18,924	\$163,800	\$3,400,494	\$230,033	\$66,535	\$54,211	\$39,707	\$840,895	\$1,231,381	26.58%	\$4,631,875

Prepared by the House Research Agency 16-Apr-85

VPSO Program Contracts

Percent Retained for Administration



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY



P.O. Box 7, State Capitol
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April 13, 1987

MEMORANDUM

TO: Representative Niilo Koponen
ATTN: Lisa McLaren
FROM: Mary Jennings *mq*
Legislative Analyst
RE: Alaska Native Youth Suicide
Research Request 87.232

You requested that we determine characteristics that are common to Alaska Native youth suicide victims--particularly the age at which the victims started school.

Background

According to the National Center for Health Statistics (NCHS), Alaska Natives have one of the highest rates of suicide in the nation. Information on Alaskan suicides has come primarily from studies based upon death certificate data obtained from the Alaska Bureau of Vital Statistics. Suicide research has focused on regional occurrences, with particular attention to the problem among Alaska Natives. The following sections of this memorandum provide brief summaries of studies which have analyzed trends and correlations among Native suicides, with many of the studies emphasizing youth suicide.¹

Inupiat Eskimos. Historically, a traditional pattern of suicide has been recognized among some Alaska Native cultures, specifically the Inupiat Eskimo. Kraus (1971) described the typical case as a middle-aged or older male who could not perform his usual activities due to illness, old age, or

¹The three major studies noted in this memorandum were summarized in "The Recording and Epidemiology of Suicides in Alaska 1983-1984," by W. Gary Hlady, M.D., Division of Field Services, Epidemiology Program Office Centers for Disease Control and John P. Middaugh, M.D., State Epidemiologist, published by the Epidemiology Office, Division of Public Health, Department of Health and Social Services, December 17, 1986.

bereavement. Kraus stated that a period of reflection and sometimes consultation with family members preceded the final act. This form of suicide was regarded positively by the community.

The incidence of suicide among the Inupiat was stable between 1950 and 1964, but in 1965 the rate doubled and remained at that level until 1970--the end of the study period. The increase was accounted for almost entirely by suicide in the 10 to 30-year age group, with the highest risk among 15 to 25-year-olds. Kraus found that the emerging pattern of suicides differed from the traditional. The individuals involved were young, their motivation was obscure, and suicides occurred abruptly, without warning, and often in association with alcohol intoxication. This new pattern was regarded negatively by the community.

Kraus, who relied upon records review and interviews with informants, speculated that the young Native suicides shared a common development history that was characterized by disruption of the nuclear family by a variety of factors. These factors included a breakdown in traditional child-rearing practices due to increase in family size, hospitalization for tuberculosis, alcoholism, education away from home, and the disruption of family bonds by the stresses of living in a cash economy.

Kotzebue and Inupiat Regions. Travis (1983) focused on the problem of suicide in Kotzebue from data collected during 1977-1980. He found the Native suicide rate to be 90.9 per 100,000--seven times the national average--but this was based upon only eight suicides in the four-year period. He identified alienation, loss of family, low income, alcohol abuse, and high unemployment as factors related to suicidal behavior. He also identified education as a risk factor, suggesting that it may raise expectations and increase frustration in a land of few opportunities for Natives.

This hypothesis was tested in another work by Travis (1984), in which he examined the suicide rate in two culturally similar Inupiat Eskimo regions during the 1970s. The rates differed by a factor of 5 to 1. The region with the low rate of suicide had undergone tremendous economic development due to oil and gas revenues, while the other region experienced an economic depression. Travis stated that a possible reason for the disparity in the suicide rates was that one region experienced a decline in unemployment and the other experienced a sharp increase in unemployment. Travis stated that unemployment was statistically the biggest contributor to more self-destructive deaths in the NANA region than any other factor. He concluded that where economic development allowed Natives to achieve the goals and aspirations created by a modern education, the suicide rate approximated the national average.

Southwest Region. A study commissioned by the Yukon-Kuskokwim Health Corporation examined suicide deaths in Southwest Alaska, a predominately Native region, during 1979 - 1984. The report identified several villages at high risk for suicides and found that the population at greatest risk

was Native males aged 19 - 29. The typical suicide was a self-inflicted gunshot wound by a 23 to 24-year-old Native male who was intoxicated with alcohol at the time of his death. Since only 36 suicides were identified, the power of epidemiologic analyses was low, but the findings were consistent with other studies.

Indian Health Service Statewide Evaluation. A report prepared by Blackwood (1978) for the Indian Health Service examined suicide statewide among Alaska Natives. The report found that in the 1950s, suicide was well below the ten leading causes of death among Alaska Natives. By the mid-1970s, the suicide rate had risen dramatically to become the second leading cause of death. The highest rates occurred among Native Alaskans in the 15 - 24 and 25 to 34-year-old age groups. About 70 percent of suicides were male. Both male and female Native suicide victims were most likely to die as the result of gunshot wound, but females had a greater tendency than males to resort to poisoning.

Descriptive Epidemiology Statewide 1983-1984.

The report *The Recordings and Epidemiology of Suicides in Alaska 1983 - 1984*, by Hlady and Middaugh (1986), provides a review of the 195 suicides which occurred during 1983 - 1984. The study represents the first attempt to describe the epidemiology of suicides in Alaska on a statewide basis, using data obtained from a manual review of the death certificates, supplemented and validated by information in coroners' files, police reports, and autopsy records.

Age and Rate. The proportion of suicides that were Natives (33 percent) was significantly larger than the proportion of Natives in the population (14 percent). The median age for all suicides in Alaska during 1983 - 1984 was 28 years. The median age of 23 years for Native suicides was significantly younger than the median age of 32 for white suicides. Among Natives, the average annual rate for suicides was 42.9 per 100,000 population, 2.2 times the white age-adjusted rate of 19.1 per 100,000 population per year. The Native rate was calculated with a very small number of 20 and must be interpreted with caution.

Residence. A larger proportion of the Native population (73 percent) than non-Natives (33 percent) lived in communities of less than 5,000 people. When the data were stratified to adjust for the effect of the racial distribution, no statistically significant differences in suicide rates were observed between residents of small rural and larger urban communities, though a strong trend was noted for Native suicide rates to be higher in rural areas.

Temporal Distribution. For all races combined, the greatest number of suicides occurred in May and October. A roughly bimodal pattern was observed for both white and Native suicides, with strong peaks in the spring and fall. The day of suicide was known for 95 percent of the victims. A small peak among Natives on Sunday was not statistically significant.

Method. No significant race or age difference was observed in the methods used in suicide--79 percent were the result of gunshot wounds. Blood alcohol levels at autopsy were available for 169 (87 percent) of the total suicides. Of the 57 Native suicides tested, 45 (79 percent) had detectable levels of blood alcohol, compared to 53 (48 percent) of 110 suicides in whites tested. Also, the proportion of blood alcohol levels exceeding 100 millograms/deciliter was significantly higher among Native (54 percent) than among white (20 percent) suicides tested.

Employment and Marriage. Of the 125 suicides in whites, 44 (35 percent) were married compared to 7 (11 percent) married among 62 suicides in Natives. The "usual occupation...even if retired" was designated "unemployed" on the death certificates of 18 of 184 suicides for which information was available. No significant race differences were observed.

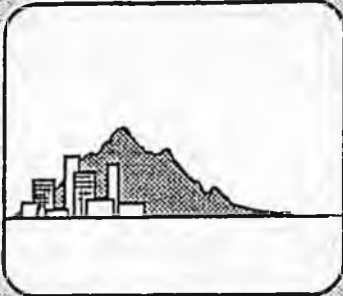
Potential Life Lost. The number of Years of Potential Life Lost (YPLL) to suicide before age 65 in Alaska during 1983 - 1984 was 6,407. Because suicides in Natives occurred at younger ages, they accounted for a disproportionately larger share of the total YPLL. Natives accounted for 65 (35 percent) of the 188 suicides before age 65 and 2,467 (39 percent) of the YPLL. The average annual rate of YPLL to suicide for Natives was 1,684 YPLL per 100,000 population, 3.4 times the annual rate for whites.

Early School Entrance. Dr. John Middaugh, Alaska State Epidemiologist, was not aware of any research examining a correlation between early school entrance of Alaska Natives (or any other race) and incidence of suicide. Dr. Middaugh felt that the data concerning school entrance would be difficult to obtain as it is not recorded on the death certificate. Dr. Norma Forbes, Research Analyst for the Division of Planning, Department of Health and Social Services, agreed with Dr. Middaugh. She stated that Native children enter school at various ages and the only way to determine when a suicide victim had entered school would be to review the cases on an individual basis. She added that even then, it may not be possible to obtain the data. Both doctors agreed that due to the relatively small amount of data concerning Native suicide, it would be difficult to draw statistically significant conclusions concerning early school entrance and suicide..

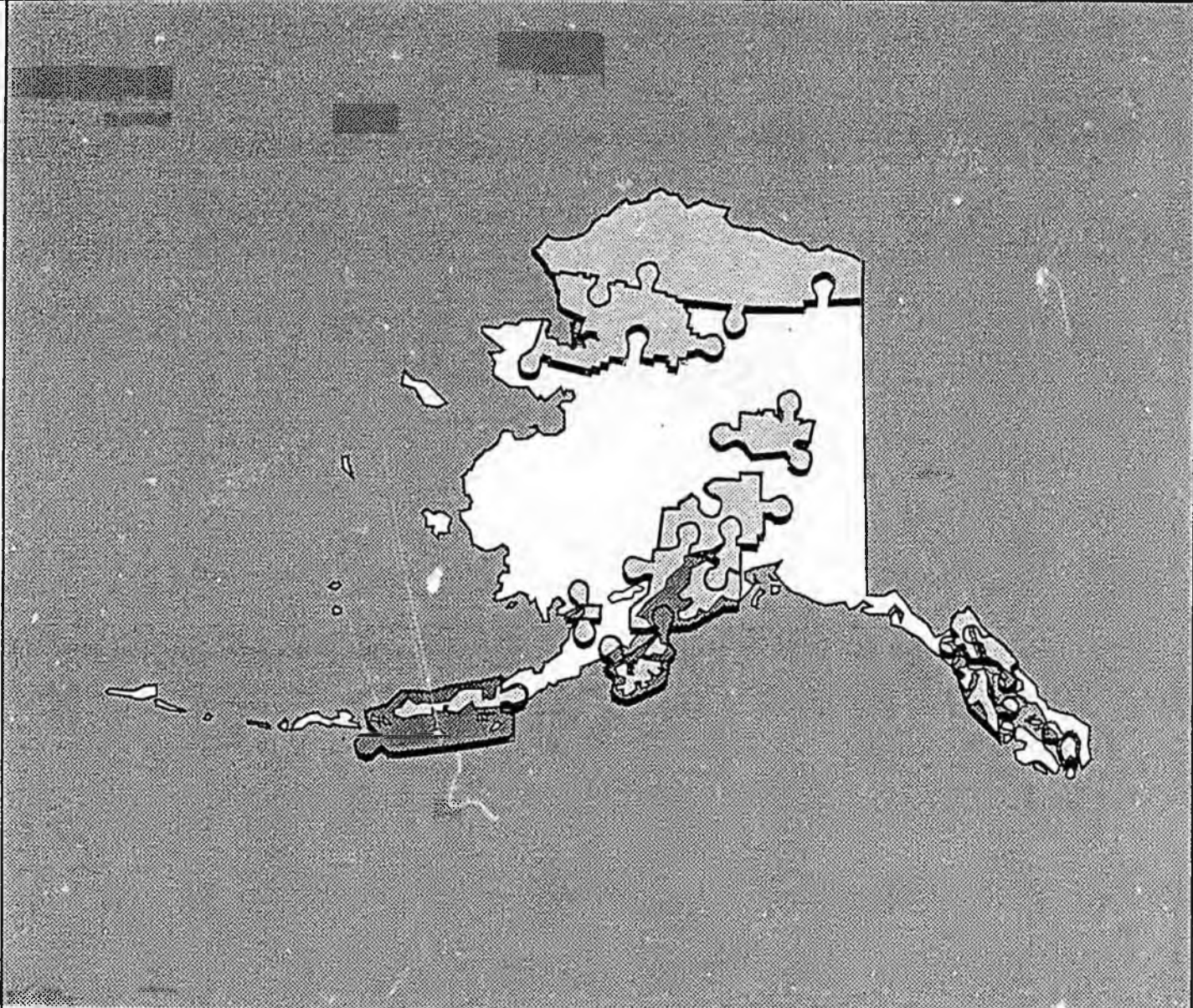
* * *

I hope you find this information useful. I have requested Dr. Middaugh to provide data concerning the month of birth of Native suicide victims during 1983-84. He stated that these data are not in the computer system at this time but he felt he could provide the data by mid-month. Dr. Middaugh again warned that statistical significance of these data may be minimal due to the small number of cases. I will forward this to you upon receipt. Please contact me if you have any questions.

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE



Regional Government Study



State of Alaska
Steve Cowper, Governor

Department of Community and Regional Affairs
David G. Hoffman, Commissioner

January 1988



[20 SSB1]

(A)

I

AVCP

Association of Village Council Presidents
P. O. Box 219 • Bethel, Alaska 99559 • Phone 543-3521

December 1, 1987

Dr. David Harrison, Professional Assistant
House Community and Regional Affairs Committee
3111 "C" Street, Suite 463
Anchorage, Alaska 99503

Dear Dr. Harrison:

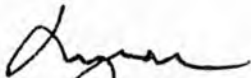
At the 23rd Annual Convention of The Association of Village Council Presidents, Resolution 87-10-09 (attached) was passed by the Convention Delegates.

The resolution opposes the passage of Sponsor Substitute House Bill 1, (SSHB1), as stated within the resolution.

If you have any questions or additional information, please don't hesitate to write or call.

Sincerely,

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS
Gene Peltola, President



Myron P. Naneng
Vice President

MPN:cd

Attachment

AVCP

Association of Village Council Presidents
P. O. Box 219 • Bethel, Alaska 99559 • Phone 543-3521

CONVENTION RESOLUTION NO. 87-10-09

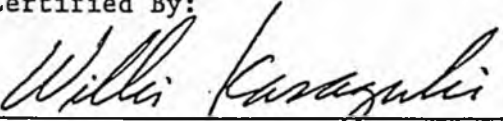
- WHEREAS, The Association of Village Council Presidents is the regional tribal organization and non-profit Alaska Native regional corporation for the 56 member Yupik Native communities of the Yukon-Kuskokwim Delta region of Western Alaska; and
- WHEREAS, The AVCP supports each member villages' endeavors to promote high quality education at all levels, and
- WHEREAS, The Sponsor Substitute House Bill 1 (S.S.H.B.1) would enforce the conversion of most R.E.A.A. School Districts into third class boroughs, and
- WHEREAS, The S.S.H.B.1 does not differentiate between unorganized communities that have already taken steps to organize and currently tax themselves to help support local schools and services, and
- WHEREAS, S.S.H.B.1 does not differentiate between resource rich or wealthy areas of Alaska and those that are resource poor with the result that wealthy and poor areas are treated the same, and
- WHEREAS, The S.S.H.B. 1 encourages the creation of third class boroughs instead of other forms of government that might be better able to deal with the many different kinds of issues that confront the residents of the Yukon-Kuskokwim Delta, and
- WHEREAS, The S.S.H.B. 1 encourages the elimination of small R.E.A.A. districts and small city control in favor of forced regionalization which reverses a decades-long trend toward increased local responsibility and control also, and
- WHEREAS, The S.S.H.B. 1 would directly lead to the imposition and collection of property and/or other kinds of taxes on residents within such forced third class boroughs, and
- WHEREAS, An accurate acceptable property tax assessment has never been made in many, many Alaskan communities including all or nearly all of these in the Yukon-Kuskokwim Delta, and
- WHEREAS, The cost of employing tax collectors and/or administrators in many communities would likely result in very little revenue being left for other purposes, and
- WHEREAS, the S.S.H.B.1 would not lead directly to either better local government or better schools.

NOW THEREFORE BE IT RESOLVED that the Association of Village Council Presidents oppose the S.S.H.B. 1 in its present form and request other concerned organizations to also oppose passage.

Adopted by action of unanimous vote of delegates assembled at the 1987 Fall Convention of the Association of Village Council Presidents held in Scammon Bay Alaska on October 17, 1987, meeting in a duly constituted meeting of the AVCP Full Board of Directors with a quorum having been present.

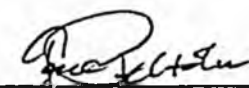
CERTIFICATION

Certified By:



Willie Kasayulie, Chairman

Attested By:



Gene Peltola, President

(B)
NOV 30 1987
orig JNY

Alaska MUNICIPAL League



TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

To: David Harrison, Aide to Representative Springer
From: Scott A. Burgess, Executive Director *[Signature]*
Date: November 25, 1987
Subject: HR 1 - Third Class Boroughs for Education

I apologize for not sending comments on HB 1 sooner and thank you for your patience. With the conference behind me, I have a little more time and some policy direction for these comments.

Several quotes from the recently adopted 1988 AML Policy Statement, now at the printers, provide a policy base for my comments on behalf of the AML:

PART II - Education

A.1.a. The Alaska State Constitution mandates in Section 1, Public Education, that the State shall establish and maintain a system of public education, open to all the children. Therefore, the League supports the State's assuming full financial responsibility for basic education.

PART VIII - Local Government Powers:

C. Unorganized Borough - The League urges the Legislature to address the organization of the unorganized borough.

E. Formation of New Municipalities; 1. State Policies: The League supports state policies which encourage rather than discourage the formation of new municipalities.

Finally, and most directly related to the legislation, I have enclosed a copy of the AML resolution in support of legislation allowing the formation of new third-class boroughs. Based on this resolution, the AML basically supports the option of third-class boroughs for education purposes. However, the resolution speaks to "choice" but the legislation makes it mandatory.

The AML worked hard for six years to get Title 29 revised. As a result of the amendments to Title 29 third-class boroughs are no longer an option. The reason the AML pushed for this change was that the third-class borough was created just for the Haines Borough, which is

Memo to David Harrison Re HB 1

November 25, 1987

Page 2

"grandfathered" in under the legislation that passed. The mandatory powers of a second-class borough are limited to education, taxation and planning and zoning. This is reasonable and minimal government. Such entities provide additional services only by a vote of the people.

Finally, I have a few comments on Karen Oakley's paper on HB 1, dated October 9, 1987. The paper clearly outlines that the mandatory creation of third-class boroughs is not an easy solution to the problem of equity and education funding. It also points out a number of related issues that could not be adequately addressed given the time and scope of the paper.

While the foundation formula approved last year was an improvement, and, as Ms. Oakley implied, easier to understand, it is not without its critics among municipalities trying to raise the local effort. The formula did not address local effort for the unorganized area but, of course, that is the main reason for the legislation.

The biggest complaint I heard last year about HB 1, other than bringing back third-class borough, was from first-class cities such as Galena whose school powers would be "subsumed" by the new third-class boroughs. I believe Ms. Oakley's paper points out the reasons for their concern.

The AML supports the State meeting its Constitutional mandate to fund basic education; however, the goal seems to be how to shift that expense to the local level. If we assume for the sake of discussion that the cost will be borne partly by local revenues as it has been to varying degrees, the direct benefit of HB 1 would appear to be equity among all who benefit from education and the cost of that education. This could also be achieved with an income tax or a head tax and perhaps at less cost. (This is not to say the AML supports an income tax.) Ms. Oakley did raise the problem of the cost of property tax collection in the proposed boroughs.

In terms of the funds for education, HB 1 is almost "a wash", however. While \$13.4 million could be reduced from State aid to education, the net gain to the State after the loss in property tax revenues is only \$3 million. (If the money gained from local effort were redistributed, an option discussed briefly by Ms. Oakley, would the

Memo to David Harrison Re HB 1
November 25, 1987
Page 3

foundation formula still meet the disparity test, the actual goal of the new formula passed last year?) Ms. Oakley points out that the total revenue available for education under HB 1 would be the "same as the status quo; the local effort merely replaces state aid". If under HB 1 the State's net gain is small, and the same funds are provided for education as now, then the real effects of HB 1 are outside the area of school finance. Another benefit of the borough formation under HB 1 would be local control which is the best reason for local government. Does this outweigh the local costs? Is mandatory borough formation without some other "carrot" or reason destined?

Ms. Oakley raised the issue of "ability to pay" which is an interesting concept raised by some at the annual conference. By gross numbers, Ms. Oakley points out that there is enough "cash" to meet the local effort; however, the people with the cash may or may not be those with the taxable property.

I hope these comments are helpful, and I will look forward to your analysis. The AML will be following the bill in the Second Session.

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-15

A RESOLUTION ALLOWING FUTURE THIRD-CLASS BOROUGHS.

WHEREAS, the Alaska State Statutes no longer allow the formation of third-class boroughs, and

WHEREAS, the third-class borough is a good form of government and might be the best form of government for areas which may desire to organize in the future and which are concerned mainly with education, and

WHEREAS, third-class boroughs may be appropriate and even desirable in some areas but inappropriate in others, and

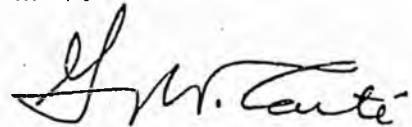
WHEREAS, third-class boroughs would provide local support for the school system;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges:

1. That the Legislature reconsider allowing unorganized areas the choice of organizing into third-class boroughs; and

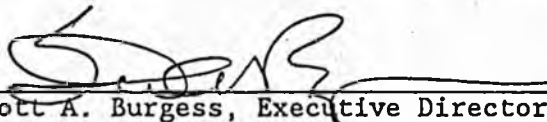
2. That first- or second-class boroughs or home rule boroughs may not declassify to third-class borough status.

Adopted this 13th day of November 1987.



George W. Carte', President

ATTEST:



Scott A. Burgess, Executive Director

District Offices
P.O. Box 00309
Nenana, Alaska 99760



*Let's draft them a reply and
thank them for letting us
know of their concern on SSHB 1
& their resolution.
Also, I believe HB 1 would
encourage Pindley & give greater
local control. Telephone:
(907) 832-5592
Copy up line of communication
with them on subject.)
R. L*

November 16, 1987

Representative Ron Larson
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Larson,

At the November 11, 1987 School Board Meeting of our district the Board adopted the enclosed Resolution concerning SSHB 1. We would appreciate it very much if you would take our thoughts into consideration.

Sincerely,

Fred L. Lau / CLH

Fred L. Lau
Superintendent

FLL/clh
Enclosure 1



Administrative Offices
P.O. Box 100
Nenana, Alaska 99760
(907) 852-5597

Fred L. Lau
Superintendent

RESOLUTION NO. 88-01

WHEREAS, SSHB 1 would erode the local control of not only REAA's but also small city school districts; and

WHEREAS, the original intent of the Legislature was to create a system of more local control in unorganized areas such as REAA's; and

WHEREAS, consolidation of school districts would effectively eliminate the concept of local control as it exists today; and

WHEREAS, all data indicates that the formation of mandatory third class boroughs would result in lower funding levels per student than at present, resulting in poorer quality schools;

THEREFORE, BE IT RESOLVED, that the Yukon-Koyukuk School District opposes SSHB 1 and requests other concerned groups to also oppose passage.

PASSED, APPROVED AND ADOPTED BY THE SCHOOL BOARD OF THE YUKON-KOYUKUK SCHOOL DISTRICT THIS 11th Day of November, 1987.

ATTESTED:

Patrick J. Madas
Chairman, Yukon-Koyukuk School District Board

11-11-87
Date

Linda S. Evans, Board Secretary for
Clerk, Yukon-Koyukuk School District Board

11-11-87
Date

Larry We need a brief general Reply

(D)

Mike and Barbara Coombs
P.O. Box 325
Nenana, AK 99760

Representative Ronald Larson
P.O. Box 53
Palmer, AK 99645

November 20, 1987

Dear Representative Larson:

Having read your article in the November 1st edition of the Fairbanks Daily News-Miner, regarding the formation of borough governments, I thought to convey my ideas on the subject. As I live in the Healy-Nenana area, passage of your bill would have a direct effect on me and my family's lifestyle.

I am in disagreement with you on almost every point you made in your argument.

Your first point was that each newly organized borough would receive \$600,000 from the state. I suggest that this money will do no more than put in place a taxing authority - a new level of bureaucracy that will have to be supported by the residents within its boundaries. That amount of money would go nowhere in setting up a workable government. (I find it very telling that your first word on the subject was the money the state would hand out to gain its end; though, after all, this ploy has proven to work so well.) It only sounds to me as if you are asking the local governments to "sell out" what control they now have for \$600,000; after three years the money is spent and they have in place a borough government, a monster, they will not be able to get rid of - a monster that will take how many more thousands of dollars to continue to support?

Your next point is the 10% land selection: this sounds good on the surface, but in reality many of the areas do not have much state land within their boundaries to select from - the most valuable land is already taken. Besides that, take a look at the track record of the existing organized boroughs - those lands have not eased many of their problems.

Regarding your point on revenue sharing: I believe that if you attended your borough meetings you would discover that the reality of the situation is that federal and state revenue sharing is diminishing fast. The services these funds could finance, such as

the public services that you quoted, are being met sufficiently in the unorganized areas with the means already available to them.

As for bonding powers: That is one of the biggest problems right now facing all governments in the state. With almost 30% of the state budget going for debit services, there is only danger in that path: what is good in a flood of oil dollars is not necessarily best now. One poignant example is the heavy load the Kenai Peninsula Borough taxpayers find themselves under at this time.

You bring out a point that the people would be taking for themselves the powers and functions that now lie in the hands of the state legislature. This also sounds promising, but in reality it does not work that way. Ask the people in your area if they feel they have much control over the bureaucracy that dictates their daily lives. Government doesn't help an individual to do a thing, it puts obstacles in his path - fees, licenses, restrictions, ..red tape. At a time when we must diversify the economy and break away from government dependancy, we should not make the process more difficult by adding more layers of government.

We who live in the outlying areas do so by choice; we do not feel a deprivation of those services, those "benefits", of which you promise a borough could provide.

Let me point out what I see as the benefits of the status quo:

Foremost is the lack of interference in my daily life. The physically further away the seat of government is, the less impact it has on one's daily existence. We here, of all the people in the U.S., have the privilege of owning our own homes - and not "renting" them from any government or agency (i.e. property taxes.) This may sound extremely radical to those who have, and who have always had, the burden of such taxes - but fail to pay that "rent" and see who really owns your house. Take a close look at the unorganized boroughs, and take into account all the lands that will remain non-taxable, and it becomes clear that the burden that will rest on those who will be taxed will be heavier than they will be able to carry.

One thing that you failed to mention in your article is that HB#1 is directed to force the rural areas to pay 30% of the cost of their schools. Most of these areas do not have the tax base to support that amount of funding. Those that do, have most generally already taken over school funding - those areas where the population

is big enough to warrant such a move. Your bill as written would take away their control and give it to a borough - a very unpopular idea.

Borough form of government to cover large under-populated areas does not work: only the centers of population of the borough are able to reap any of whatever benefits might be gained - leaving to their outlying areas a few garbage dumpsters, more restrictions, and property taxes. Ask the people living in such situations!

When such time arrives that the bush areas develop a population and a tax base to warrant a need for the (dubious) benefits a borough form of government could provide, perhaps such a move should be considered. We are far from that point now. May I suggest that misery loves company? - and those who find themselves weighed down under property taxes and huge bonded-indebtedness due to the benefits of their borough governments may feel such sentiments toward their fellow Alaskans who live outside those boundaries. Please, don't drag us into the morass with you.

Sincerely,



cc: The Fairbanks Daily News-Miner
Representative Richard Shultz



Alaska State Legislature



REPRESENTATIVE BILL HUDSON

P.O. BOX V
Juneau, Alaska
99811
(907)465-3744 or 4991

COMMITTEES:
Transportation
HESS
Telecommunications
Fisheries
International Trade

November 12, 1987

Representative Ron Larson
Alaska State Legislature
P.O. Box 53
Palmer, Alaska 99645

Dear Ron,

I appreciate your copying me with the letter to REAA school board presidents. The information is helpful to me and is about a topic of concern to me.

I look forward to talking to you about HB 1 and the subject of local organization when you return to Juneau in January. I agree that it is time to complete organization throughout all of our state.

Have good holidays and see you soon.

Respectfully,

Bill Hudson

BH/skp

NORTHWEST ARCTIC BOROUGH

(H)



P.O. BOX 1110
KOTZEBUE, ALASKA 99752
(907) 442-2500

DEC - 7 1987

November 23, 1987

Dr. David Harrison, Professional Assistant
House Community & Regional Affairs
3111 C. Street, Suite 463
Anchorage, Alaska 99503

Dear Dr. Harrison:

The Northwest Arctic Borough opposes the passage of SSHB1, sponsored by Representatives Larson and Menard. We are against any legislation that would require the mandatory formation of Boroughs in the unorganized areas of the State.

For any Government to be successful it needs an economic base to create a stable revenue source to fund its operations. For the most part in the unorganized areas of the State, this economic base does not exist. But as we have seen over the last two years, where there is an economic base these areas will form into organized Boroughs. The new Aeutians East and this Borough are good examples.


In addition to a stable economic base, the other requirement is strong local support for the formation of a Borough. As we have experienced, the process of building a Government requires a significant commitment from the elected officials and the people. If we did not have this support, it would have been difficult, if not impossible to put in place the structure and policies needed to successfully operate a local government. The desire for Borough formation can not be externally generated. The imposition of government without strong local support is a prescription for failure.

While we appreciate the concerns of the sponsors, their efforts would be better directed towards creating and maintaining a strong economic base in the unorganized Borough and fostering local support for the creation of new regional governments.

Ambler, Buckland, Candle, Deering, Kiana, Kivalina,
Kobuk, Kotzebue, Noatak, Noorvik, Selawik, Shungnak.

Thank you for the opportunity to respond to this legislation. If you have any questions or require any additional information, feel free to contact me.

Sincerely,



Chuck Greene,
Mayor

cc: Senator Hensley
Representative Adams
Martha Fischback

CG/pl

RECEIVED
11-25-87 (I)



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

DEC - 7 1987

November 20, 1987

Honorable Stan Peters, Mayor
Emmonak City - P. O. Box 8
Emmonak, Alaska 99581

Dear Mayor Peters:

Just a delayed note to say that I enjoyed visiting and meeting with the Mayors of the Coastal Yukon Mayors Association.

In gathering information pro and con on SSHB 1 - Mandatory Borough Bill, Representative Henry Springer would appreciate any comment on this bill that is in his committee. I know Martha Fischbach, his Secretary has asked for this information and I just want to follow-up a bit so we can have your concerns for the record and for the committee members.

If you could poll or call the various mayors, and indicate the number that are for SSHB 1 _____; indicate the number that are against SSHB 1 _____. Thanks for your time and effort in this matter.

We would appreciate any comments that you wish to add based upon phone calls, etc. Space is provided for your written comments.

Comments on SSHB 1.

It is the concensus of the majority of the mayors that they are opposed to SSHB 1. However, we are not going to be like ostriches and stick our heads in the sand, we are proceeding with studies on boroughs and the financial burdens it would curtail.

Please us the backside if you need more space to write.

Sincerely yours

David C. Harrison
Dr. David C. Harrison, P.A. HCRA
cc: Martha Fischbach, Secretary HCRA



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

18a, b
19
10/13/87
W.S.

M E M O R A N D U M

To: All HCRA Members

From: Rep. Henry Springer, Chairman
HCRA

Date: September 15, 1987

Subject: October 13, 1987 Work Session

JS

There will be a Work Session of the House Community and Regional Affairs Committee on Tuesday, October 13, 1987, in the 5th Floor Conference Room, at the Legislative Offices, 3111 C Street, in Anchorage, from 9:00 a.m. to 12:00 noon.

Topics of discussion will include:

- HB 1-Converting REAA's into 3rd Class Boroughs
- HB 33-Inoperative Schools
- Local Governance
- Rural Governance Council
- Interim Work Plan (Travel, Hearings, Meetings, Education)
- 2nd Session Legislation (old, new, rewrite, etc.)
- Rural Economic Districts

If there are other topics you would like to discuss, please advise me or my staff of them by 12 noon, Friday, October 2.

cc: All Senators
All Representatives
Marty Rutherford, DCRA
Doug Griffin, DCRA
Jay Livey

House Community and Regional Affairs Committee

October 13, 1987
Work Session

FILE PACKAGE CONTENTS

1. Agenda
2. Files
 - A. SSHB 1 (your file)-REAA's to 3rd Class Boroughs
 - B. HB 33-Inoperative Schools
 - C. Rural Governance Council
 - D. Economic Development District
 - E. Legislation In Committee
 - HB 1 Convert REAA's into 3rd Class Boroughs
 - HB 20 State Sales Tax
 - HB 102 General Grant Land Entitlements
 - HB 136 Municipal Assumption/Dist. Recorder Role
 - HB 159 Municipal Property Tax Exemptions (Your File)
 - HB 227 Joint Insurance Arrangements
 - HB 286 Creating the Rural Governance Council (Your File)
 - HB 314 Allocating the Fisheries Business Tax
 - HB 318 Energy Efficient Home Equity Fund
 - HB 319 Approp: AK Energy Efficient Home Program
 - Also:
 - HB 65 Dissolution of a Municipality
 - SB 50 Dissolution of a Municipality
 - F. Work Session Miscellaneous
 - 1) Rural AK-Financial Crisis
Anchorage Times, 9/22/87

39th MEETING
House Community and Regional Affairs
COMMITTEE MEETING AGENDA
Oct. 13, 1987

1. CALL TO ORDER: Tuesday, Oct. 13, 1987, 9:00 a.m.
2. NOTE MEMBERS PRESENT AND EXCUSED:
 - Rep. Springer
 - Rep. Cato
 - Rep. Collins
 - Rep. Herrmann
 - Rep. Zawacki
3. CALENDAR:
 - HB 1 Converting REAAs into 3rd Class Boroughs
 - HB 33 Inoperative Schools
 - Local Governance
 - Rural Governance Council
 - Rural Economic Districts
 - Interim Work Plan (Travel, Hearings, Meetings, Educ)
 - 2nd Session Legislation (old, new, rewrite, etc.)
 - 5. Administration's Position on Entitlement
4. FOR THIS MEETING EACH MEMBER HAS:
 1. Agenda
 2. Files
 - A. SSHB 1 (your file)-REAAs to 3rd Class Boroughs
 - B. HB 33 - Inoperative Schools
 - C. Rural Governance Council
 - D. Economic Development District
 - E. Legislation In Committee
 - SSHB 1, SSHB 20, HB 102, HB 136, HB 159,
 - HB 227, HB 286, HB 314, HB 318, HB 319,
 - + HB 65 status
 - F. Work Session Miscellaneous
 1. Entitlements
 2. Rural AK Financial Crisis-ANC Times
9/22/7
5. REMIND PARTICIPANTS TO SIGN THE WITNESS REGISTER:
6. ORDER OF BUSINESS (see Calendar):
7. ADJOURNMENT:

State of Alaska

SS
19 VB 1

Rep. Ronald Larson
CHAIRMAN
(907) 465-3727

INTERIM ADDRESS
P. O. Box 53
Palmer, Alaska 99645
(907) 745-3826



Sen. Rick Halford
VICE CHAIRMAN
(907) 465-4958

INTERIM ADDRESS
P. O. Box 190
Chuglak, Alaska 99567
(907) 276-4999

Committee on Budget and Audit
State Capitol
P.O. Box V
Juneau, Alaska 99811

October 3, 1987

Name, Board President
Name, Superintendent
Name REEA
Address
City, Alaska zip

Dear :

During this past legislative session, I introduced House Bill No. 1, legislation that would convert the unorganized areas of Alaska into third class boroughs. The legislation allows areas to organize on their own as first or second class boroughs or as home rule boroughs if they do so before July 1, 1989. No doubt, the legislation will receive much public debate over the next several months. I would like to share with you my reasons for introducing the legislation, my thoughts as to the advantages borough government would offer the citizens of the unorganized borough, and my hopes and aspirations for the state if this legislation were to be passed.

I believe it is long past time that we come together as one people and one state. It is time that we rid ourselves of the "we versus they" thinking that has too long permeated the rural and urban areas of the state. It is time that people from all areas of the state join as partners to make this state the best that it can be. It is time that we join not only in maximizing local control but also in sharing local responsibility for programs and services.

The Alaska State Constitution, ratified by the people of Alaska in 1956 and implemented in 1959, called for "maximum local self-government with a minimum of local government units" and stated that, "All local governments shall be vested in boroughs and cities." Almost thirty years later, we have yet to complete the process leading to what I believe the Convention delegates had in mind when they wrote Article X.

Instead, we have an area covering two-thirds of the state operating under a complex and oftentimes confusing system of local governments, quasi-governments, tribal governments, and service areas lacking consistency and congruity. We have citizens lacking many of the basic services provided those in the organized boroughs, citizens highly dependent on the federal government, citizens who view themselves as separate from mainstream Alaska.

I believe it is time to improve that situation. I believe it is time to join in partnership to develop the human and natural resources that we have, to provide more equitable services across the state, and to move toward economic development of the state as a whole. I believe borough government throughout the state, in cooperation with state and federal governments, can benefit all Alaskans and most importantly those of future generations.

The advantages of organizing borough government, I believe, are many--some are very practical and immediate and some are not quite so tangible. Most directly, over a period of three years each newly organized borough would receive \$600,000 in state assistance to defray the cost of transition to borough government (\$300,000 in the first year, \$200,000 in the second, and \$100,000 in the third. Also, under municipal land entitlements, an area becoming a borough would be entitled to up to 10 percent of the total acreage of vacant unappropriated, unreserved state land within its boundaries with a limit of 20 acres per citizen).

The organization of borough government would result in eligibility for state municipal assistance and revenue sharing monies to newly organized boroughs, both of which allow a good deal of flexibility in spending. These funds can be used to finance local service delivery and to reduce local taxes and to "assure that no municipality suffers impoverishment of necessary public services, relative to other municipalities, because of the chance location of taxable wealth in the state." (Chapter 155, SLA 1980) In other words, organization would result in a broader range of services--including but not limited to legal, health, public safety, police, and social services.

Also, borough organization would provide the opportunity for area-wide bonding power, and therefore area-wide economic development. It would allow the establishment of service areas--the number and kind to be decided by the citizens of the borough--within which specific services could be provided.

I add the emphasis in the last sentence, because in many ways organization would allow for the assumption of a greater degree of self-government, rather than less self-government as argued by opponents of organization. Under provisions of the Alaska Constitution, the state legislature exercises "any

power or function in an unorganized borough which the assembly may exercise in an organized borough." In other words, by organizing borough government, the people would take for themselves many of the powers and functions now in the hands of the legislature. At the same time, it would enhance greater accountability upon decision-makers affecting their lives. No longer would so many of the important decisions be made in far-away Juneau by legislators unfamiliar with local circumstances; rather, those decisions would be made by local leaders elected in local elections.

Let me add but two more advantages: First, borough government would enhance coastal management and protection authority. Finally, with organization, each borough could function as a corporate entity to hire employees, acquire and sell property, and collect taxes (most importantly, from gas and oil, timber, and fisheries industries and development, from which taxes now flow into the state coffer).

In short, organization would provide rural Alaska the umbrella of powers and services that organized boroughs now have. In doing so, it would lessen many of the inequities between rural and urban areas and within the rural areas themselves. As for the latter, resources within each newly organized borough would benefit all the people of the borough, not just a few who happen to live in the area where those resources are developed.

From the legislature's viewpoint, organization would allow state government to more efficiently and effectively deal with its people--under the authority of the Alaska Constitution and Title 29 of the Alaska Statutes. It would provide the state a legal entity with which to deal; it would lessen the confusion surrounding funding to various entities within the unorganized borough; and it would eliminate much of the overlap, duplication, and lack of services in rural Alaska (and therefore with it the confusion among rural residents as to which agency is responsible for delivering a particular service).

I will end by pointing out two things: First, I think it is very important to understand that borough organization is not an attempt to eliminate tribal government in the rural areas. Rather, as I see it, tribal and borough governments would work compatibly with the state and the federal governments, village and regional corporations, and nonprofit organizations to provide a level of service not now available to rural citizens. In fact, I would guess that in many areas current tribal leaders would be elected as leaders of the borough. Those leaders, with the strength of local government at their sides, would have the opportunity to enhance a cultural bridge between present and future generations of Native Alaskans.

Secondly, as I stated in the beginning, HB 1 allows (in fact, it encourages) each area to incorporate as it wishes--as a first or second class borough or under a home rule charter--before the 1989 deadline. Of course, there are different degrees of responsibility, authority, flexibility, and limitation attached to each of these forms of government. Each area that chooses to organize on its own must decide for itself the form that best fits its needs and wishes. Both the Department of Community and Regional Affairs and my office stand ready to provide the technical assistance for making that decision as well as the "nitty gritty" of implementing borough organization.

I am sure that you, other members of the school board, and people in your communities have many questions and concerns about this issue. (I am also sure there are those with objections.) I encourage as many of you as possible to let me know of those questions and concerns (and, yes, your objections as well--perhaps, most importantly, your objections). It is time to begin the public debate. It is time to share our thoughts.

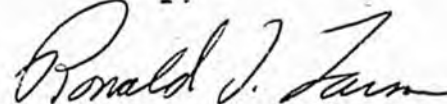
I know that in the very near future the House Committee on Community and Regional Affairs plans to hold several public hearings around the state on this issue and several others affecting rural residents. I plan to be a part of those public hearings--I want to hear what people have to say, and I want the opportunity to share my thoughts on the issue of borough organization.

I ask that you share this letter with the school board and the residents of your region. In fact, I encourage you to do so. In my mind, the more people that become involved in, and aware of, this issue the better. I welcome your and their input. I can be reached by letter at the Palmer address at the top of this letter or by phone at 746-1046.

I enclose a copy of HB 1. My office stands ready to offer you various resource materials at your request--information about borough government, information about forming borough government, a sample of a home rule charter, etc.

Thank you.

Sincerely,


RONALD L. LARSON
REPRESENTATIVE

enclosure

STATE OF ALASKA

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STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

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October 13, 1987

House Community and Regional Affairs Committee

Dear Representatives:

As you are aware, the First Session of the Fifteenth Legislature directed the Department of Community and Regional Affairs to "conduct public hearings and examine the issues of forming regional municipal government in the Unorganized Borough and report back to the Legislature by January 1, 1988" (Page 105, Chapter 95, SLA 1987).

In partial response to this direction, the Department will publish two booklets. The first is a booklet intended to provide general information concerning borough government. A copy of the conceptual draft of this booklet is attached for your consideration.

The second booklet or report will deal more with issues relating to borough government in what is now the Unorganized Borough. In addition to identifying issues, this report will discuss options for dealing with those issues. A copy of the draft outline for this report is also attached for your consideration.

We would appreciate any comments you may wish to offer on this material.

Sincerely,

Pat Poland
Deputy Director

Enclosures

cc: Marty Rutherford, Director
Doug Griffin, Deputy Director
Municipal and Regional Assistance Division

REGIONAL
GOVERNMENT
IN
ALASKA

DRAFT
FOR DISCUSSION PURPOSES ONLY



STATE OF ALASKA
Steve Cowper, Governor

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
David G. Hoffman, Commissioner

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION
Marty Rutherford, Director

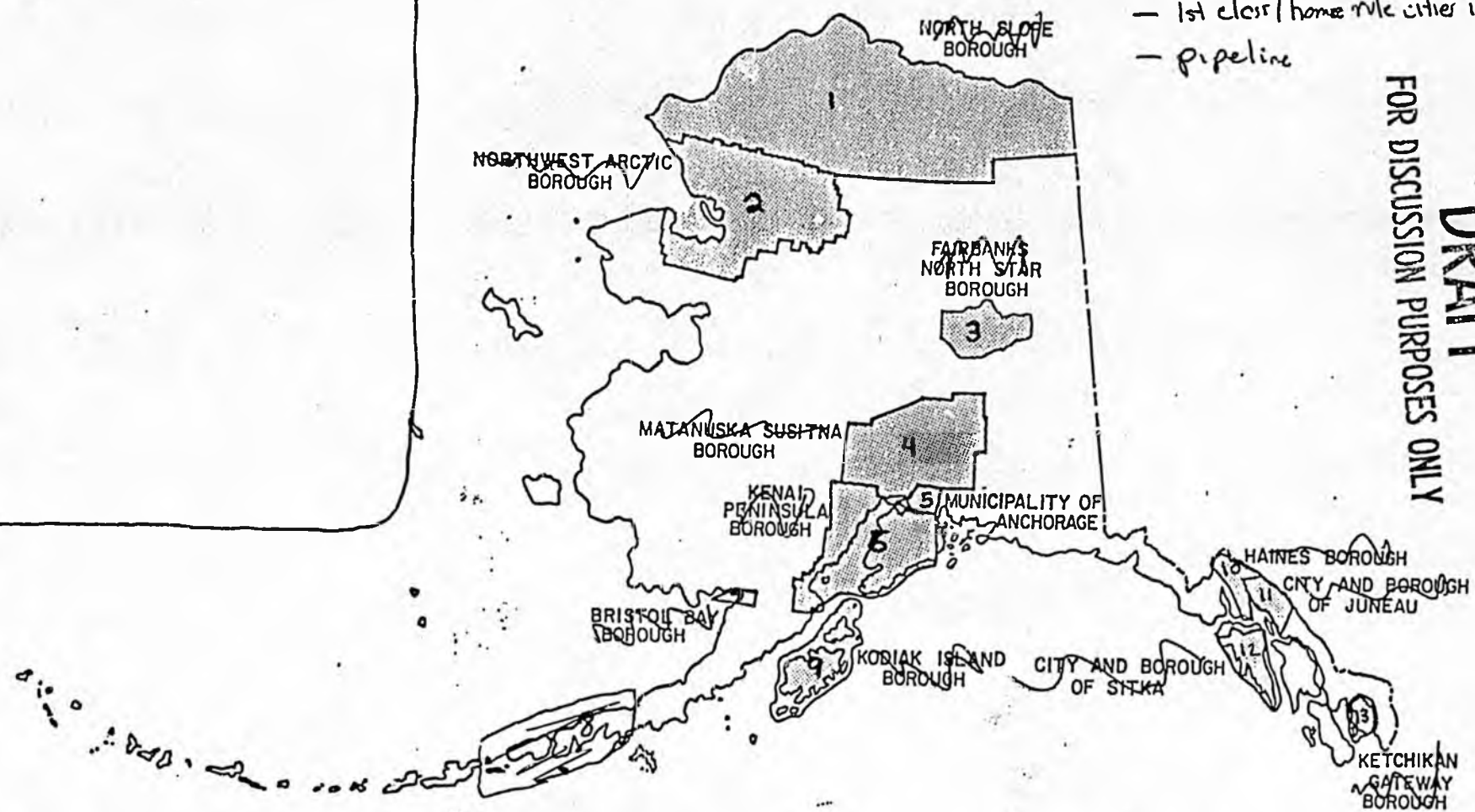
November, 1987

- 1 North Slope Borough (home rule)
 - 2 Northwest Arctic Borough (home rule)
 - etc
- ↓

ADD

- Aleutians East Borough
- REAA's
- 1st class/home rule cities in U.B.
- pipeline

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THE UNORGANIZED BOROUGH CONSISTS OF THE UNSHADED AREA

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PREFACE

There has been little or no interest in forming new boroughs in Alaska from the late 1960's to the mid-1980's, other than the creation of the North Slope Borough in 1972.

However, these circumstances are changing. In 1986, the Northwest Arctic Borough (headquartered in Kotzebue) incorporated. It was the first borough to form since the North Slope Borough. More recently (October, 1987), the Aleutians East Borough was formed encompassing the communities of Sand Point, Nelson Lagoon, King Cove, Cold Bay, False Pass and Akutan. Several unincorporated regions in the state are also currently studying the merits of forming boroughs.

This renewed interest in forming boroughs is the result of important recent and pending social, economic and political developments in the state, which will be discussed in this publication.

This booklet has been prepared to provide information concerning borough government to all those who are interested in the topic of borough government. It is written in a general fashion and is not intended to provide complete details regarding all aspects of the subject. Those who wish further information should contact the Alaska Department of Community and Regional Affairs.

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CHAPTER ONE
MUNICIPAL GOVERNMENT IN ALASKA - WHERE WE ARE AND A RELEVANT HISTORY OF HOW WE GOT HERE

INTRODUCTION

The Alaska Constitution provides that "All local government powers shall be vested in boroughs and cities."¹ The focus of this publication is on borough or regional government. However, in order to address the topic properly, it is necessary to discuss aspects of city government as well.

Alaska presently has 160 borough and city governments.² The table below provides a summary of the types of municipal government which presently exist in the state. The differences in each of these types of government will be explained in this booklet.

Organized Boroughs

Unified Home Rule	3
Home Rule	2
First Class	0
Second Class	7
Third Class	1
Total	13

Cities

	Within Boroughs	Outside Boroughs	Total
Home Rule	7	5	12
First Class	8	14	22
Second Class	26	87	113
Total	41	106	147

WHAT IS A BOROUGH?

Many Alaskans have misunderstandings about borough government. There are three principal reasons for this lack of understanding. First, boroughs encompass only about one-third of Alaska, so many have no first hand experience with boroughs. Second, boroughs are unique to Alaska. And third, they are a relatively recent development in the history of the state.



While many adult Alaskans are not familiar with boroughs, they are generally very familiar with cities. Whereas two-thirds of the state have no boroughs, cities exist throughout the state. In fact, more than 72 percent of the cities in this state are located outside of boroughs. Further, while boroughs are relatively new, cities have existed in Alaska since 1900. Finally, unlike boroughs, city governments are not unique to this state.

Given the greater familiarity with city government, it is perhaps best to compare a city to a borough when trying to define a borough.

Readers may be surprised to learn the great similarities between cities and boroughs.



In many important ways a borough is identical to any city in Alaska.

- It is an organization created to provide public services and facilities for its residents. These may include fire protection, police protection, road maintenance, water, sewer and electrical utilities, docks, emergency medical services, libraries and other many facilities and services.
- It is governed by elected officials.
- It is recognized by the state and federal governments as a legal entity which may represent the interests of its residents.
- It qualifies for a broad range of state and federal financial assistance.

In other important ways, a borough is identical to any first class city or home rule city in the Unorganized Borough.

- It has the power and responsibility to provide public education.
- It has the power and responsibility to provide public planning and land use regulation -- an important element in maintaining the quality of life desired by residents of an area.

A major distinction between a borough and a city is the amount of area within its boundaries. The jurisdiction of a city is limited to the community. The boundaries of a borough may encompass a broad region. This distinction allows boroughs far greater opportunities to gain revenue from regional resources which lie outside the jurisdiction of cities (e.g. state business fisheries taxes).

WHAT BOROUGHS EXIST IN ALASKA AND WHEN WERE THEY FORMED FOR DISCUSSION PURPOSES ONLY

The following identifies the boroughs which presently exist, listed in the order of their incorporation.

Bristol Bay Borough	October 2, 1962
Ketchikan Gateway Borough	September 6, 1963
Kodiak Island Borough	September 24, 1963
City and Borough of Juneau ⁶	September 24, 1963
City and Borough of Sitka ⁷	September 24, 1963
Fairbanks North Star Borough	January 1, 1964
Kenai Peninsula Borough	January 1, 1964
Matanuska-Susitna Borough	January 1, 1964
Municipality of Anchorage ⁸	January 1, 1964
Haines Borough	August 29, 1968
North Slope Borough	July 1, 1972
Northwest Arctic Borough	June 2, 1986
Aleutians East Borough	October XX, 1987

WHY WERE SO MANY BOROUGHS FORMED IN SEPTEMBER OF 1963 AND JANUARY OF 1964?

Prior to September of 1963, only one borough had been formed in the state (Bristol Bay Borough). Yet, in September of 1963 and January of 1964, eight boroughs were formed.

Those eight boroughs were formed as a result of a law adopted by the 1963 legislature⁹. This law, known as the "Mandatory Borough Act" required eight regions in the state to form boroughs by local initiative prior to January 1, 1964. If any of those eight regions failed to form a borough on its own initiative, it became incorporated automatically under the provisions of the law.

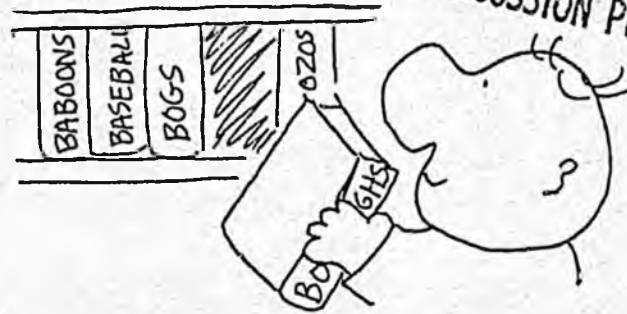


Regions encompassing Juneau, Sitka, Ketchikan and Kodiak formed individual boroughs on their own initiative in September of 1963. Regions encompassing Fairbanks, Anchorage, the Kenai Peninsula and the Matanuska-Susitna Valleys did not incorporate on their own initiative and were formed automatically under the provisions of the law on January 1, 1964.

WHAT HAS PROMPTED THE RECENT INTEREST IN BOROUGH GOVERNMENT?

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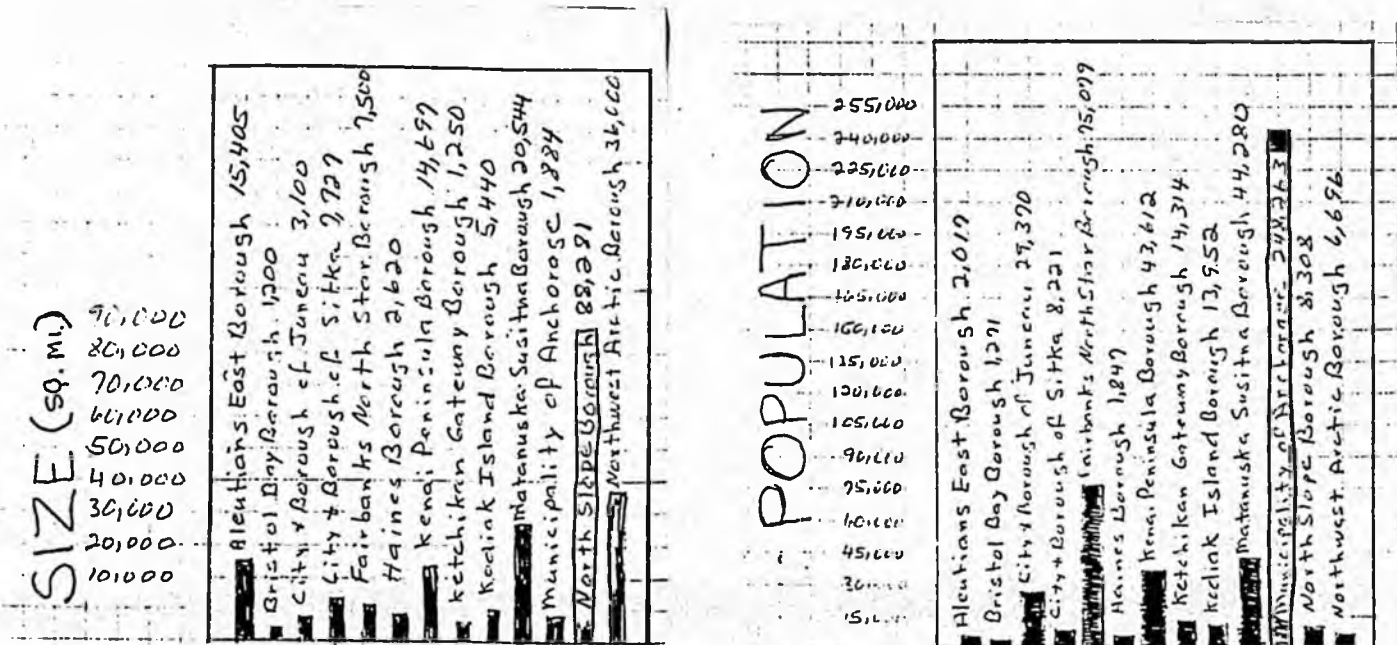
After an absence of interest in borough government (except for the North Slope Borough) which spanned almost two decades, there is renewed interest in the subject. This turnaround is principally the result of the following:



- The desire to maintain or improve the level of public services in the face of declining State revenues.
- The likelihood that reapportionment of the Alaska Legislature following the 1990 federal census will shift greater legislative power to urban areas. This may result in laws which are less favorable to the unorganized regions of the state.
- The concern that the Legislature will require areas to form boroughs as occurred in 1963.
- The desire to assume greater local control of the delivery of public services and facilities..

WHAT ARE THE SIZES AND POPULATIONS OF EACH OF THE BOROUGH?

The following graphs list and compare the populations and geographic areas of each of the boroughs. Data on the Unorganized Borough, which is that part of the state outside of organized boroughs, is also provided below.

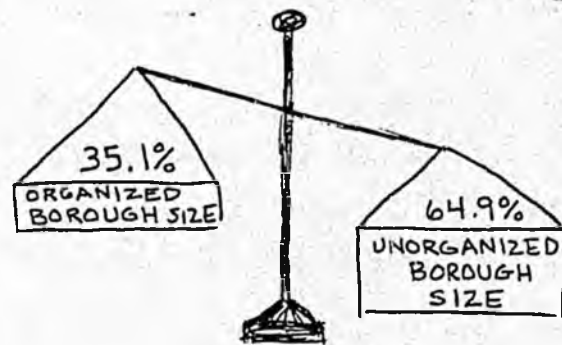


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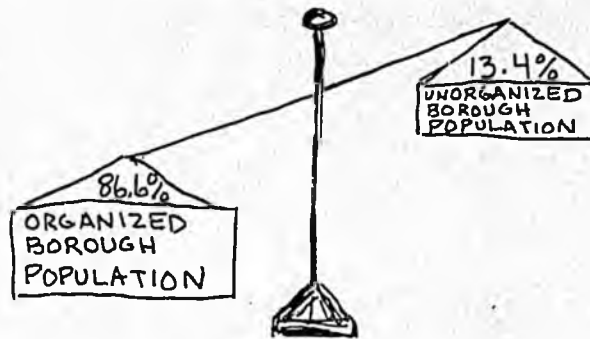
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HOW DO THE SIZE AND POPULATION OF THE UNORGANIZED BOROUGH COMPARE TO THE TOTALS FOR ALL ORGANIZED BOROUGH?

The thirteen organized boroughs encompass an estimated 205,848 square miles, which amounts to 35.1% of the state. The remaining 64.9% of Alaska, approximately 380,552 square miles, lies in the Unorganized Borough.



The population of the thirteen organized boroughs totals 497,230, which amounts to 86.6% of the state's population. The population of the Unorganized Borough is 76,747, which amounts to 13.4% of Alaska's population.



WHAT ABOUT CITIES IN THE UNORGANIZED BOROUGH?

There are three classes of cities in Alaska: home rule, first class and second class cities. The powers and duties of cities vary with classification and whether they are located within or outside of an organized borough. As noted earlier, the powers and duties of home rule and first class cities in the Unorganized Borough are comparable to those of boroughs.

HOW MANY INDIVIDUALS LIVE IN FIRST CLASS AND HOME RULE CITIES IN THE UNORGANIZED BOROUGH?

There are 19 home rule and first class cities in the Unorganized Borough. The area encompassed by their boundaries is relatively small, however, their population is significant. More than one-third of these cities have populations larger than two boroughs in the state (Bristol Bay and Haines).

The combined populations of the 19 home rule and first class cities in the Unorganized Borough total 27,690. This amounts to more than 36% of the population of the Unorganized Borough. Remember, first class and home rule cities in the Unorganized Borough have powers and duties similar to boroughs.

More than one-third of the residents of the Unorganized Borough are governed in virtually the same manner as they would be by a borough.

$$\frac{1}{3} = \text{Borough-Like Government}$$

Unorganized Borough Residents

WHAT ABOUT SECOND CLASS CITIES IN THE UNORGANIZED BOROUGH?

Unlike first class and home rule cities in the Unorganized Borough, second class cities are not required to provide public education or planning. In fact, they are not permitted to exercise the power of education. They do, however, have the option of exercising the powers of planning, platting and zoning.

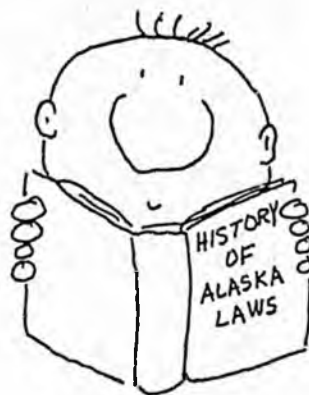
There are 87 second class cities in the Unorganized Borough. The population of these cities totals 32,923. This represents 42.9% of the population of the Unorganized Borough.

Bethel is the largest second class city in the Unorganized Borough. The population of Bethel is 4,462. Bethel's population is more than 20 times greater than Pelican, the smallest first class/home rule city in the Unorganized Borough.

WHY ARE SOME SMALL CITIES LIKE PELICAN REQUIRED TO PROVIDE THE SAME MINIMUM SERVICES AS A BOROUGH, YET MUCH LARGER CITIES LIKE BETHEL NOT REQUIRED TO DO SO?

Remember, the powers and duties of a city depend upon its classification. First class and home rule cities in the Unorganized Borough must provide the same minimum level of services required of boroughs.

In order to find out why some of the larger cities in the Unorganized Borough are not required to provide education, but some of the smallest are, it is necessary to look in the history book



At one time State law allowed five classes of city government (as compared to the current three). The classifications were: home rule, first class, second class, third class and fourth class.

In 1972, the legislature passed a law reducing the available classifications.¹⁰ The law provided that:

- ° All second and third class cities incorporated before September 10, 1972, and having a population of 400 or more are automatically reclassified to first class cities.

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- ° All first, second and third class cities incorporated before September 10, 1972, and having a population of less than 400 shall be judged by the Local Boundary Commission and, in certain cases the legislature, to determine whether they should be first or second class cities.
- ° All fourth class cities are automatically reclassified to second class cities.

Bethel was incorporated in 1957 as a fourth class city and remained a fourth class city until this law was passed. Under the 1972 law, Bethel was automatically reclassified as a second class city without regard to its population at the time (2,416 - 1970 federal census).

However, Pelican was incorporated as a second class city in 1944. It is significant to note that at the time Pelican incorporated, the law only permitted first and second class cities to form.¹¹ In 1972, Pelican's population was 133 (1970 federal census). Because its population was less than 400, the Local Boundary Commission held a hearing in Pelican to determine its appropriate classification. After doing so, the Commission concluded that Pelican should be classified as a first class city. Formal objections were raised by residents which required the Commission's action to be forwarded to the legislature. Ultimately, the legislature approved the action and Pelican became a first class city on March 7, 1974.

The effect of that law upon certain cities was identical to the effect of the 1963 mandatory borough act on certain regions of the state. The cities so affected became first class cities and, as a result, are now required to provide the same services required of boroughs.

HOW MANY ALASKANS LIVE OUTSIDE ANY MUNICIPALITY?

An estimated 16,134 residents of Alaska reside outside of any municipal government. Some of the unincorporated communities in the Unorganized borough are relatively large. For example, Metlakatla (population 1,439), Tok (population of 1,256) and Glennallen (population 900) would be the 9th, 10th and 14th largest cities in the Unorganized Borough if they incorporated.

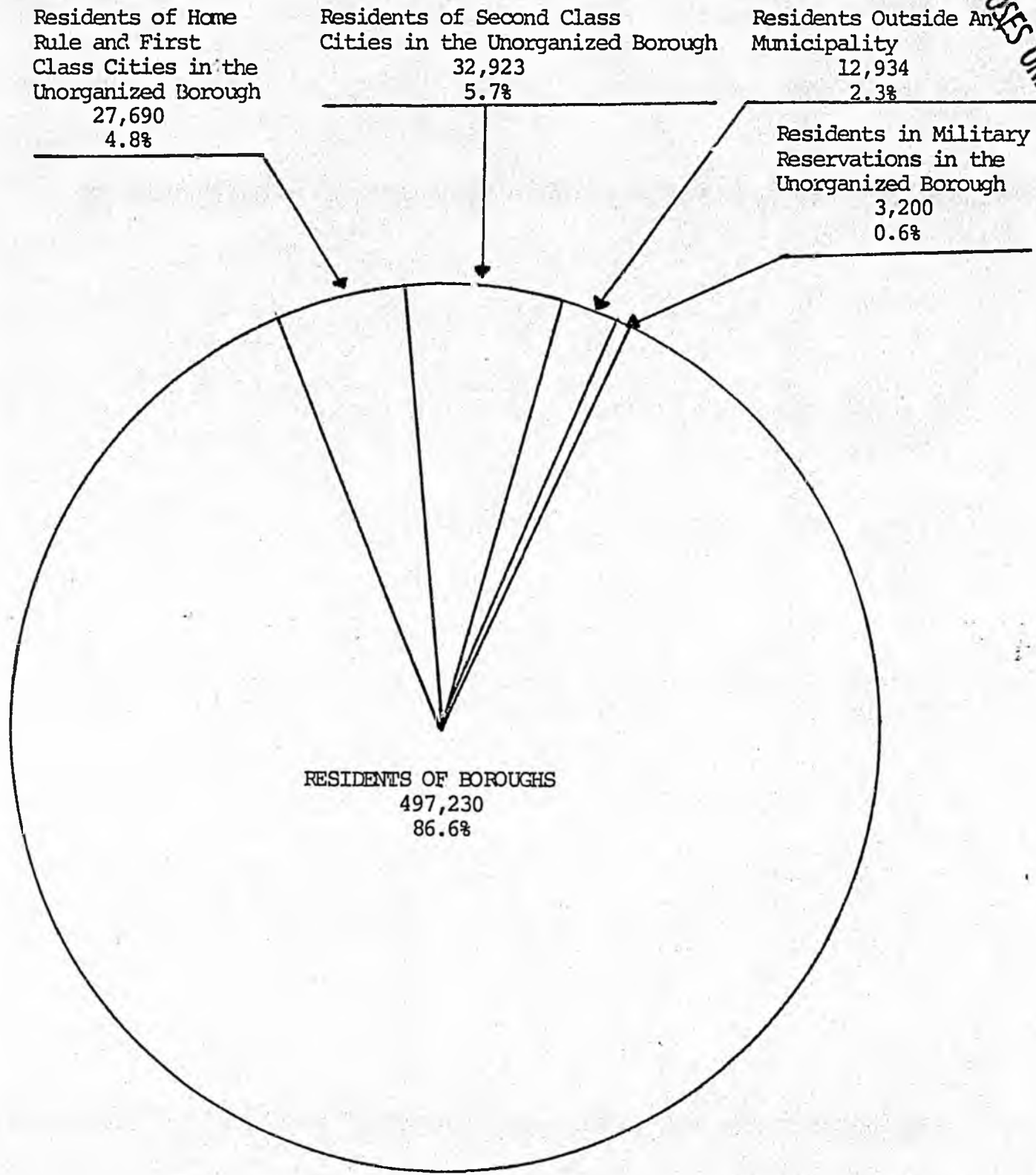
A number of individuals also live on self-contained military bases outside of any municipality. Of these, Adak is the largest. It is estimated that approximately 3,200 individuals live on military bases outside of any municipality.

Thus, an estimated 12,934 Alaskans (2.3%) live outside a municipal government or military reservation.

PLEASE SUMMARIZE THE CHARACTERISTICS OF ALASKANS WITH RESPECT TO THEIR LOCATION INSIDE OF AND OUTSIDE OF MUNICIPAL GOVERNMENTS?

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OK. Here it is.



HOW ARE "TRADITIONAL LOCAL GOVERNMENT SERVICES" PROVIDED TO INDIVIDUALS LIVING IN UNINCORPORATED COMMUNITIES IN THE UNORGANIZED BOROUGH?

Typically, the State has assumed the responsibility for providing facilities and certain services to most of these unincorporated communities. Such facilities and services are provided without the imposition of a tax or user fee on the part of the state.

The assistance is carried out through the use of "agents of the State" which typically involves an agreement between the State and some local entity. Typical local entities include non-profit corporations and Native councils (IRA councils and traditional councils).

Regional services in the Unorganized Borough are provided through special services areas of the State. For example, education services are provided by regional educational attendance areas (REAs). Planning services are, in some instances, provided by coastal resource service areas (CRSAs). Again, these regional services are provided without cost to the residents receiving them.

ARE THERE ANY BILLS PENDING BEFORE THE LEGISLATURE THAT WOULD REQUIRE BOROUGHS TO BE FORMED IN THE UNORGANIZED BOROUGH?

Yes. Sponsor Substitute for House Bill 1 provides that any unincorporated region of the state would be converted to a borough on July 1, 1989.



In its present form, the bill would not only dictate the creation of boroughs, it would dictate

- borough boundaries
- the class of borough
- the number of assembly members
- how the assembly is elected.

The bill would form third class boroughs along the boundaries of the REAs as they existed on July 1, 1982. However, two or more REAs could combine to form a single borough. The governing body of these boroughs would be comprised of a seven member assembly elected at large.

There is no assurance that the legislation will pass. However, as was indicated earlier, over the past 25 years the legislature has twice passed laws mandating that regions or communities take on responsibility for minimum local government functions of education, planning, platting and zoning.

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An estimated 477,091 residents of the state, more than 83% of all Alaskans, presently live in boroughs which were formed under the provisions of the Mandatory Borough Act.

Sponsor Substitute stems from a perception that the present methods of service delivery in Alaska are inefficient and inequitable, particularly those with respect to education.

SPECIFICALLY, WHAT ARE SOME OF THE CONCERNS OVER THE PRESENT METHOD OF SERVICE DELIVERY IN THE STATE?

As indicated earlier, many of the concerns center around education services.

Presently, there are 55 school districts in the state. Some of these have relatively few students (lowest is estimated at 54). Yet, each of these school districts has its own administrative structure, which to an extent causes certain inefficiencies.

Of the 55 districts, 33 (60%) are municipal school districts (boroughs and first class and home rule cities in the Unorganized Borough). These municipalities are required by law to provide a minimum level of financial support for their schools. It is estimated that each of these local governments will, on average, contribute more than \$1,500 per student in support of education. However, the remaining 22 districts (regional educational attendance areas or REAAs) are not required to contribute to the operation of their schools.

One REAA (Aleutian Region) is expected to receive more than \$15,000 per student from the State during the 1987 - 1988 school year. Yet, the adjacent municipal school districts of King Cove and Sand Point are expected to receive only \$8,718 and \$7,682, respectively, per student.

Other areas of the state have similar unfavorable comparisons. The Matanuska-Susitna Borough, for example is expected to receive \$3,588 per student from the State, while the immediately adjacent Copper River REAA is expected to receive more than \$8,000 per student.

It was reported recently that, in 1986 teachers in the Copper River REAA received the highest salaries of any public teachers in the state -- \$11,000 more per year than the state average.¹²

In December of 1986, the Copper River REAA became the first school district in the state and the second in the nation to seek the protection of the federal bankruptcy court.



The average level of support from the State per student in a municipal school district is expected to be only \$3,628. The average level of support from the State of Alaska per student in each regional educational attendance area is \$8,371.

WHAT ABOUT ISSUES OTHER THAN EDUCATION?

Concerns have been expressed that the method of delivering State services generally in unincorporated communities (e.g. through non-profit corporations, tribal councils, etc.) may be a violation of the Alaska Constitution which stipulates that "All local government powers shall be vested in boroughs and cities."

Concerns have also been expressed over the public policy of funding services in communities through organizations which may not democratically represent or be open to membership by all of the residents of the community. Examples of these organizations include non-profit corporations and Native councils.

Other concerns have been expressed that the vast majority of residents of the state must contribute substantially for the local government services they receive and that it would only be equitable for all to do so . . . at least those who can afford to pay.

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FOR DISCUSSION PURPOSES ONLY

CHAPTER TWO
CLASSES OF BOROUGHES; THEIR POWERS AND DUTIES

FOR DISCUSSION PURPOSES ONLY
DRAFT

INTRODUCTION

The powers and duties of boroughs differ with respect to their classifications. Current law allows the following three classes of boroughs to incorporate:

- home rule borough
- first class borough
- second class borough

This section will discuss the major differences between each class of borough. Even though the option of forming a third class borough is not presently available, a discussion of third class boroughs is included. Such a discussion is included in order to give the reader a more complete understanding of all the present forms of regional government in Alaska. Further, since the current proposal to mandate boroughs (Sponsor Substitute for House Bill 1) calls for the formation of third class boroughs, it is important to understand their limitations, powers and duties.

WHAT ARE THE DIFFERENCES BETWEEN THE CLASSES OF BOROUGHES?

A summary of the major distinctions between the different classes of borough is presented in the following table. The finer points of some of the differences between the boroughs is not evident in the table, but is discussed in the narrative immediately following the table.

POWER	H.R.	1st	2nd	3rd
EDUCATION	M	M	M	M
TAX ASSESSMENT/COLLECTION*	M	M	M	M
PLATTING, PLANNING AND ZONING	M	M	M	A
LIMITED AREAWIDE FUNCTIONS (see text)	C	O	O	N
AREAWIDE FUNCTIONS (generally)	C	A	A	N
LIMITED FUNCTIONS OUTSIDE CITIES (text)	C	O	O	N
FUNCTIONS OUTSIDE CITIES (generally)	C	O	A	N
FUNCTIONS IN SERVICE AREAS (generally)	C	O	A	A

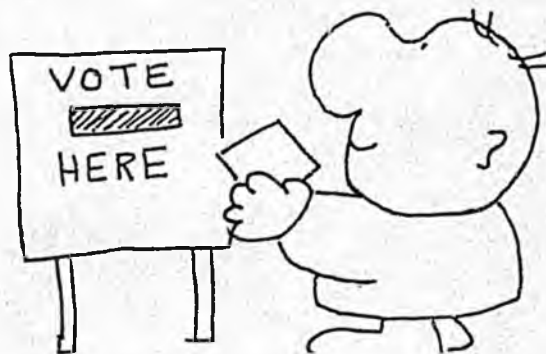
M= mandatory
 C= powers vary as determined by home rule charter
 O= optional, voter approval not required
 A= approval required from voters and/or cities
 N= not permitted

* It is not mandatory that a borough impose a property tax. However, a borough is responsible for the assessment and collection of any municipal taxes levied within its boundaries.

HOME RULE

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A home rule borough offers the greatest opportunity for citizens to form the kind of government best suited to their needs. A home rule borough is one whose powers, duties and governmental procedures are largely determined by a charter adopted by the voters of the borough.



There are however, some 50 specific limitations imposed upon home rule boroughs by State laws.¹³ Outside of these limitations, a charter may prescribe any powers, duties and procedures so long as they are not prohibited by some law.

Examples of some of the more important requirements of and limitations on home rule boroughs follows:

- to provide the same minimum services required of other boroughs (education, planning and tax collection);
- to conduct meetings in public in compliance with the State open meeting law;
- to conform to procedures and requirements of State law concerning municipal boundary changes;
- to conform to several provisions of the law concerning election of officials (voter qualification, qualification of officials, term of office, assembly composition and apportionment, recall);
- to conform to all procedures and requirements of State law concerning property taxation.

For those powers, duties and procedures not limited by statute, the charter approved by the voters can impose either broader or more restrictive powers, duties and procedures. For example, first, second and third class boroughs have the authority, subject to voter approval, to levy a sales tax of up to six percent. A home rule borough charter could limit that authority to, say, 3 percent. Alternatively, the charter could extend the authority to 10%, but may limit its application to certain goods and services such as alcohol, tobacco or hotel rooms.

One home rule borough prohibits the levy of property taxes without voter approval.



FIRST CLASS BOROUGH

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A first class borough has the following powers.

AREAWIDE (THROUGHOUT THE ENTIRE BOROUGH, INCLUDING THE AREA WITHIN CITIES IN THE BOROUGH)

- ° As with a home rule borough, a first class borough must provide areawide education, planning, platting, zoning and tax assessment and collection.
- ° The borough may provide transportation systems, water and air pollution control, license day care facilities, and regulate animals, all by the adoption of ordinances.
- ° The borough may also provide any other power which is not prohibited by law if either of the following occurs:
 - 1). all of the cities within the borough transfer their power to provide that service to the borough; or
 - 2). a majority of the voters of the borough authorize the borough to assume the power.

NONAREAWIDE (AREA OF THE BOROUGH OUTSIDE ALL CITIES)

- ° The borough may exercise any power not prohibited by law by the adoption of an ordinance.

SERVICE AREA (A PORTION OF THE BOROUGH IN WHICH THE BOROUGH PROVIDES A DIFFERENT LEVEL OF SERVICE THAN THAT PROVIDED ON AN AREAWIDE OR NONAREAWIDE BASIS).

- ° The borough may exercise any power not prohibited by law by the adoption of an ordinance.

It should be noted, however, that a first, second or third class borough may include a city within a service area if: 1) the city council agrees by ordinance; or 2) approval is granted by a majority of the voters inside the city and a majority of the voters in the proposed service area outside the city.

SECOND CLASS BOROUGH

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AREAWIDE

- The areawide powers and duties of a second class borough are identical to those of a first class borough. Except, however, if a second class borough seeks to assume an areawide power (other than those nonareawide powers listed below which it may assume by ordinance) through transfer from cities, it must also gain approval from the voters outside the cities.

NONAREAWIDE

- A second class borough may by ordinance provide transportation systems, regulation of fireworks, regulation of animals, solid waste collection/disposal, septic waste collection/disposal, air and water pollution control, economic development, participation in federal or State loan programs for housing rehabilitation and energy conservation, local service roads and trails, emergency services communications and limited regulation of motor vehicles and operators.
- The borough may exercise any other power not prohibited by law upon approval of the borough voters residing outside of cities.

SERVICE AREA

- The borough may exercise any power not prohibited by law through 1) approval of the voters in the service area; or 2) approval of all of the property owners in the service area if there are no voters
- In addition, the borough may establish a service area necessary to develop municipal or State land as required by the borough's planning, platting and land use regulations upon: 1) approval of the assembly if the service area encompasses only vacant borough land; or 2) approval of the assembly and the Commissioner of the Alaska Department of Natural Resources for vacant State land slated for disposal to individuals.

THIRD CLASS BOROUGH

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AREAWIDE

Like other boroughs, a third class borough must provide areawide education and tax assessment and collection. Unlike other boroughs, it is not required to provide areawide planning, platting and zoning. However, any home rule or first class city within a third class borough is required to exercise the powers of planning, platting and zoning.

NONAREAWIDE/SERVICE AREA

The law makes no specific provision for a third class borough to provide services on a nonareawide basis. However, the law does permit third class boroughs to exercise powers on a service area basis.

A third class borough has the same powers as a second class borough to establish service areas, except that a third class borough service area cannot be established by approval of property owners in the absence of voters.

CHAPTER THREE
TYPICAL LOCAL REVENUE SOURCES

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LOCAL SOURCES

The most common sources of locally generated revenue are sales/use taxes, property taxes and user fees.

SALES AND USE TAXES

A municipal sales tax is a tax upon sales of goods and services sold within the boundaries of the municipality. A use tax is a tax upon personal property which was purchased outside a municipality but which is imported into the municipality for use.



State law permits first, second and third class boroughs to levy sales and use taxes not exceeding six percent upon approval by the voters. A municipality has great latitude in granting exemptions from the tax by ordinance (e.g. food products, sales to senior citizens) all products and services except sales of tobacco and alcohol). Some boroughs levy sales and use taxes only on commercial sales of fish.

Few municipal governments levy use taxes since it is typically difficult to determine when and what property is being brought into the municipality. However, there are exceptions. These usually involve importations of commercial quantities of fish brought to a municipality for processing or, in the case of the North Slope Borough, taxation of the importation of industrial equipment and facilities by the oil companies.



The 1986 rates of taxation and amount of revenue generated from sales taxes (including specialized taxes like hotel taxes) in each of the 12 boroughs which existed then are listed in the following table.

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BOROUGH	TAX RATE	\$ GENERATED
BRISTOL BAY BOROUGH	3.0% (fish only)	\$700,000
CITY AND BOROUGH OF JUNEAU	4.0% (general)	12,003,087
	additional 5.0% (hotel)	298,477
	additional 3.0% (liquor)	448,259
CITY AND BOROUGH OF SITKA	4.0%	2,899,801
FAIRBANKS NORTH STAR BOROUGH	0.0%	0
HAINES BOROUGH	1.0%	93,397
KENAI PENINSULA BOROUGH	2.0%	6,955,628
KETCHIKAN GATEWAY BOROUGH	1.5%	1,965,961
KODIAK ISLAND BOROUGH	0.0%	0
MATANUSKA-SUSITNA BOROUGH	0.0%	0
MUNICIPALITY OF ANCHORAGE	8.0 (hotel)	3,517,715
NORTH SLOPE BOROUGH	3.0 (sales/use)	3,539,658
NORTHWEST ARCTIC BOROUGH	0.0	0

The only tax to be levied by the newly incorporated Aleutians East Borough will be a 2% sales and use tax on commercial fish. It is projected that this will provide annual revenues of some \$712,000.



For those boroughs which levy general sales taxes, proceeds range from \$50.57 (Haines Borough) to 102.17 (City and Borough of Juneau) per capita, per 1% of tax levied.

PROPERTY TAXES

The authority of boroughs to tax real and personal property is generally limited to 30 mills (3% of the full and true value of the property).¹⁴ State law requires that certain types of property be exempt from taxation. The law also permits boroughs to determine whether they wish to exempt other types of property from taxation.

The 1986 rates of taxation and amount of revenue generated from property taxes in each of the 12 boroughs which existed then is listed below:

BOROUGH	MILL RATE	\$ GENERATED	PER CAPITA
BRISTOL BAY	5.00	475,000	374
JUNEAU	8.96 to 9.96	13,125,267	447
SITKA	4.00	1,147,782	140
FAIRBANKS	8.45 to 16.73	26,970,985	399
HAINES	3.00 to 5.60	180,139	98
KENAI	4.00 to 9.00	12,866,928	295
KETCHIKAN	2.70 to 18.00	1,853,797	130
KODIAK	3.75 to 7.25	1,691,997	121
MAT-SU	5.30 to 9.00	14,587,650	329
ANCHORAGE	5.05 to 10.18	120,713,129	486
NORTH SLOPE	18.37	234,307,090	28,203
NW ARCTIC	0.00	0	0

CHAPTER FOUR
OTHER SOURCES OF REVENUE AND ASSISTANCE

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ORGANIZATIONAL GRANT - A newly incorporated borough is entitled to a grant totalling \$600,000 to help fund initial operating costs.

\$300,000 of the grant is paid during the first fiscal year of the borough, \$200,000 is paid during the second year and the remaining \$100,000 is paid during the third year.

PUBLIC SCHOOL FOUNDATION FUNDING PROGRAM¹⁵ - It is estimated that the State and federal governments will provide more than \$438,000,000 to educate an estimated 102,142 students in Alaska's public schools (excluding University of Alaska) during the 1987-1988 school year. This represents an average of \$4,288 per student.

The law requires that boroughs, as well as first class and home rule cities in the Unorganized Borough contribute funds in support of school operation. The remaining school districts in the state (regional educational attendance areas) are not required to contribute toward public education.

The requirement for financial support from boroughs and city school districts is an amount at least equivalent to a 4 mill property tax. However, the State will subsidize districts that have not previously met this requirement for 2 years (up to 2 mills during the first year and up to 1 mill during the second year).

It is estimated that these cities and boroughs will contribute nearly \$136,000,000 toward this effort during the 1987-1988 school year.



MUNICIPAL ASSISTANCE - Program funds are intended to be used for general property tax relief. A borough is eligible to receive a payment under this program every year. For a borough, entitlements are based principally upon the number of residents who live outside of cities within the borough. Presently, the payments run between \$101 and \$125 per resident (outside of cities). The North Slope Borough, however, receives approximately \$488 per resident because of the manner in which the funding is structured.

The FY 87 program payment received by each of the boroughs is listed on the following page.

MUNICIPAL ASSISTANCE PAYMENTS

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BRISTOL BAY BOROUGH	\$ 139,878
CITY AND BOROUGH OF JUNEAU	3,281,454
CITY AND BOROUGH OF SITKA	945,929
FAIRBANKS NORTH STAR BOROUGH	5,156,701
HAINES BOROUGH	83,345
KENAI PENINSULA BOROUGH	2,939,051
KETCHIKAN GATEWAY BOROUGH	583,030
KODIAK ISLAND BOROUGH	621,255
MATANSUKA-SUSITNA BOROUGH	3,692,868
MUNICIPALITY OF ANCHORAGE	29,509,362
NORTH SLOPE BOROUGH	1,510,378
NORTHWEST ARCTIC BOROUGH	34,711

STATE REVENUE SHARING

Boroughs are eligible to receive program funds annually. The level of funding depends largely upon the population of the borough, the level of funds generated from local sources and what extent the borough provides certain services (road maintenance and health care).

Each municipal government in the state is entitled to a minimum annual payment of \$25,000 plus a regional cost of living adjustment.

The program payments received by each of the boroughs is listed below:

BRISTOL BAY BOROUGH	\$ 108,799
CITY AND BOROUGH OF JUNEAU	4,419,724
CITY AND BOROUGH OF SITKA	732,306
FAIRBANKS NORTH STAR BOROUGH	2,881,000
HAINES BOROUGH	36,717
KENAI PENINSULA BOROUGH	2,985,863
KETCHIKAN GATEWAY BOROUGH	450,146
KODIAK ISLAND BOROUGH	655,186
MATANSUKA-SUSITNA BOROUGH	3,028,133
MUNICIPALITY OF ANCHORAGE	14,784,128
NORTH SLOPE BOROUGH	734,052
NORTHWEST ARCTIC BOROUGH	161,791

FISHERIES BUSINESS TAX REFUNDS

The State levies a tax on fish processing. To the extent that the taxes are collected within a municipality, the State returns a portion of the taxes collected to that municipality.

Under present law, a borough receives a refund in the amount of 50% of such taxes collected within the borough, but outside of cities. In addition, for the area within cities in the borough, a newly formed borough receives 5% of the tax collected during the first calendar year in which the borough was formed. The amount paid to the

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borough increases in 5% increments during the second, third and fourth years. On the borough's fifth year and thereafter, it receives 25% of the amount collected within each city and, of course, 50% of the amount collected outside the cities in the borough.

The latest program payments received by each of the boroughs is listed below:

BRISTOL BAY BOROUGH	\$ 1,088,819
CITY AND BOROUGH OF JUNEAU	6,275
CITY AND BOROUGH OF SITKA	465,399
FAIRBANKS NORTH STAR BOROUGH	443
HAINES BOROUGH	166,895
KENAI PENINSULA BOROUGH	661,362
KETCHIKAN GATEWAY BOROUGH	267,891
KODIAK ISLAND BOROUGH	871,703
MATANSUKA-SUSITNA BOROUGH	20,967
MUNICIPALITY OF ANCHORAGE	92,347
NORTH SLOPE BOROUGH	0
NORTHWEST ARCTIC BOROUGH	16

The newly incorporated Aleutians East Borough anticipates receiving at least \$421,000 annually from this program.

MISCELLANEOUS OTHER REVENUE SOURCES

There are a number of other State programs which typically offer lesser amounts of revenue to municipalities. These include:

- 50% of the State license fees for amusement and gaming devices (excluding distribution, fees, penalties and cost of collection) are returned to the local government in which the fees were collected;
- 100% of the electrical and telephone cooperative taxes (less collection costs) are returned to the local government where the taxes were collected;
- For municipalities which enforce federal, State and local liquor laws and which have a municipal police force, 100% of the liquor license fees (excluding wholesale licenses) are returned to the local government;
- For municipalities which own and operate airports or which lease and operate airports, 60% of the proceeds of the State aviation fuel tax collected in the municipality is returned to it;
- Coastal Zone Management Funds;
- There are a number of other financial assistance and grant programs provided by the State. Readers interested in further information should contact the Department of Community and Regional Affairs.

MUNICIPAL LAND ENTITLEMENTS

Newly incorporated municipal governments are entitled to 10% of the maximum total acreage of vacant, unappropriated, unreserved State land within their boundaries between the date of incorporation and two years later. However, the entitlement is limited to 20 acres per person living within the municipality on the date of its incorporation.

Boroughs have received entitlements ranging from 2,800 acres to 355,210 acres. The programs is administered by the Department of Natural Resources.

GENERAL TECHNICAL ASSISTANCE

Staff from the Department of Community and Regional Affairs are available to provide assistance to all municipal governments on a variety of matters. The Department is prepared to offer newly formed municipalities higher levels of technical assistance to assist in the transition to municipal status.



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CHAPTER FIVE
STANDARDS FOR BOROUGH FORMATION

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Current State law requires that a region have certain characteristics before it may incorporate as a borough.¹⁶ These requirements, called standards for incorporation, are summarized below.

POPULATION



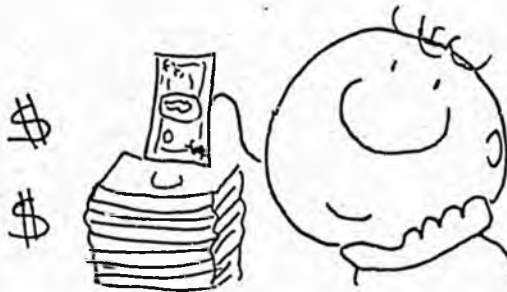
The population of the region must be interrelated socially, culturally and economically. It must be large enough to support borough government. The population must be stable. There must be at least two communities within a borough and there must be at least 1,000 residents in the region.

TRANSPORTATION FACILITIES



The transportation facilities (roads, trails, waterways, airports, etc.) must permit residents of the region to meet and carry out local government matters. Transportation services must be available at least once a week between communities in the region on a scheduled or charter basis. Communities located within the region which do not have regularly scheduled transportation services must be connected by a highway.

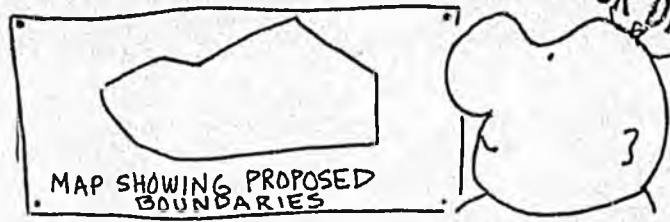
ECONOMY



The economy of the region must be able to support a borough. There must be at least sufficient anticipated revenues to maintain and operate the powers which state law requires borough to provide.

BOUNDARIES OF THE PROPOSED BOROUGH

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The boundaries of the proposed borough must conform generally to natural geography. They must include any area which is necessary for the borough to provide services. They must also include, at a minimum, one entire regional educational attendance area (unless the Local Boundary Commission determines that a smaller area can otherwise meet the standards for incorporation).

TIMING AND ABILITY



AUGUST						
S	M	T	W	T	F	S
1	2	3	4	5	6	
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

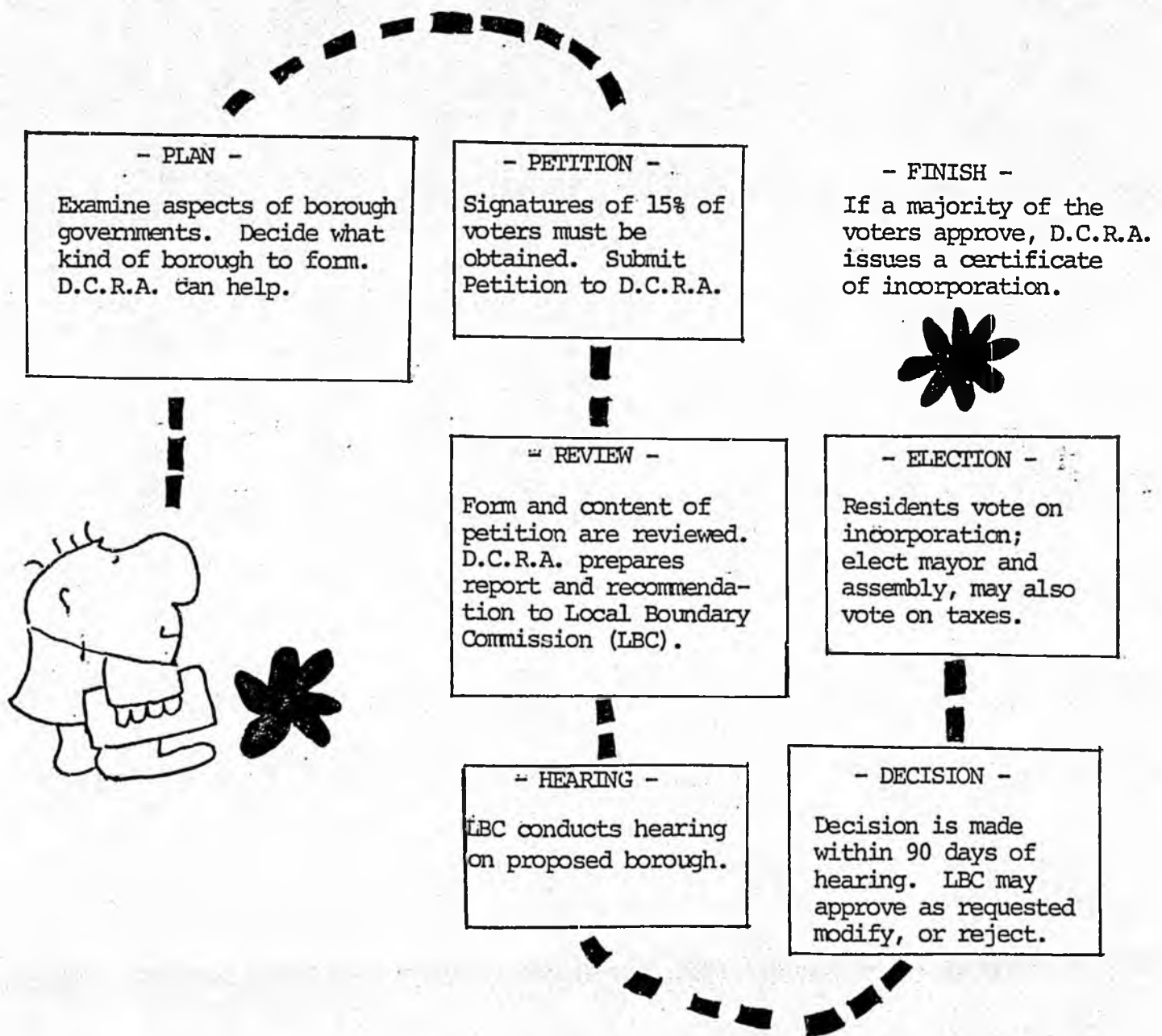
The proposed borough must be "capable of providing and willing to provide" the mandatory powers of an organized borough within three months of incorporation. However, in most cases actual transfer of powers from existing organizations (e.g. transfer of education from an REAA to a borough) can be accomplished over a period of two years.

CHAPTER SIX
PROCEDURES FOR BOROUGH FORMATION

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The borough incorporation process is established in State and federal law.¹⁷ It typically takes a minimum of six months and often longer to form a borough once a petition for incorporation has been formally submitted.

The steps for incorporating are outlined below.



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9/30/87

PROJECT SUMMARY

PROJECT DEADLINE: December 1, 1987.

DESIRED SIZE: 20 pages (30 pages maximum).

TEXT: Based upon approved outline (draft attached).

GRAPHICS: As noted in outline -- in addition to the "technical graphics" noted in the outline, it would be ideal to have some other graphics to "liven up" the booklet.

TYPESETTING: DCRA leading edge [note: Wayne Longacre is presently in Anchorage to fix our leading edge -- hopefully we can get it up and running and staff trained so it may be used in this instance].

FOOTNOTES/REFERENCES: These will be used extensively to keep the size of publication to the desired level.

STYLE: The publication will be written in a non-technical fashion.

DCRA PHILOSOPHY IN ADDRESSING THIS MATTER: recognize the need for politically acceptable proposals, yet be cognizant that resolution of certain problems is not likely without some compulsory action. We believe that regional government fulfills a legitimate function and that the establishment of organized boroughs throughout the state will result in benefits to both the state and local residents. To be accepted by the residents, regional governments must serve useful functions as defined by them and the state. To this end, we believe that a home rule borough is the best vehicle to address the needs of the state and regions. Accordingly, the report will focus on home rule borough options.

COMMENT ON REQUIREMENTS OF CH 95, SLA 1987: Direction from the legislature was, in part, to "conduct public hearings . . . and report back to the legislature by January 1, 1988". Decisions will be made in conjunction with the House and Senate C&RA Committees and Representative Larson regarding what, if any, hearings DCRA will conduct. It is possible that legislative teleconference hearings will be conducted on this matter in early January, 1988.

O U T L I N E

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FOR DISCUSSION PURPOSES ONLY

I. INTRODUCTION

A REASONS FOR THE REPORT

1. legislative directive for DCRA to "examine issues in forming regional municipal governments and report back to the legislature."
2. interest being expressed in the topic of regional government by residents of many regions (Aleutians East Borough, Northwest Arctic Borough, Southwest Region REAA borough study, Prince William Sound borough study, Interest in considering boroughs Copper River Area and Lower Yukon regions, possible annexation by Mat-Su Borough, annexation proposal from City of Dillingham); interest is also being expressed by others in changing the structure of regional service delivery (SSHB 1, HB 1);

B STATEMENT OF WHAT WILL BE ACCOMPLISHED BY THE REPORT

1. provide a better understanding of a) the structure of municipal government and b) service delivery to unincorporated areas in Alaska, with focus on problems facing each;
2. offer concepts to be considered for addressing these problems.

II. BACKGROUND

A DESCRIPTION OF PRESENT STRUCTURE OF SERVICE DELIVERY

1. Education - municipal school districts vs REAAs;
 2. Planning/platting/zoning - boroughs, mini boroughs, 2nd class cities vs. CSRAs, DNR (replatting), no formal planning for non-coastal regions;
 3. Other services - simple narrative discussion of broad powers of local governments vs. description of how services are provided to unincorporated areas (revenue sharing, grants to unincorporated communities, VPSO program, traditional/IRA councils, non-profit corporations (discuss concerns previously raised regarding use of such organizations i.e. "non-democratic" institutions, uncertain longevity of some organizations, creates competition among entities in same community for funding, Alaska laws concerning non-profit corporations, constitutional authority).
- ° Graphic: table showing powers exercised by regional governments in Alaska.

B CHARACTERISTICS CONCERNING THE PRESENT STRUCTURE OF SERVICE DELIVERY

1. Examples: 2/3 of Alaska lies in the Unorganized Borough; 12 boroughs and 21 "mini-boroughs" exist; less than 9% of the state's population lives in the Unorganized Borough outside of first class and home rule cities;
 - Graphic: table providing data of characteristics of boroughs, mini-boroughs and Unorganized Borough (ideally by REAA) showing income, employment, population, student population, race, property values, fisheries values, sales taxes.
 - Graphic: map of the state showing boroughs, mini-boroughs, REAAs, trans-Alaska Oil Pipeline.

III. CLEAR STATEMENT OF THE ISSUES/PROBLEMS

- A Unequal distribution of resources. "belonging" to all Alaskans has hindered development of optimum local government structure throughout the state.
- B State budget cuts and other issues are forcing a reevaluation of service delivery methods;
- C Inequities in the delivery of services;
- D Inefficiencies in delivery of services;
- E Need/opportunity to enhance basic services.
- F Need/opportunity to develop a better system of service delivery (i.e. through intermediary between state and community; both to represent the interests of the region's people and to deliver services)

IV. OPTIONS FOR DECISION MAKERS -

A STATUS QUO

1. List weaknesses of this structure
 - a. inequities in service delivery;
 - b. inefficiencies in service delivery;
 - c. abuse of the system;
 - d. public perceptions;

OUTLINE
REPORT ON THE UNORGANIZED BOROUGH
PAGE THREE

2. Conclusion stating why DCRA doesn't support this option.

B CREATION OF BOROUGHES WHICH HAVE ONLY EDUCATION POWERS
(IN EFFECT, GIVING TAXING POWER TO REAAs)

1. List weaknesses with this concept
a. while it addresses problems associated with option A, it is inflexible in that it doesn't address other service needs of regions/communities;.

2. Conclusion stating why DCRA doesn't support this option.

C CREATE 3RD CLASS BOROUGHES IN THE UNORGANIZED BOROUGH

1. List weaknesses with this concept.
a. while it addresses problems associated with option A and option B, we believe there are more preferred options;

2. Conclusion stating why DCRA doesn't support this option.

D CREATE 1ST OR 2ND CLASS BOROUGHES IN THE UNORGANIZED BOROUGH

1. List weaknesses with this concept.
a. while it addresses problems associated with option A and option B, we believe there are more preferred options;

2. Conclusion stating why DCRA doesn't support this option.

E CREATE HOME RULE BOROUGHES IN THE UNORGANIZED BOROUGH

1. DCRA supports this concept;

2. Provides opportunity for maximum flexibility and local control;

3. Regional administration/service provision (resulting in economies of scale and better fiscal accountability); place strong emphasis on the point that cities aren't necessary for service delivery within a borough;

4. Relationship with Tribal entities (identify and use tribal entities - provide meaningful role. This would make regional government more culturally acceptable in some areas of the state);

5. Transfer substantial responsibility of and funding for direct provision of services from the state to regional governments;

6. Advantage to everyone to have intermediate level of government throughout the state;
7. Examine limitations on home rule governments to determine whether amendments may be appropriate.

V. IMPLEMENTATION

A PROVIDE A STRUCTURE TO ENSURE THAT ALL SUCH BOROUGHS ARE FINANCIALLY VIABLE

1. DCRA believes that there are a number of options which could be used to ensure that every region in the state has sufficient financial resources to provide a minimum level of services. The purpose of this report is not to examine or even present the concept of such options - to do so would detract from the purpose of the report discussed earlier.

B ESTABLISH STANDARDS WHICH WOULD TRIGGER THE ASSUMPTION OF A PARTIAL BURDEN FOR THE FINANCING OF SERVICES

1. This could be done through mandating boroughs throughout the unorganized borough, but using the trigger to determine when, and to what extent, the boroughs would have to undertake some responsibility for funding of services.
2. Alternatively, a mechanism could be set up for the Local Boundary Commission to formally consider the compulsory incorporation of a borough once a region attained a certain standard.
3. Example of factors which might be used to set such standards include the following (discuss in some detail):
 - a. the value of taxable real and personal property;
 - b. the value of taxable sales transactions;
 - c. the value of fisheries resources;
 - d. the population of the region (i.e. when it reaches a certain threshold);
 - e. the population as a percentage within city school districts.
 - ° INSERT TABLE SHOWING WHICH REAAs MIGHT BE AFFECTED BY EACH OF THE STANDARDS

C RESOLVE BOUNDARY IDIOSYNCRASIES

1. In conjunction with any process which will bring about the organization of the Unorganized Borough, it is appropriate to address certain idiosyncrasies in current REAA/borough boundaries. (e.g. it may be appropriate for the following annexations Klukwan and Skagway to the Haines Borough; Port Alexander to the City and Borough of Sitka, Metlakatla to the Ketchikan Gateway Borough and portions of REAAs 6/7 to the Bristol Bay Borough).

D OTHER OPTIONS/ISSUES RELATING TO REGIONAL GOV'T STRUCTURE

1. State Income Tax Credit: In the event that an income tax is reenacted, it could be done in a manner which provides greater equity to all Alaskans with respect to the financial burden of local government. For example, an individual earning \$50,000 in Alaska might have a \$2,000 state income tax liability. However, if that person paid \$850 in municipal taxes, that amount would be credited fully against the income tax liability, resulting in a income tax payment of \$1,150. An Alaskan earning \$50,000 but who paid no Alaska municipal taxes would have to pay the full \$2,000 income tax.
2. Examine Formulas for Funding to determine whether they are equitable;
3. In the event that some action is not taken to bring about regional government in all or significant portions of the present Unorganized Borough, the following options may help to remedy some of the problems presently facing the state:
 - a. examine/modify the classifications of certain existing cities in the Unorganized Borough. Some first class cities in the Unorganized Borough (which are burdened with the responsibilities of education and other functions) have relatively small populations; some second class cities (which escape these burdens) have large populations;
 - b. municipal school districts/REAAs which have student enrollments below a certain standard might be compelled to merge with adjacent school districts in order to meet the standard;

VI. CONCLUSION



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

17-a SSB 1

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

October 9, 1987

MEMORANDUM

TO: Representative Henry Springer

ATTN: David Harrison

FROM: Karen Oakley
Legislative Analyst

RE: Creation of Boroughs: Full Taxable Value and Effects on Public
School Finance
Research Request 88.041

You asked us to provide a rough estimate of the amount of property tax revenue that could, in theory, be generated within each third class borough proposed to be created under House Bill 1 and to determine how HB 1 would affect the financing of public schools within the new boroughs and within the state. You asked that we also discuss whether the amount of potential revenue justified the costs to collect the taxes and to evaluate the ability of residents in each new borough to pay such taxes.

In summary, we found:

- Under HB 1, 22 rural education attendance areas (REAs) and 21 city school districts would be reorganized into 20 third class boroughs. Of these new boroughs, 12 would be created from REAs alone, and eight would be created from combining city districts with their surrounding REA.
- The total taxable value of property in the proposed boroughs is about \$7.5 billion; the majority (78 percent) of this value is derived from the areas through which the TransAlaska Pipeline passes. In comparison, the taxable value of property in existing boroughs is \$48 billion.
- The "required local effort" for public education in the proposed boroughs would total \$19 million--given FY 88 basic need values. About \$11 million of this local effort would be generated by property in REAs that has not previously been taxed at the local level.

- Given FY 88 basic need values, "required local effort" in the proposed boroughs would result in a \$13.4 million reduction in the total amount of State foundation aid. This "savings" could be used to reduce the General Fund contribution to public education or could be used to increase the percentage of basic need funded by the State for all school districts.
- Because local property taxes are taken as a credit against State oil and gas property tax liability and because the TransAlaska oil pipeline accounts for over half of the taxable property value of the proposed boroughs, the net savings of General Fund moneys from requiring a local effort for education in the REAAs will be on the order of \$3 million.
- The costs to institute a conventional property tax in the proposed boroughs would most likely be prohibitive.
- The per capita personal income in the proposed boroughs is less than in the existing boroughs. More work is required to assess the ability of residents in the proposed boroughs to pay property taxes.

Background

Under Sponsor Substitute for House Bill 1, all regional education attendance areas would be converted into third class boroughs (attached). The REAAs are school districts within the unorganized borough. The legislature is responsible for provision of services within the unorganized borough, and the REAAs are "special service districts" (AS 29.03.020) created by the legislature in 1975 to "allow for maximum local participation and responsibility" for education in rural Alaska. The REAAs are distinguished from the two other kinds of school districts--city and borough districts--by their inability to levy taxes. City and borough school districts must raise money locally to help support their schools; this is generally done through the taxation of property. The REAAs cannot tax, thus, they cannot raise money locally to help support schools.

A third class borough is an unincorporated general law municipality that has area-wide power for education and tax assessment and collection; these are the only area-wide powers that a third class borough may exercise.¹ Currently, there is only one third class borough--the Haines Borough.

¹Third class boroughs may acquire other powers not prohibited by law, but the powers may be exercised only within a service area (AS 29.35.220).

House Bill 1 also provides that each city school district within the boundary of a REAA would become part of the new borough school district. Two or more REAAs would be allowed to combine to form a single borough. The initial assembly of each borough would consist of seven members elected at large and would provide for the form of representation, composition and apportionment of the assembly.²

House Bill 1 would require that residents of rural Alaska help pay for local schools in the same way that residents in cities and boroughs are required to do. There are essentially two formulas for determining the amount of State aid school districts receive--one which applies to city and borough districts and one which applies to REAAs. Each city and borough district must raise an amount equal to the lesser of a four millage rate tax on its full and true property value or 35 percent of its basic need; in public school parlance, this is known as the required local effort.³ The amount of State aid a district receives is determined by subtracting the required local effort (and 90 percent of its federal aid) from its basic need. Since REAAs are not required to make a local effort, the REAAs receive more of their basic need from the State than city and borough districts do. By requiring the rural districts to make a local contribution to the costs of education, HB 1 would affect both the total amount of State foundation aid and its distribution among districts.

Although the primary purpose of HB 1 relates to equity of public school finance within the state, HB 1 would have other important ramifications. The unorganized borough would be abolished, and the legislature would no longer have the responsibility to provide governmental services in these rural areas. In addition to the REAAs, the legislature has created coastal resource service areas and housing districts within the unorganized borough, and it is unclear at this point how the functions of these areas would be affected by HB 1. We will not discuss these issues further in this memorandum, but we want to point out that HB 1 will affect a broad range of issues related to local government in rural Alaska.

²Pursuant to AS 29.20.300(b), the assembly is the school board for a third class borough.

³The "basic need" of each school district is determined by multiplying the area cost differential by the number of instructional units by the instructional unit value.

Configuration of School Districts Under HB 1

Currently, Alaska is divided into 55 school districts: 12 borough districts, 21 city school districts and 22 REAAs. House Bill 1 would affect all 22 REAAs and all 21 city school districts. All of the REAAs would become a borough or be part of a borough, and all 21 of the city districts would be subsumed into a borough. Figure 1 shows the areas of the state that would be reorganized under HB 1. Table 1 shows a likely combination of REAAs and city districts under HB 1. The bill provides that the new boroughs will be formed based on the REAAs existing in 1982. The Kashunamuit and Yupiit REAAs were formed after 1982, thus we have assumed that these REAAs would be subsumed into their surrounding REAAs. Assuming that no REAAs choose to combine, there would then be 20 new third class borough school districts--eight of these would result from the combination of city districts and their surrounding REAAs and 12 would consist of former REAAs alone. Thus, under HB 1, Alaska would be divided into 32 school districts--all organized at the borough level.

Property Values in the Proposed Third Class Boroughs

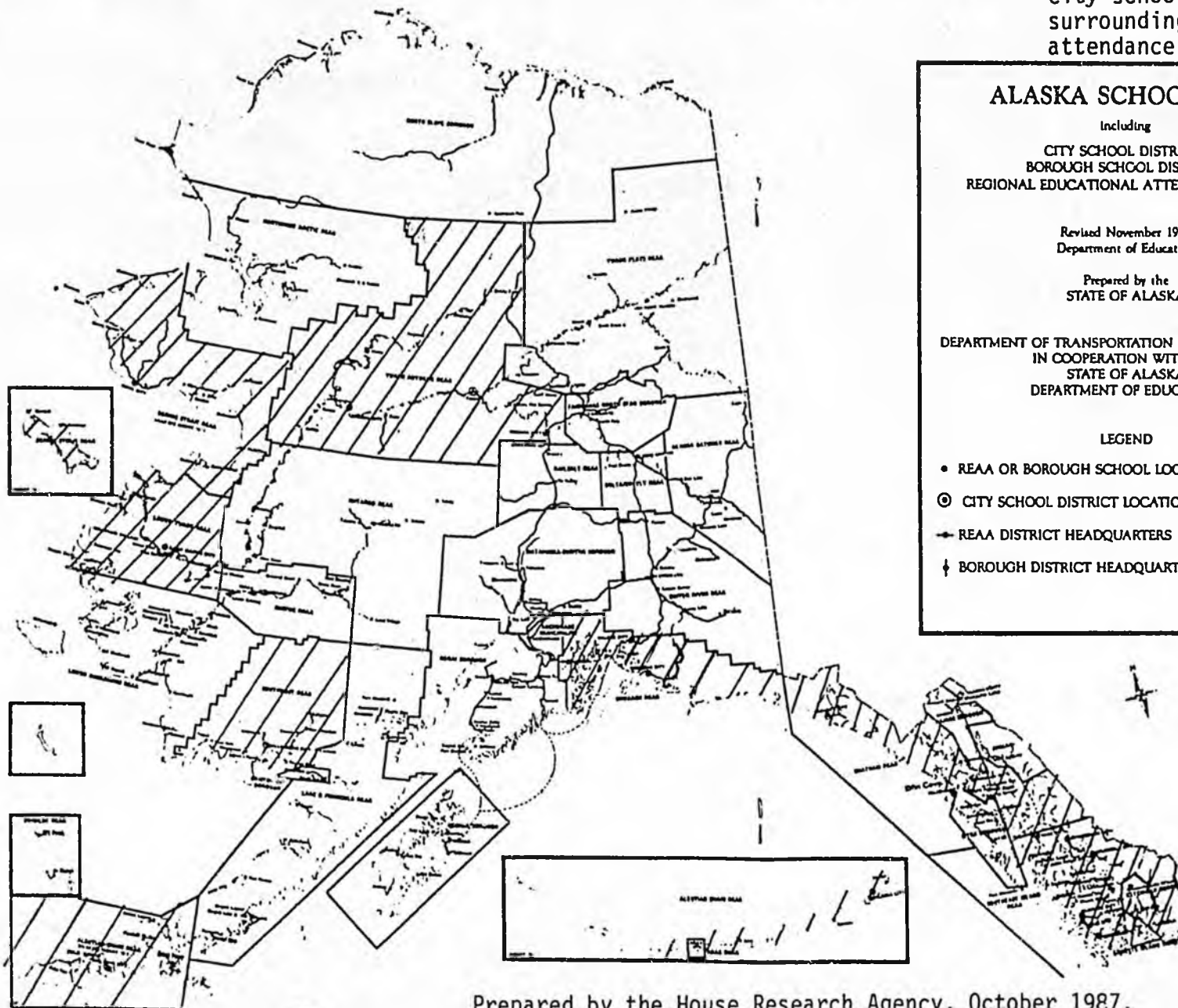
The full value of taxable property in the proposed third class boroughs is listed in Table 2. The values are rough approximations determined by Mike Worley, State Assessor, Department of Community & Regional Affairs, in April 1987. Table 2 also compares the taxable values on a per student basis of the proposed boroughs to the per student values of the existing boroughs. Table 3 provides a breakdown of the taxable values of the boroughs that would be created by combining city districts with their surrounding REAAs. In Table 4, the values of the existing and proposed boroughs on a per student basis are ranked.

FIGURE 1. Areas proposed to become third class boroughs under House Bill No. 1.

borough formed from a rural education attendance area

//

borough formed from a combining city school districts with their surrounding rural education attendance area



ALASKA SCHOOL MAP

Including

CITY SCHOOL DISTRICTS
BOROUGH SCHOOL DISTRICTS
REGIONAL EDUCATIONAL ATTENDANCE AREAS

Revised November 1985
Department of Education

Prepared by the
STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
IN COOPERATION WITH THE
STATE OF ALASKA
DEPARTMENT OF EDUCATION

LEGEND

- REAA OR BOROUGH SCHOOL LOCATIONS
- ⊙ CITY SCHOOL DISTRICT LOCATIONS
- REAA DISTRICT HEADQUARTERS
- ⚡ BOROUGH DISTRICT HEADQUARTERS

TABLE 1. PROBABLE CONFIGURATION OF RURAL EDUCATION ATTENDANCE AREAS (REAAS) AND CITY SCHOOL DISTRICTS INTO THIRD CLASS BOROUGHS UNDER HOUSE BILL 1

REAAs with no city school districts within their boundaries	REAAs that will be combined with city school districts within their boundaries	
Adak	This REAA:	Will absorb these city districts:
Alaska Gateway	-----	-----
Annette Island	Aleutian Region	Sand Point, King Cove, Unalaska
Copper River	Bering Strait	Nome
Delta Greeley	Chatham	Yakutat, Pelican, Hoonah, Skagway
Iditarod	Chugach	Cordova, Valdez
Kuspuk	Lower Yukon	St. Mary's, Kashunamiut REAA**
Lake and Peninsula	Southeast Island	ake, Petersburg, Wrangell, Klawock, Craig, Hydaburg
Lower Kuskokwim (and Yupiit)**	Southwest Region	Dillingham
Pribilof	Yukon-Koyukuk	Tanana, Galena, Nenana
Railbelt		
Yukon Flats		

** House Bill 1 provides that the REAAs in existence in 1982 will form the basis of the new third-class boroughs. We therefore assume that the two REAAs that were formed after 1982 will be absorbed into their surrounding REAAs. Thus, Lower Kuskokwim will absorb the Yupiit REAA, and the Lower Yukon will absorb the Kashunamiut REAA.

Prepared by the House Research Agency, October 1987, (88.041A; 08038703).

TABLE 2. PROPERTY VALUES OF PROPOSED THIRD CLASS BOROUGHs COMPARED TO VALUES OF EXISTING BOROUGHs

SCHOOL DISTRICT	FULL TAXABLE VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	VALUE PER ADM
PROPOSED THIRD-CLASS BOROUGHs			
No City Districts Within			
Adak	\$ 0	602	\$ 0
Alaska Gateway	45,527,741	511	89,095
Annette Island	0	421	0
Copper River	1,198,725,880	561	2,136,766
Delta Greeley	813,113,635	1,019	797,953
Iditarod	23,481,360	384	61,149
Kuspuk	19,839,960	350	56,686
Lake and Peninsula	30,546,520	354	86,290
Lower Kuskowkim	321,017,461	2,859	112,283
Pribilof	14,153,160	156	90,725
Railbelt	30,176,160	366	82,449
Yukon Flats	1,035,432,040	372	2,783,419
Sub-total	\$3,532,013,917	7,955	\$443,999
Combined with City Districts			
Aleutian Region	\$206,485,320	501	\$412,146
Bering Strait	240,477,297	2,006	119,879
Chatham	131,333,718	934	140,614
Chugach	1,841,524,122	1,257	1,465,015
Lower Yukon	89,378,063	1,587	56,319
Southeast Island	358,683,415	2,212	162,153
Southwest Region	157,571,260	933	168,887
Yukon-Koyukuk	934,498,200	984	949,693
Sub-total	\$3,959,951,395	10,414	\$380,253
TOTAL--PROPOSED BOROUGHs	\$7,491,965,312	18,369	\$407,859

TABLE 2. PROPERTY VALUES OF PROPOSED THIRD CLASS BOROUGHs COMPARED TO VALUES OF EXISTING BOROUGHs
Continued

SCHOOL DISTRICT	FULL TAXABLE VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	VALUE PER ADM
EXISTING BOROUGHs			
Anchorage	19,343,356,800	39,748	486,650
Bristol Bay	101,541,000	219	464,081
Fairbanks	4,726,913,900	7,895	366,570
Haines	97,621,600	352	277,492
Juneau	1,688,992,300	4,609	366,447
Kenai	3,905,341,700	8,178	477,525
Ketchikan	904,384,100	2,474	365,585
Kodiak	552,447,400	2,253	245,216
Mat-Su	2,716,755,900	8,668	313,427
North Slope	13,570,786,300	1,152	11,785,312
Northwest Arctic	235,045,200	1,547	151,897
Sitka	441,175,000	1,590	277,469
TOTAL--EXISTING BOROUGHs	\$48,284,361,200	83,685	\$576,981
TOTAL--ALL SCHOOL DISTRICTS	\$55,776,326,512	102,054	\$546,540

Notes:

1. Full taxable value determinations for the proposed boroughs were prepared by the State Assessor with the Department of Community and Regional Affairs, April 14, 1987. Values for existing boroughs are from Alaska Taxable 1986 (Volume XXVI).
2. Average daily membership is the number of students reported to be in attendance during the first count period in FY 87.

Prepared by the House Research Agency, October 1987, (88.0418; 08038703).

TABLE 3. PROPERTY VALUES OF PROPOSED THIRD CLASS BOROUGHS FORMED BY COMBINING CITY DISTRICTS WITH THEIR SURROUNDING RURAL EDUCATION ATTENDANCE AREA (REAA)

PROPOSED BOROUGH	FULL TAXABLE VALUE	PERCENT OF TOTAL BOROUGH VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	PERCENT OF TOTAL BOROUGH ADM	VALUE PER ADM
Aleutian Region					
Sand Point	\$74,641,100	36	118	24	\$632,552
King Cove	24,391,400	12	133	27	183,394
Unalaska	95,564,500	46	159	32	601,035
Area outside cities	11,888,320	6	91	18	130,641
Total	206,485,320		501		412,146
Bering Strait					
Nome	151,635,000	63	782	39	193,907
Area outside cities	88,842,297	37	1,224	61	72,584
Total	240,477,297		2,006		119,879
Chatham					
Yakutat	18,136,700	14	157	17	115,520
Pelican	14,987,400	11	54	6	277,544
Hoonah	29,237,500	22	234	25	124,947
Skagway	59,036,600	45	137	15	430,924
Area Outside Cities	9,935,518	8	352	38	28,226
Total	131,333,718		934		140,614
Chugach					
Valdez	1,693,326,700	92	695	55	2,436,441
Cordova	123,982,300	7	432	34	286,996
Area Outside Cities	24,215,122	1	130	10	186,270
Total	1,841,524,122		1,257		1,465,015
Lower Yukon					
St. Mary's	4,451,200	5	101	6	44,071
Kashunamiut REAA	9,445,343	11	172	11	54,915
Area Outside Cities	75,481,520	84	1,314	83	57,444
Total	89,378,063		1,587		56,319

TABLE 3. PROPERTY VALUES OF PROPOSED THIRD CLASS BOROUGHS FORMED BY COMBINING CITY DISTRICTS WITH THEIR SURROUNDING RURAL EDUCATION ATTENDANCE AREA (REAA)
Continued

PROPOSED BOROUGH	FULL TAXABLE VALUE	PERCENT OF TOTAL BOROUGH VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	PERCENT OF TOTAL BOROUGH ADM	VALUE PER ADM
Southeast Island					
Kake	12,108,400	3	196	9	61,778
Petersburg	135,355,400	38	601	27	225,217
Wrangell	108,670,500	30	494	22	219,981
Klawock	5,841,100	2	162	7	36,056
Craig	37,304,700	10	231	10	161,492
Hydaburg	13,417,700	4	107	5	125,399
Area Outside Cities	45,985,615	13	421	19	109,229
Total	358,683,415		2,212		162,153
Southwest Region					
Dillingham	107,515,700	68	461	49	233,223
Area Outside Cities	50,055,560	32	472	51	106,050
Total	157,571,260		933		168,887
Yukon-Koyukuk					
Tanana	11,755,200	1	81	8	145,126
Galena	20,106,900	2	167	17	120,401
Nenana	18,099,500	2	123	13	147,150
Area Outside Cities	884,536,600	95	613	62	1,442,963
Total	934,498,200		984		949,693
TOTAL--CITY DISTRICTS	\$2,713,579,885	69	5,204	50	521,441
TOTAL--AREA OUTSIDE CITIES (REAA's)	1,246,371,510	31	5,210	50	239,227
TOTAL--CITY/REAA BOROUGHS	\$3,959,951,395		10,414		\$380,253

Notes:

1. Full taxable value determinations for the proposed boroughs were prepared by the State Department of Community and Regional Affairs, April 14, 1987.
2. Average daily membership is the number of students reported to be in attendance during the first count period in FY 87.

Prepared by the House Research Agency, October 1987, (88.041C; 08038703).

TABLE 4. EXISTING BOROUGHs AND PROPOSED THIRD CLASS BOROUGHs RANKED BY TAXABLE VALUE PER AVERAGE DAILY MEMBERSHIP (ADM)

SCHOOL DISTRICT	FULL TAXABLE VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	VALUE PER ADM	BOROUGH TYPE UNDER HOUSE BILL 1
North Slope	\$13,570,786,300	1,152	\$11,785,312	Existing
Yukon Flats	1,035,432,040	372	2,783,419	3rd class--REAA only
Copper River	1,198,725,880	561	2,136,766	3rd class--REAA only
Chugach	1,841,524,122	1,257	1,465,015	3rd class--REAA and city districts combined
Yukon-Koyukuk	934,498,200	984	949,693	3rd class--REAA and city districts combined
Delta Greeley	813,113,635	1,019	797,953	3rd class--REAA only
Anchorage	19,343,356,800	39,748	486,650	Existing
Kenai	3,905,341,700	8,178	477,525	Existing
Bristol Bay	101,541,000	219	464,081	Existing
Aleutian Region	206,485,320	501	412,146	3rd class--REAA and city districts combined
Fairbanks	4,726,913,900	12,895	366,570	Existing
Juneau	1,688,992,300	4,609	366,447	Existing
Ketchikan	904,384,100	2,474	365,585	Existing
Mat-Su	2,716,755,900	8,668	313,427	Existing
Haines	97,621,600	352	277,492	Existing
Sitka	441,175,000	1,590	277,469	Existing
Kodiak	552,447,400	2,253	245,216	Existing
Southwest Region	157,571,260	933	168,887	3rd class--REAA and city districts combined
Southeast Island	358,683,415	2,212	162,153	3rd class--REAA and city districts combined
Northwest Arctic	235,045,200	1,547	151,897	Existing
Chatham	131,333,718	934	140,614	3rd class--REAA and city districts combined
Bering Strait	240,477,297	2,006	119,879	3rd class--REAA and city districts combined
Lower Kuskowkim	321,017,461	2,859	112,283	3rd class--REAA only
Pribilof	14,153,160	156	90,725	3rd class--REAA only
Alaska Gateway	45,527,741	511	89,095	3rd class--REAA only
Lake and Peninsula	30,546,520	354	86,290	3rd class--REAA only
Railbelt	30,176,160	366	82,449	3rd class--REAA only
Lower Yukon	89,378,063	1,415	63,165	3rd class--REAA and city districts combined
Iditarod	23,481,360	384	61,149	3rd class--REAA only
Kuspuk	19,839,960	350	56,686	3rd class--REAA only
Annette Island	0	421	0	3rd class--REAA only
Adak	0	602	0	3rd class--REAA only

Notes:

1. Full taxable value determinations for the proposed boroughs were prepared by the State Assessor, Department of Community Affairs, April 14, 1987. Values for existing boroughs are from Alaska Taxable 1986 (Volume XXVI).
2. Average daily membership is the number of students reported to be in attendance during the first count period in FY 87.

Prepared by the House Research Agency, October 1987, (88.0410; 08038703).

The following comments can be made about the taxable property in the proposed boroughs:

- Two of the proposed boroughs--Adak and Annette Island--consist entirely of federal land and therefore have no taxable property.
- The total taxable value of property in the proposed boroughs is roughly \$7.5 billion. In comparison, the total taxable value of property in existing boroughs is \$48 billion.
- The per student taxable value for the five proposed boroughs through which the TransAlaska Pipeline travels compares favorably with the values of existing boroughs. Other proposed boroughs have less taxable value than existing boroughs.
- Approximately 70 percent of the taxable value of the boroughs formed by combining city districts and REAAs is derived from the city districts. In only two of the eight boroughs that would be formed in this manner--Lower Yukon and Yukon-Koyukuk--does the value of property in the REAA exceed the value in the affected city districts.

Public School Finance in the Proposed Boroughs

In 1987, the legislature enacted a new and relatively uncomplicated method to calculate the amount of State aid that school districts will receive. However, this new method will be gradually implemented during the next three fiscal years. For simplicity, we have chosen to use the formula that will be in effect after this transition period. Under this formula, State aid is equal to the basic need of the district minus required local effort and minus ninety percent of the federal aid received by the district under Public Law 81-874. Required local effort is whichever is less: the amount that would be raised by a four mill property tax or 35 percent of basic need.

Table 5 shows the calculation of State foundation aid for the proposed boroughs based on the property values discussed above and on the basic need and federal aid values for FY 88. Table 6 provides a breakdown of the finances of the boroughs that would be created by combining the REAAs and city districts. A four mill tax would raise a total of \$29.8 million from these proposed boroughs. However, the actual amount that would be paid by these boroughs in required local effort is only \$19 million, because for four of the five "pipeline" boroughs, 35 percent of basic need is less than the amount that could be generated by a four mill tax. Of the \$19 million that would be generated in local effort by the new boroughs, \$11.2 million would be generated by the previously untaxed property in the REAAs.

TABLE 5. FINANCES OF PROPOSED THIRD CLASS BOROUGH SCHOOL DISTRICTS

SCHOOL DISTRICT	REQUIRED LOCAL EFFORT			BASIC NEED IN FY 88	ELIGIBLE PL 81-874 (FY 88)	STATE FOUNDATION AID		CHANGE IN STATE AID	
	4 MILLS	35 PERCENT OF BASIC NEED	ACTUAL AMOUNT PAID			UNDER STATUS QUO	UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER THE STATUS QUO
PROPOSED THIRD-CLASS BOROUGHES									
No City Districts Within									
Adak	\$0	\$1,395,870	\$0	\$3,988,200	\$1,792,632	\$2,374,831	\$2,374,831	\$0	0.0
Alaska Gateway	182,111	1,741,320	182,111	4,975,200	626,551	4,411,304	4,229,193	(182,111)	-4.1
Annette Island	0	887,040	0	2,534,400	1,406,836	1,268,248	1,268,248	0	0.0
Copper River	4,794,904	1,735,230	1,735,230	4,957,800	398,113	4,599,498	2,864,268	(1,735,230)	-37.7
Delta Greeley	3,252,455	2,059,470	2,059,470	5,884,200	1,042,286	4,946,143	2,886,673	(2,059,470)	-41.6
Iditarod	93,925	1,782,270	93,925	5,092,200	849,651	4,327,514	4,233,589	(93,925)	-2.2
Kuspuk	79,360	1,696,590	79,360	4,847,400	1,213,011	3,755,690	3,676,330	(79,360)	-2.1
Lake and Peninsula	122,186	2,014,740	122,186	5,756,400	1,036,848	4,823,237	4,701,051	(122,186)	-2.5
Lower Kuskowkim	1,284,070	12,535,320	1,284,070	35,815,200	6,976,279	29,536,549	28,252,479	(1,284,070)	-4.3
Pribilof	56,613	641,340	56,613	1,832,400	602,751	1,289,924	1,233,311	(56,613)	-4.4
Railbelt	120,705	1,130,850	120,705	3,231,000	116,468	3,126,179	3,005,474	(120,705)	-3.9
Yukon Flats	4,141,728	2,041,200	2,041,200	5,832,000	703,866	5,198,521	3,157,321	(2,041,200)	-39.3
Sub-total	14,128,056	28,265,370	7,774,869	80,758,200	14,972,660	69,657,637	61,882,768	(7,774,869)	-11.2
Combined with City Districts									
Aleutian Region	825,941	2,125,830	825,941	6,073,800	587,130	4,766,995	4,719,442	(47,553)	-1.0
Bering Strait	961,909	7,162,680	961,909	20,464,800	4,282,033	16,004,430	15,649,061	(355,369)	-2.2
Chatham	525,335	2,617,440	525,335	7,478,400	1,030,166	6,065,658	6,025,916	(39,742)	-0.7
Chugach	7,366,096	2,873,850	2,873,850	8,211,000	209,030	6,151,654	5,149,023	(1,002,631)	-16.3
Lower Yukon	357,512	6,148,590	357,512	17,567,400	5,195,221	12,836,115	12,534,189	(301,926)	-2.4
Southeast Island	1,434,734	5,680,290	1,434,734	16,229,400	1,227,515	13,873,845	13,689,903	(183,942)	-1.3
Southwest Region	630,285	3,415,860	630,285	9,759,600	2,097,021	7,442,218	7,241,996	(200,222)	-2.7
Yukon-Koyukuk	3,737,993	3,939,180	3,737,993	11,254,800	2,120,843	9,146,195	5,608,049	(3,538,147)	-38.7
Sub-total	15,742,240	33,963,720	11,347,559	97,039,200	16,748,959	76,287,110	70,617,578	(5,669,532)	-7.4
TOTAL -- PROPOSED BOROUGHES	\$29,870,296	\$19,122,428			\$31,721,619	\$145,944,747	\$132,500,346	(\$13,444,401)	-9.2

Notes:

1. Calculation of revenue possible under a 4 mill property tax based on full taxable value determinations by the Department of Community and Regional Affairs, April 1987 (see Table 2).

2. Basic need and eligible PL 81-874 values are from the Department of Education for FY 88.

Prepared by the House Research Agency, October 1987, (88.041E; 08038703).

TABLE 6. FINANCES OF SCHOOL DISTRICTS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATION ATTENDANCE AREA

PROPOSED BOROUGH	REQUIRED LOCAL EFFORT			STATE FOUNDATION AID			CHANGE IN STATE AID		
	4 MILLS	35 PERCENT OF BASIC NEED	ACTUAL AMOUNT PAID	BASIC NEED IN FY 88	ELIGIBLE PL 81-874	UNDER STATUS QUO	UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO
Aleutian Region									
Sand Point	\$298,564	\$467,460	\$298,564	\$1,335,600	\$0	\$1,037,036			
King Cove	97,566	488,250	97,566	1,395,000	138,006	1,173,229			
Unalaska	382,258	544,740	382,258	1,556,400	154,473	1,035,116			
Area outside cities	47,553	625,380	47,553	1,786,800	294,651	1,521,614			
Total	825,941	2,125,830	825,941	6,073,800	587,130	4,766,995	4,719,442	(47,553)	-1.0
Bering Strait									
Nome	606,540	1,808,520	606,540	5,167,200	82,724	4,486,208			
Area outside cities	355,369	5,354,160	355,369	15,297,600	4,199,309	11,518,222			
Total	961,909	7,162,680	961,909	20,464,800	4,282,033	16,004,430	15,649,061	(355,369)	-2.2
Chatham									
Yakutat	72,547	420,000	72,547	1,200,000	56,386	1,076,706			
Pelican	59,950	232,470	59,950	664,200	0	604,250			
Hoonah	116,950	577,290	116,950	1,649,400	190,808	1,360,723			
Skagway	236,146	376,320	236,146	1,075,200	0	839,054			
Area Outside Cities	39,742	1,011,360	39,742	2,889,600	782,972	2,184,925			
Total	525,335	2,617,440	525,335	7,473,400	1,030,166	6,065,658	6,025,916	(39,742)	-0.7

TABLE 6. FINANCES OF SCHOOL DISTRICTS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATION ATTENDANCE AREA
Continued

PROPOSED BOROUGH	REQUIRED LOCAL EFFORT		ACTUAL AMOUNT PAID	BASIC NEED IN FY 88	ELIGIBLE PL 81-874	STATE FOUNDATION AID		CHANGE IN STATE AID	
	4 MILLS	35 PERCENT OF BASIC NEED				UNDER STATUS QUO	UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO
Chugach									
Valdez	6,773,307	1,375,290	1,375,290	3,929,400	9,495	2,545,565			
Cordova	495,929	922,950	495,929	2,637,000	15,603	2,127,028			
Area Outside Cities	96,860	575,610	96,860	1,644,600	183,932	1,479,061			
Total	7,366,096	2,873,850	2,873,850	8,211,000	209,030	6,151,654	5,149,023	(1,002,631)	-16.3
Lower Yukon									
St. Mary's	17,805	476,280	17,805	1,360,800	62,613	1,286,644			
Kashunamiut REAA	37,781	681,450	37,781	1,947,000	498,907	1,460,202			
Area Outside Cities	301,926	4,990,860	301,926	14,259,600	4,633,701	10,089,269			
Total	357,512	6,148,590	357,512	17,567,400	5,195,221	12,836,115	12,534,189	(301,926)	-2.4
Southeast Island									
Kake	48,434	480,900	48,434	1,374,000	209,395	1,137,111			
Petersburg	541,422	1,133,370	541,422	3,238,200	8,155	2,689,439			
Wrangell	434,682	974,610	434,682	2,784,600	2,037	2,348,085			
Klawock	23,364	460,110	23,364	1,314,600	210,198	1,102,057			
Craig	149,219	506,940	149,219	1,448,400	32,973	1,269,506			
Hydaburg	53,671	360,150	53,671	1,029,000	0	975,329			
Area Outside Cities	183,942	1,764,210	183,942	5,040,600	764,757	4,352,319			
Total	1,434,734	5,680,290	1,434,734	16,229,400	1,227,515	13,873,845	13,689,903	(183,942)	-1.3

TABLE 6. FINANCES OF SCHOOL DISTRICTS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATION ATTENDANCE AREA
Continued

PROPOSED BOROUGH	REQUIRED LOCAL EFFORT			STATE FOUNDATION AID			CHANGE IN STATE AID				
	4 MILLS	35 PERCENT OF BASIC NEED	ACTUAL AMOUNT PAID	BASIC NEED IN FY 88	ELIGIBLE PL 81-874	UNDER STATUS QUO	UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO		
Southwest Region											
Dillingham	430,063	1,143,240	430,063	3,266,400	354,651	2,517,151					
Area Outside Cities	200,222	2,272,620	200,222	6,493,200	1,742,370	4,925,067					
Total	630,285	3,415,860	630,285	9,759,600	2,097,021	7,442,218	7,241,996	(200,222)	-2.7		
Yukon-Koyukuk											
Tanana	47,021	386,820	47,021	1,105,200	186,793	890,066					
Galena	80,428	535,290	80,428	1,529,400	443,016	1,050,258					
Nenana	72,398	606,270	72,398	1,732,200	6,566	1,653,893					
Area Outside Cities	3,538,146	2,410,300	2,410,800	6,888,000	1,484,468	5,551,979					
Total	3,737,993	3,939,180	3,737,993	11,254,800	2,120,843	9,146,195	5,608,049	(3,538,146)	-38.7		
TOTAL--CITY DISTRICTS			7,243,299			30,687,301					
TOTAL--AREA OUTSIDE CITIES			4,104,260			45,599,810					
TOTAL--CITY/REAA BOROUGHS			\$15,839,806	\$33,963,720	\$11,347,559	\$97,039,200	\$16,748,959	\$76,287,110	\$70,617,578	(\$5,669,533)	-7.4

Notes:

1. Calculation of revenue possible under a 4 mill property tax based on full taxable value determinations by the Department of Community and Regional Affairs, April 1987.

2. Basic need and eligible PL 81-874 values are from the Department of Education for FY 88.

Under HB 1, the amount of State foundation aid--given FY 88 basic need--would be \$13.4 million less than under the status quo. For most of the new boroughs, the reductions in State aid are on the order of one to four percent, however, for the "pipeline" boroughs, the declines are much greater--on the order of 40 percent. Importantly, the total revenue available to each of the proposed boroughs for schools is the same under HB 1 and the status quo; the local effort merely replaces State aid.

The amount of State foundation aid "saved" by requiring the REAAs to make a local effort--in this scenario, \$13.4 million--could be used in two ways: The State could lower the amount appropriated to the foundation program--currently about \$440 million--by \$13.4 million, or the State could continue to fund the foundation program at the same level. The latter option would have the effect of increasing the value of an instructional unit and thereby the basic need of each district. The \$13.4 million "savings" would then be distributed among all districts as the State would be paying for a larger percentage of each district's basic need relative to the status quo.

Although HB 1 could reduce the amount of General Fund moneys required to run the foundation program, any savings will be offset by decreases in General Fund revenue from taxation of the TransAlaska Pipeline under Alaska Statute 43.56 (Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes). Under AS 43.56.020(d), municipal property taxes are credited against the oil and gas property tax liability; thus, for each dollar raised locally from the pipeline, State General Fund revenue is reduced one dollar. The pipeline accounts for \$3.8 billion of the \$7.5 billion full taxable property value of the proposed boroughs, and required local effort in the five "pipeline" boroughs accounts for \$10.2 million of the \$13.4 reduction in State foundation aid that could occur under House Bill 1.⁴ Thus, the net savings for General Fund moneys would be on the order of \$3 million.

Costs of Property Tax Collection

The costs of property tax collection need to be broken into two categories: 1) start up costs; and 2) maintenance costs. To actually carry out the business of collecting a property tax requires a great deal of preliminary work: land parcels must be surveyed and mapped; title searches must be conducted; and property must be inventoried and its value assessed. This preliminary work is a massive undertaking and represents a major initial

⁴It should be noted that the potential revenue from the pipeline tax is expected to decline over the next few years based primarily on its depreciation schedule. As the assessed value of the pipeline declines, so will the potential revenue for these proposed boroughs.

hurdle to imposition of a property tax. The DCRA has not yet attempted to quantify the initial costs of a property tax in the unorganized borough relative to HB 1, but the department believes that the start up costs would be high and would probably not justify the imposition of a conventional property tax at this time.

Some of the start up costs could be born by the organizational grants to which new boroughs are entitled. Although the DCRA is not required by statute to provide more funding than that specified in AS 29.05.190, DCRA must assist a new borough in determining their initial property tax assessment roll. In this regard, DCRA staff typically assist the new borough in contracting for the actual assessment work. The DCRA did this most recently for the Northwest Arctic Borough and concluded that a property tax was not justified.

State Assessor Mike Worley has suggested that alternative means of taxation within the unorganized borough be considered. For example, the legislature could impose by statute a formula for taxing property in the unorganized borough. He noted that there are no other jurisdictions in the United States similar to rural Alaska, so there are no models after which a unconventional taxation plan could be fashioned. Unique solutions to the problem of local support of education and other governmental services in the unorganized borough will have to be sought.

Ability of Residents of the New Boroughs to Pay Property Taxes

The economies of many of the rural communities that would be affected by House Bill 1 are based on varying mixtures of subsistence and cash, and cash in such economies is often of limited availability. Because the cost-of-living in rural communities is high, what cash people have is in high demand to meet basic needs such as fuel and other utilities. There may also be high variability among residents in a community in the degree to which they participate in the cash economy. To determine the ability of the residents of each new borough to pay property taxes requires considerable study of regional economies, which we will not attempt here.

Representative Springer
October 9, 1987
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As a starting point, we compare per capita personal income of each of the proposed boroughs based on U.S. Bureau of Economic Analysis data for 1983 (see Table 7). These data show that per capita personal income is generally lower in the areas affected by HB 1 than in existing boroughs. These data also show that transfer payments comprise a higher percentage of total personal income in the regions that have the lowest per capita personal income. Although rudimentary, these data confirm that in rural economies based on a mixture of subsistence and cash, cash is less available and much of the available cash is derived outside of the region. Comparison of the "total personal income" (Table 7) to the "required local effort" (Table 5) for each proposed borough shows that there is, overall, enough cash within each district to meet the tax liability for public schools; however, we do not know--and have no way of finding out--whether the individuals who will have the property tax liability are the same individuals with cash to pay their taxes.

I hope you find this information useful. If we can provide any further information, please let me know.

Attachment

TABLE 7. PROPOSED AND EXISTING BOROUGHs RANKED BY 1983 PER CAPITA PERSONAL INCOME

SCHOOL DISTRICT	TOTAL PERSONAL INCOME (\$1,000s)	POPULATION	PER CAPITA PERSONAL INCOME	TRANSFER PAYMENTS AS A PERCENTAGE OF TOTAL PERSONAL INCOME	SCHOOL DISTRICT TYPE UNDER HOUSE BILL 1
North Slope Borough	\$103,311	4,900	\$21,084	10.6	Existing
Juneau	472,684	23,500	20,127	7.3	Existing
Fairbanks	1,237,542	64,500	19,198	10.0	Existing
Anchorage	4,017,400	211,200	19,020	9.4	Existing
Ketchikan	227,852	12,800	17,786	12.4	Existing
Bristol Bay Borough	21,882	1,300	17,422	7.6	Existing
Chugach, Copper River**	150,853	9,000	16,761	12.3	3rd class borough
Kodiak	168,925	10,500	16,050	10.5	Existing
Southeast Island	176,997	11,500	15,390	14.0	3rd class borough
Sitka	121,954	8,000	15,269	13.9	Existing
Aleutian Region	120,223	8,000	15,067	8.3	3rd class borough
Kenai	408,405	27,600	14,814	12.8	Existing
Haines Borough	28,726	2,000	14,144	17.5	Existing
Yukon-Koyukuk, Railbelt**	80,483	5,800	13,982	16.5	3rd class borough
Chatham	51,392	3,700	13,890	17.1	3rd class borough
Mat-Su	360,393	26,900	13,395	13.6	Existing
Yukon Flats	21,755	1,800	12,229	21.4	3rd class borough
Bering Strait	85,754	7,300	11,779	18.4	3rd class borough
Southwest Region, Lake and Peninsula**	51,520	4,600	11,118	15.3	3rd class borough
Alaska Gateway, Railbelt**	65,256	5,900	11,001	16.1	3rd class borough
Northwest Arctic	56,471	5,300	10,716	20.7	Existing
Lower Kuskowim	105,141	10,900	9,666	20.3	3rd class borough
Iditarod, Kuspuk**	21,793	2,900	7,498	29.2	3rd class borough
Lower Yukon	31,524	5,200	6,017	32.0	3rd class borough

Source: U.S. Department of Commerce, Bureau of Economic Analysis, "Local Area Personal Income 1978-83. Vol. 9. Farwest Region, Alaska and Hawaii. June 1985.

**For these school districts, the census districts by which the income data were reported did not coincide with the individual school district boundaries. The income data reported are for the total area represented by the named districts.

Prepared by the House Research Agency, October 1987, (88.041G; 08038703).

1 IN THE HOUSE

BY LARSON AND MENARD

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 1

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act converting regional educational attendance areas into third class boroughs; and providing for an effective date."

7

8

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

10

* Section 1. THIRD CLASS BOROUGHS CREATED. (a) The areas within the

11

boundaries of the regional educational attendance areas formed under

12

AS 14.08.031 as of July 1, 1982, become third class boroughs effective

13

July 1, 1989. A city school district located within the boundary of a

14

borough formed under this section is part of that borough's school dis-

15

trict.

16

(b) Two or more regional educational attendance areas may combine to

17

form a third class borough under this section. The school boards of

18

regional educational attendance areas that decide to combine to form a

19

single borough under this subsection shall notify the lieutenant governor

20

of that decision as soon as possible.

21

(c) The lieutenant governor shall hold elections for initial assembly

22

members of boroughs formed under this section no later than June 1, 1989.

23

The initial assembly of a borough formed under this section shall consist

24

of seven members elected at large from the borough. The initial assembly

25

shall provide for the form of representation, composition, and apportion-

26

ment of the assembly under AS 29.20.060 - 29.20.110.

27

(d) This section does not apply to a regional educational attendance

28

area that organizes as a borough before the effective date of this Act.

29

* Sec. 2. TRANSITION. (a) The Department of Education shall oversee

1 and assist the transition from a regional educational attendance area to a
2 borough under this Act. On July 1, 1989,

3 (1) all property of the regional educational attendance area
4 becomes the property of the borough;

5 (2) the borough becomes the successor to all contracts and other
6 obligations, litigation, hearings, and other proceedings involving the
7 regional educational attendance area that are pending or in effect;

8 (3) faculty, staff, officers, and employees of the regional
9 educational attendance area are transferred to the borough.

10 (b) The term of office of a school board member from a regional
11 educational attendance area or a city school district described in sec. 1
12 of this Act ends on the date the election of the assembly members of the
13 third class borough formed from the regional educational attendance area is
14 certified.

15 * Sec. 3. The division of legal services of the Alaska Legislative
16 Affairs Agency shall prepare a bill conforming the Alaska Statutes to the
17 changes made by secs. 1 and 2 of this Act. The title of the bill shall be
18 "An Act relating to the unorganized borough, school districts, and third
19 class boroughs." The bill shall be presented to the House and Senate Rules
20 Committees for introduction on the first day of the Second Session of the
21 Fifteenth Alaska State Legislature.

22 * Sec. 4. Sections 1 and 2 of this Act take effect on the effective
23 date of a version of an Act passed by the legislature during the Second
24 Session of the Fifteenth Alaska State Legislature entitled "An Act relating
25 to the unorganized borough, school districts, and third class boroughs."

26 * Sec. 5. Section 3 of this Act takes effect immediately under AS 01.-
27 10.070(c).

(17)

HB 1

PROPOSED CHARTER OF THE

9/15/87

This is a copy of
the proposed charter
Northwest Arctic Borough.
I was accepted by
the state and is
now in operation
as a local Borough
Gov't unit.

WCA

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PREAMBLE

We, the people of the _____ Borough, exercising the powers of Home Rule granted by the Constitution of the State of Alaska, in order to provide for local government responsive to the will and values of the people and to the continuing needs of the communities within the borough hereby establish this Home Rule Charter.

ARTICLE I NAME, BOUNDARIES AND POWERS

Section 1.01

Name

The borough shall be a municipal corporation known as the _____ Borough. Whenever it deems it in the public interest to do so, the borough may use the name, _____ Home Rule Borough.

Section 1.02

Boundaries

The boundaries of the borough shall be the same as the boundaries of the _____ Borough as they exist on the date of ratification of this Charter and as those boundaries thereafter are legally modified.

Section 1.03

Powers

The borough may exercise all powers not prohibited by law or this Charter.

Section 1.04

Intergovernmental relations

The borough may exercise any of its powers or perform any of its functions and may participate in the financing thereof, jointly or in cooperation, by agreement with any one or more local governments, the State, or the United States, or any agency or instrumentality of these governments.

ARTICLE II THE ASSEMBLY

Section 2.01

Powers

The governing body of the borough shall be the Assembly. Except as otherwise provided by law or this Charter, the Assembly shall exercise all powers of the borough and shall provide for the performance of all duties and obligations of the borough.

Section 2.02

Composition

1. The Assembly elected by the qualified voters of the borough shall consist of eleven Assembly members. The districts are composed as follows:

A. District 1 1 Seat (A)

B. District 2 1 Seat (B)

C. District 3 3 Seats (C, D & E)

D. District 4 1 Seat (F)

E. District 5 5 Seats (G, H, I, J & K)

Section 2.03

Terms and election of Assembly members

1. Term. Each Assembly member shall be elected to three year staggered terms.
2. Election. Each Assembly member shall be elected at-large by the qualified voters of the borough and shall be a resident of the district to which the seat they seek is assigned. An Assembly member so elected represents all the voters of the borough.
3. The Assembly, may, by ordinance, adopt additional procedures pertaining to the nominations and election of Assembly members.

Section 2.04

Qualifications

1. Only a qualified voter of the borough, who has been a resident of the borough for at least one year immediately preceding his or her election or appointment to office, shall be qualified for elective borough office.

2. No Assembly member may hold any other compensated borough office or employment, or elected partisan political office, while serving on the Assembly, unless otherwise provided by an ordinance ratified by the voters of the borough.
3. An Assembly member shall be a resident of the district to which the member's seat is assigned at the time of the member's election or appointment.
4. An Assembly member who ceases to be a resident of the district to which the member's seat is assigned immediately forfeits his or her office.

Section 2.05

Vacancies and forfeiture of office

1. The office of an elected borough official shall become vacant upon death, resignation, removal from office in any manner authorized by law or by this Charter, or by forfeiture of his or her office.
2. An elected borough official shall forfeit his or her office if he or she:
 - A. fails to comply with all qualifications prescribed by this Charter;
 - B. fails to qualify or take office within 30 days after election or appointment;
 - C. fails to attend three consecutive regular meetings of the Assembly without being excused by the Assembly;
 - D. is physically absent from the borough for 90 consecutive days unless excused by the governing body;
 - E. resigns and the resignation is accepted;
 - F. is physically or mentally unable to perform the duties of office as determined by a two-thirds vote of the governing body;
 - G. is convicted of a felony or of an offense involving a violation of the oath of office;
 - H. is convicted of a violation of AS 15.13 State Election Campaigns;
 - I. no longer physically resides in the borough or election district; or
 - J. violates public trust.

(1) proceedings for removal of an elected official for breach of the public trust may be initiated by a majority of the members of the Assembly. In addition, proceedings for removal may be initiated by any duly constituted ethics board. The Assembly by ordinance shall establish procedures for removal of elected officials for breach of public trust, including provisions for notice, a complete statement of the charge, a public hearing conducted by an impartial hearing officer, and judicial review. Removal must be approved by two-thirds of the authorized membership of the Assembly.

3. The Assembly shall by ordinance provide the procedures for filling of vacancies.

Section 2.06

Organization and rules of Assembly

1. The Assembly shall meet immediately following certification of the election. At such meeting, or within seven days thereafter, the Assembly shall elect from its membership a presiding officer, known as the President and do such other acts as may be required for its organization and for the conduct of business.
2. The Assembly shall, by ordinance determine its own rules and order of business and shall maintain a journal of its proceedings as a permanent public record.

Section 2.07

Compensation

The Assembly, by ordinance, shall provide for compensation of the Assembly members. An increase in compensation shall not take effect until the Assembly meeting following the regular election after the ordinance has been adopted.

Section 2.08

Meetings

1. The Assembly shall hold at least one regular meeting every month at such time and place as it may prescribe, unless otherwise provided by ordinance.
2. The Mayor or any three Assembly members may call a special meeting of the Assembly if a majority of the Assembly members are given at least 24 hours oral or written notice and reasonable efforts are made to notify all members. A special meeting may be conducted with less than 24 hours notice if all Assembly members are present or if all absent members have waived in writing the required notice. Waiver of notice can be made before or after the special meeting is held. A waiver of notice shall be made a part of the journal for the meeting.
3. All meetings of the Assembly shall be public and the public shall have reasonable opportunity to be heard. Closed or executive sessions shall only be held pursuant to law. The mere discussion of persons or finances shall not be cause for any executive session.
4. Assembly members may attend meetings of the assembly in person or by teleconference. A majority of the membership of the assembly authorized by this charter shall constitute a quorum. A member disqualified from voting on a question may be considered present for purposes of constituting a quorum. In the absence of a quorum, any number less than a quorum may recess or adjourn the meeting to a later time or date.
5. Actions of the Assembly are adopted by a majority of the total membership of the body. The final vote of each member on each ordinance, resolution, or substantive motion shall be recorded "yes" or "no" except that if the vote is unanimous it may be recorded unanimous.
6. Each Assembly member in attendance at an assembly meeting shall vote on all questions presented at the meeting, unless prohibited from doing so by this Charter.

Section 2.09

Prohibitions

1. No elected official of the borough shall hold any other elective public office, or any other borough office or employment, during his or her term as an elected official of the borough. No elected official of the borough

shall hold any compensated appointive borough office, other than membership on a board or commission, for a period of one year after vacating his or her elective office.

2. The Assembly shall not recommend or direct the appointment or removal of any officer or employee of the borough administration except as otherwise provided by this Charter. Except for the purpose of inquiry, neither the Assembly nor an individual Assembly person may give, either publicly or privately orders on administrative matters to a subordinate of the Mayor.

3. No Assembly person may represent any client before any borough department or agency.

Section 2.10

Investigation

1. The Assembly may make investigations into the affairs of the borough and the conduct of any borough department, office or agency and for this purpose may subpoena witnesses, administer oaths, take testimony and require the production of evidence. Any person who fails or refuses to obey a lawful order issued in the exercise of these powers by the Assembly shall be guilty of a misdemeanor.

2. The Assembly may by ordinance create boards and commissions pursuant to this section for the purpose of inquiries and investigations. The members of such board and commissions shall be appointed by the Assembly.

Section 2.11

Clerk and special advisors

1. There shall be a Borough Clerk appointed by the Mayor and confirmed by the Assembly. The clerk shall attend all Assembly meetings, unless excused, keep a journal of its proceedings, give notice of Assembly meetings to the members and the public and perform such other duties as may be assigned.

2. The Assembly may appoint special legal and financial advisors for bond issues and shall retain legal counsel as it requires.

3. There shall be a Borough Attorney appointed by the Mayor and be subject to confirmation by the Assembly.

ARTICLE III LEGISLATION

Section 3.01

Ordinance form and content

1. All ordinances enacted by the Assembly shall be in substantially the following form:

A. the proposed ordinances shall have a heading and number.

B. title: a short summary of the ordinance's provisions shall be included in a title at the head of the ordinance. The title shall make reference to any penalties imposed by the ordinance.

C. enacting clause: the enacting clause shall read: "BE IT ENACTED BY THE ASSEMBLY OF THE NORTHWEST ARCTIC BOROUGH:"

D. substantive part of the ordinance: the provisions of the ordinance will follow the enacting clause.

- E. signatures: appropriate places shall be provided for the signatures of the mayor and the clerk.
 - F. attestation: the enactment and passage date of the ordinance shall be attested by the clerk.
2. Every ordinance shall be confined to one subject unless it is an appropriation ordinance or one codifying, revising, or rearranging existing ordinances. Ordinances for appropriations shall be confined to appropriations. The subject of each ordinance shall be expressed in the title.

Section 3.02

Acts required to be by ordinance

1. In addition to other actions required by law to be by ordinance the Assembly shall use ordinances to:
- A. establish, alter or abolish borough departments;
 - B. fix the compensation of members of the Assembly, boards, commissions and committees;
 - C. provide for a fine or other penalty, or establish rules or regulations for violations of which a fine or other penalty is imposed;
 - D. provide for levying of taxes;
 - E. make appropriations and supplemental appropriations or transfer appropriations;
 - F. grant, renew, or extend a franchise;
 - G. regulate the rate charged by a borough utility;
 - H. adopt, modify or repeal the comprehensive plan, zoning and subdivision ordinances, building and housing codes, and the official map;
 - I. establish a formal procedure for acquisition from private, state or federal government of land or rights in land and disposal of those lands or rights in land;
 - J. provide for a comprehensive personnel system, including, but not limited to, regulating all appointments, promotions, demotions, suspensions, and removal of borough officers and employees on the basis of merit; and
 - K. create or designate itself to be a board of review, adjustment, equalization, or canvassing board.

Section 3.03

Ordinance procedure

1. An ordinance may be presented for consideration by a member or committee of the Assembly or by the Mayor at any regular or special meeting of the Assembly. Upon presentation of an ordinance, copies shall be furnished to each Assembly member and to the Mayor. Upon presentation, an ordinance shall be rejected, deferred, referred to committee, or accepted as being introduced. Promptly after introduction the Assembly shall publish the ordinance and a notice setting out the time and place for a public hearing on the ordinance. The public hearing of an ordinance shall follow publication by at least ten days; it may be held at a regular or special Assembly

meeting and may be adjourned from time to time. At the public hearing copies of the ordinance shall be distributed to all persons present who request them or, in the alternative, the ordinance shall be read in full. All interested persons shall have an opportunity to be heard. If the ordinance is amended after the hearing so substantially as to change its basic character, the ordinance shall be treated as a newly introduced ordinance. After the hearing, the Assembly shall consider the ordinance and may adopt it with or without amendment.

2. Ordinances take effect upon adoption or at a later date specified in the ordinance.

3. As used in this section, "publish" shall mean mailing to each city or village administrator and publication by such other media as the Assembly shall designate by ordinance, at least ten days before the public hearing.

Section 3.04

Emergency ordinance

1. To meet a public emergency the Assembly may adopt ordinances effective upon adoption. Every emergency ordinance must contain a finding by the Assembly that an emergency exists and a statement of the facts upon which the finding is based. An emergency ordinance may be adopted, amended and adopted, or rejected at the meeting at which it is introduced. The affirmative vote of all members present, or the affirmative vote of three-fourths of the total membership authorized in this Charter, whichever is less, is required for adoption. The Assembly must print and make available copies of adopted emergency ordinances.

2. An emergency ordinance may not be used to levy taxes, to grant, renew or extend a franchise, or to regulate the rate charged by a public utility for its services.

3. Emergency ordinances are effective for sixty days.

Section 3.05

Codes of regulation

The Assembly may adopt any standard code of regulations, or any provisions of the statutes of the State of Alaska, by reference thereto in an adopting ordinance. Materials adopted by reference under this section need not be distributed to the public or read at a public hearing, but at least five copies of the materials shall be made available for public inspection for at least fifteen (15) days before the hearing for the adopting ordinance. Only the adopting ordinance need be printed after adoption. The Assembly shall provide for the adopted code to be sold to the public.

Section 3.06

Formal acts by resolution

1. Formal acts by the Assembly not required by law to be enacted by ordinance and not being acts of a general and permanent nature may be adopted by resolution. A resolution shall have:

A. the heading "Northwest Arctic Borough, Alaska";

B. the space for a number to be assigned "Resolution_____";

C. a short and concise title descriptive of its subject and purpose;

D. short premises or whereas clauses descriptive of the reasons for the resolution, if necessary;

E. the resolving clause, "BE IT RESOLVED":

F. provision for signatures after the date, and designated lines for the signatures of the mayor and the clerk; and

G. an attestation.

2. Resolutions shall not be included in any municipal code of ordinances.

Section 3.07

Resolutions-reading-hearing-final passage-posting

1. Every resolution shall be introduced in writing and shall be orally read before any vote for passage thereof is taken.

2. On any vote for passage of the resolution, all persons interested who appear shall be given an opportunity to be heard. After such hearing, the Assembly may finally pass such resolution, with or without amendments. First reading of any resolution shall be final.

3. After final passage, every resolution shall be posted in full on the borough bulletin board. Every resolution, unless it shall specify a later date, shall become effective following final passage, or, if the resolution be submitted at a referendum election when state law or borough charter so requires, then upon certification of a favorable vote of the requisite number of those voting thereon.

Section 3.08

Rules and regulations

Any rule or regulation made by any administrative officer or board or commission shall be published at least fifteen (15) days prior to its adoption in a newspaper of general circulation in the borough and by posting on the borough bulletin board in the borough offices.

ARTICLE IV THE EXECUTIVE

Section 4.01

Mayor as executive

1. The executive power in the borough is vested in the mayor. The mayor shall perform all duties required by this Charter or the Assembly. The mayor is head of the borough for ceremonial purposes and executes official documents upon the authorization of the Assembly.

2. The administrative power in the borough is vested in the mayor. The borough mayor, as the Chief administrative officer, is responsible for the proper administration of all borough affairs. The mayor shall:

A. appoint borough employees and administrative officers, except as provided in this Charter and by law; he may hire necessary administrative assistants and may authorize an appointive administrative officer to appoint, suspend, or remove subordinates in his department;

B. suspend, remove by written order, borough employees and administrative officers, except as otherwise provided in this Charter;

- C. supervise enforcement of borough law;
- D. prepare the annual budget and capital improvement program for the Assembly;
- E. execute the budget and capital program as adopted;
- F. make monthly financial reports to the Assembly on borough finances and operations;
- G. report to the Assembly at the end of each fiscal year on the finances and administrative activities of the borough;
- H. prepare and make available for public distribution an annual report on borough affairs;
- I. serve as borough personnel officer unless the Assembly authorizes him to appoint a personnel officer;
- J. execute other powers and duties specified by State Law or lawfully prescribed by the Assembly;
- K. direct and supervise the business of the borough to assure that all ordinances and resolutions are executed;
- L. sign the special assessment rolls;
- M. act as Ex-officio chairman of the Board of Adjustments for matters of building and zoning regulations of the borough; and
- N. act as Ex-officio chairman of the Board of Equalization for matters of taxation and special assessments.

Section 4.02

Veto

The mayor may veto any ordinance, resolution, motion, or other action of the Assembly and may, by veto, strike, or reduce items in appropriation ordinances. He shall submit to the Assembly at its next regular meeting a written statement advising of his veto and giving his reasons. A veto is overridden by the vote of two-thirds of the authorized membership of the Assembly within 21 days following exercise of the veto or at the next regular meeting, whichever is later. The veto does not extend to appropriation items in school budget ordinance; actions of the governing body sitting as the Board of Equalization or the Board of Adjustments; adoption or repeal of a manager plan of government.

Section 4.03

Election and term of mayor

1. A voter of the borough who has been a resident of the borough for three (3) years, is eligible to hold the office of the mayor.
2. The mayor is nominated and elected at-large for a term of three (3) years and until a successor is elected and has qualified.
3. The mayor's regular term begins on the first Monday following the election, which is held on the first Tuesday of October.

Section 4.04

Filling a vacancy

A vacancy in the office of the mayor occurring within six months of a regular election shall be filled by the Assembly. The person designated shall serve until the next regular election and until a successor is elected and has qualified. If a Assembly person is chosen, he/she shall resign his/her Assembly seat. If a vacancy occurs more than six months before a regular election, the Assembly shall call a special election to fill the unexpired term.

Section 4.05

Mayor pro tempore

Should the office of the mayor become vacant, or if the existing mayor is disabled or unable to act, the Assembly may appoint a Mayor Pro Tempore, to serve until the mayor resumes his/her official duties, or until a new mayor is qualified.

Section 4.06

Successor to office of the mayor and mayor pro tempore

Should the office of the mayor and mayor pro tempore become vacant or should both the mayor and mayor pro tempore be absent or unable to perform the duties of the office of the mayor, the Assembly shall elect one of their members who shall assume the office of the mayor pro tempore.

Section 4.07

Salary of mayor

1. The office of the mayor of the borough shall be filled on a full-time basis. However, if the mayor is the incumbent, having served immediately preceding in that status, his salary shall not be set at a sum less than that rate he was paid on the last day of his preceding term.

2. The borough Assembly may, at any time during the mayor's term in office, raise the salary of the mayor. The salary of the Mayor shall be an amount the borough Assembly determines to be commensurate with the duties and responsibilities of the office of the mayor.

3. The mayor may not accept or receive remunerative employment from any other sources, except that he/she may serve on boards, commissions or other appointive committees at his/her discretion and pleasure. Military service is not considered as remunerative employment for the purpose of this section.

ARTICLE V NOMINATIONS - ELECTIONS

Section 5.01

General requirements

1. Regular elections. A regular election shall be held annually on the first Tuesday in October.

2. Special Election. The Assembly shall provide by ordinance for special election.

3. Notice of Election. At least 30 days published notice shall be given of a regular or special election. The notice shall state the purpose of the election.

4. Qualifications of Voters. A person may vote in any borough election only if the person:

A. is qualified to vote in the State of Alaska; and

B. is a resident of the borough for thirty (30) days immediately preceding the election.

5. Nominations. Candidates for elective office shall be nominated by a petition signed by at least 25 qualified voters of the borough. All nomination papers comprising a petition shall be assembled and filed in person with the clerk during office hours as one instrument not earlier than 120 days nor later than 45 days before the election. No nominating petition may be accepted unless accompanied by a signed acceptance of the nomination by the candidate.

6. Election procedure. All elections shall be non-partisan. The Assembly by ordinance shall prescribe rules for the conduct of borough elections.

7. Determination of election results. The candidate for an office that receives the greatest number of votes is elected to the office. In case of a tie, the election shall be determined by lot from among the candidates tying.

ARTICLE VI INITIATIVE, REFERENDUM AND RECALL

Section 6.01

Initiative and referendum

The powers and rights of the initiative and referendum are reserved to the people of the borough as prescribed by law. The Assembly by ordinance shall regulate the procedure for their exercise.

Section 6.02

Recall

An official who is elected or appointed to an elective borough office may be recalled by the voters of the borough as provided by law.

ARTICLE VII PLANNING

Section 7.01

Planning Commission

There shall be a Planning Commission consisting of seven members appointed by the Mayor and confirmed by the Assembly. The powers and duties of the Planning Commission, and the terms, qualifications and compensation of its members shall be provided by ordinance.

Section 7.02

Comprehensive plan

The Assembly by ordinance shall adopt and implement, and from time to time modify, a comprehensive plan setting forth goals, objectives and policies governing the future development of the borough.

Section 7.03

Platting regulation and subdivision regulation

There shall be a platting authority constituted as provided for by ordinance. The Assembly by ordinance shall provide for the regulation of the subdivision of land within the borough.

ARTICLE VIII EDUCATION

Section 8.01

Public school system

There shall be a system of public education for the borough, conducted in the manner provided by law. The system of public education shall be operated by a school board of eleven (11) members.

Section 8.02

School board

1. Qualifications. A school board member shall be a qualified borough voter and a resident of the borough. No school board member may hold any compensated school district employment while serving on the school board.
2. Term. Each school board member shall be elected to three year staggered terms.
3. Election. Each School Board member shall be elected at-large by the qualified voters of the borough and shall be residents of the district to which the seat they seek is assigned pursuant to Section 2.02 of this Charter. Such elected School Board member represents all the voters of the borough.
4. The Assembly, may, by ordinance, adopt additional procedures pertaining to the nominations and election of School Board members.
5. Vacancies. The office of school board member shall become vacant upon death, resignation, or removal from office in any manner authorized by law or by this Charter, or by forfeiture of office as prescribed for Assembly members in section 2.05 of this Charter. Vacancies shall be filled in a manner prescribed by law.

Section 8.03

Budget

The superintendent of schools shall submit an annual budget which shall first be approved by the School Board at such time as the board may direct, but in no case at a date later than that prescribed by State law. The proposed school budget shall be a public record available from the time of its submission to the board for public inspection and distribution. The board shall hold public hearings on the budget before approval and submission to the Assembly for final action.

Section 8.04

Joint conference

The Assembly and board may meet jointly at public meetings to deliberate upon matters of mutual interest.

ARTICLE IX FINANCE

Section 9.01

Fiscal year

The fiscal year of the borough shall begin on July 1 and end on June 30 of the following calendar year.

Section 9.02

Submission of budget, capital improvements program and message

Not later than 60 days before the end of the current fiscal year, the mayor shall submit to the Assembly a budget for the following fiscal year, a capital improvements program and an accompanying explanation message of both. The Assembly may grant an extension of not to exceed 30 days if compelling reasons exist.

Section 9.03

Scope of budget

1. Complete financial plan. The budget shall be a complete financial plan for all the operations of the borough, showing all reserves, all estimated revenues from all sources, and all proposed expenditures for all purposes.
2. Form. The budget shall contain at least the following:
 - A. a comparative statement of actual expenditures and actual revenues for the preceding fiscal year.
 - B. estimated expenditures and estimated revenues for the current fiscal year.
 - C. a brief explanation of each item.
3. Balanced budget. Proposed expenditures shall not exceed total estimated revenues and reserves.

Section 9.04

Scope of capital improvements program

1. The capital improvement program shall be a plan for capital improvements proposed for the following six (6) fiscal years, together with the estimated cost of each improvement and the proposed method of financing it. It shall contain at least the following:
 - A. a summary of current capital improvements which are unfinished.
 - B. a simple, clear summary of the detailed contents of the program.
 - C. capital improvements pending or proposed to be undertaken within the ensuing fiscal year, together with the estimated cost of each improvement and the proposed method of financing it.
2. Capital improvements to be financed in the following fiscal year, shall be included in the budget as well as in the capital improvements program.

Section 9.05

Scope of message

The mayors message shall contain an explanation of the budget both in fiscal terms and in terms of work to be done, a description of the important features of the budget, an outline of the proposed financial policy of the borough for the following fiscal year, and an explanation of each capital improvement to be undertaken within the following six fiscal years.

Section 9.06

Hearing

1. By June 15, a public hearing shall be held on the budget and capital improvements program. All persons interested shall have an opportunity to be heard. At least ten days prior to the hearing, the Assembly shall:

- A. publish a summary of the budget and capital improvements program and a notice setting out the time and place of the public hearing; and
- B. deliver copies of the notice and summary of the budget and capital improvements program and the mayor's message to newspapers of general circulation in the borough and to the commercial radio and television stations operating in the borough, and by posting in three public places in each community.

2. Publish shall have the same meaning as provided for in Section 3.03.3 of this Charter.

Section 9.07

Assembly action on budget

The Assembly, by ordinance, shall adopt a budget not later than June 15. If it fails to do so, the budget submitted by the mayor shall be deemed adopted by the Assembly as the budget for the following year.

Section 9.08

Assembly action on capital improvement program

The Assembly, by ordinance, shall adopt a capital improvements program not later than June 15 before the end of the current fiscal year. If it fails to do so, the capital improvements program submitted by the mayor shall be deemed adopted by the Assembly.

Section 9.09

Certification and distribution

The budget and capital improvements program as adopted shall be certified by the mayor and borough clerk, and shall be a public record and shall be made available at the borough clerk's office for distribution to the public at no more than cost.

Section 9.10

Supplemental and emergency appropriations

1. If during any fiscal year there are available revenues not anticipated in the budget estimates, the Assembly, by ordinance, may make supplemental appropriations for the year up to the amount of the additional revenues.
2. Upon declaration by the Assembly that a public emergency exists and describing the emergency in clear and

specific terms. the Assembly may make emergency appropriations. Such appropriations may be made by emergency ordinance.

Section 9.11 Reduction and transfer of appropriations

If during the fiscal year it appears that revenues available will be insufficient to meet the amount appropriated, the mayor shall report to the Assembly without delay. The Assembly, by ordinance, may reduce any appropriation, except for debt service. No appropriation may be reduced by more than the amount of the unencumbered balance.

Section 9.12 Lapse of appropriations and surpluses

At the end of the fiscal year, an unencumbered appropriation shall lapse into the fund from which appropriated; provided that an appropriation for a capital improvement, or in connection with requirements of federal or state grants, shall not lapse until its purpose has been accomplished or abandoned.

Section 9.13 Administration of budget

1. No payment may be made and no obligation incurred against the borough except in accordance with appropriations duly made. No payment may be made and no obligation incurred against any appropriation unless the mayor ascertains that there is a sufficient unencumbered balance in the appropriation and that sufficient funds are or will be available to cover the obligation.
2. Every obligation incurred and every authorization of payment in violation of this Charter shall be void. Every payment made in violation of the provisions of this charter shall be illegal. All officers or employees of the borough who knowingly authorize or make such payment shall be jointly and severally liable to the borough for the full amount so paid.
3. The Assembly by ordinance may authorize a contract, lease or obligation requiring funds from future appropriations, including appropriations in future fiscal years, subject to the annual appropriation of funds for that purpose.
4. The Borough Assembly may by ordinance require that all school money be deposited in a centralized treasury with all other borough money. The borough administrator shall have the custody of, invest, and manage all money in the centralized treasury. However, the Borough Assembly, with the consent of the Borough School Board, may by ordinance delegate to the Borough School Board the responsibility of a centralized treasury.
5. When the borough school board by resolution consents, the borough Assembly may by ordinance provide a centralized accounting system for school and all other borough operations. The system shall be operated in accordance with accepted principles of governmental accounting. However, the Assembly, with the consent of the borough school board, may by ordinance delegate to the borough school board the responsibilities of the accounting system.

Section 9.14

Purchasing: contract approval

1. The Assembly by ordinance shall provide for competitive bidding for purchase of goods and services by the borough and sales of surplus borough property, and for any exceptions thereto.
2. The Assembly by ordinance shall establish provisions for Assembly approval of borough contracts and exceptions thereto.

Section 9.15

Enterprise funds

Revenues from a borough enterprise whether established before or after ratification of this Charter shall be first used for debt retirement, construction, acquisition, operation, maintenance, repair and capital improvement of the enterprise. Other uses of such revenues shall be only as authorized by ordinance.

Section 9.16

Independent audit

The Assembly shall provide for an annual audit of all borough accounts by an independent certified public accountant, and may require additional duties that it deems necessary.

Section 9.17

Northwest Arctic Borough investment fund

A investment fund is hereby created from appropriations to be made by the Assembly by ordinance. The investment fund shall be maintained separate and apart from all other funds and accounts of the borough. The principal of the fund shall be invested in such types of income producing investments as are hereafter specifically designated by ordinance. All income from the investment fund shall be deposited in the General Fund.

ARTICLE X BORROWING

Section 10.01

Authority

The borough may borrow money and issue such evidence thereof, herein called obligations, as the Assembly may determine necessary.

Section 10.02

Restrictions on borrowing

1. General obligations of the borough. No general obligation, bonded indebtedness, may be incurred unless authorized by the Assembly for capital improvements and ratified by a majority vote of those in the borough voting on the question.
2. General obligations of service areas. No obligation secured by a pledge of taxes to be levied in a service area may be issued unless authorized for capital improvements by the Assembly and ratified by a majority of the qualified voters in the service area voting on the question. In a service area where there are no qualified voters to vote on the question, voter ratification shall not be required.

Section 10.03

Notice of bond election

1. In calling any election required by this article, the Assembly shall cause a notice to be published at least 30 days prior to the election in a newspaper of general circulation in each community of the borough. The notice shall contain the following information:

- A. the maximum amount of the bonds, purpose of their issuance, and maximum length of time within which the bonds shall mature;
- B. the estimated annual debt service on the proposed bonds and its estimated effect per \$100,000 dollars of assessed valuation;
- C. the current total general obligation indebtedness of the borough, including authorized but unsold general obligation bonds and its estimated effect per \$100,000 dollars of assessed valuation;
- D. the current year's debt service on the outstanding general obligation bonds of the borough and its estimated effect per \$100,000 dollars of assessed valuation; and
- E. the current assessed valuation within the borough.

2. For bonds secured by a pledge of taxes to be levied in a service area the notice shall also contain the information required in subsection 1 above, C, D and E relative to the service area.

3. Errors contained in information required in subsection 1 above B, C, D and E with regard to the borough or a service area shall not invalidate any election unless such errors are material. Actions challenging the sufficiency of any notice of election must be brought within the time provided in Section 10.06 of this Charter.

Section 10.04

Manner of sale

General obligation bonds and bonds secured by a pledge of taxes to be levied in the service area may be sold in such manner as the Assembly shall provide.

Section 10.05

Sale to financial consultant prohibited

No person retained by the borough to perform services relating to financial programming or the issuance and sale of obligations may bid on such obligations, directly or indirectly. In the event any such person violates this provision, his or her contract for such services shall be null and void and he or she shall not be entitled to any services rendered; and, in addition, he or she shall be liable for any damages sustained by the borough in connection with such purchases and sale. Violation of the provisions of this section shall not invalidate the obligations.

Section 10.06

Actions challenging the validity of obligations

No action challenging the validity of any obligations may be maintained unless instituted within 30 days from the effective date of certification of the results of the election ratifying the issuance of such obligation or 30 days from the effective date of the ordinance authorizing the issuance of such obligation when ratification is not required.

Section 10.07

General obligations not requiring ratification

The Assembly may authorize general obligation bonds or notes without ratification of the qualified voters for disaster bonds or notes to be issued only in case of calamity which has caused great loss. In this instance, obligations are to be used for the preservation, rehabilitation, or reconstruction of borough capital improvements.

Section 10.08

Interest and profits from investments

All interests and profits derived from the investment of the proceeds from the sale of any obligation shall be used solely for the purpose for which such obligations were issued, or for their retirement.

ARTICLE XI TAXATION

Section 11.01

Tax Procedures

1. The Assembly shall prescribe by ordinance the procedures for tax assessment and collection.
 - A. Property assessment. such procedures shall provide for the assessment of property at its full and true value and for notice of assessment, administrative appeal and judicial review.
 - B. Property tax first lien. any property tax together with collection charges, penalties, and interest, is a first lien upon property.
 - C. Sales and use tax. any sales or use tax or change in rate thereof shall be by ordinance ratified by a majority of the qualified voters voting on the question.
2. No lien authorized by this charter or by law precludes the borough from exercising any other lawful remedy for the collections of taxes.

Section 11.02

Private interests taxable

Private leaseholds, contracts or interests in land or property owned or held by the United States, the State or other political subdivisions, shall be taxable to the extent of the fair market value of the private interests.

Section 11.03

Property tax

1. Property tax shall not go into effect prior to a popular vote in which the majority of voters approve the property tax, except that this provision shall not apply either to taxes to pay or secure payment of principal and interest on bonded indebtedness as per A.S. 29.45.100 and actions taken pursuant to Section 10.07 of this Charter.
2. Property taxes to pay or secure bonded indebtedness shall be enacted by Assembly ordinance.

ARTICLE XII SERVICE AREAS

Section 12.01

Purpose

Service areas may be established to provide services not provided on an areawide basis or to provide a higher level of service than that provided on an areawide basis.

Section 12.02

Establishment

1. By Ordinance. the Assembly by ordinance may establish, alter, consolidate, or abolish service areas. The Assembly by ordinance may add or eliminate services to a service area. The ordinance shall contain the following:

- A. boundaries and area to be included;
- B. service to be provided or be eliminated; and
- C. other provisions the Assembly includes.

2. By Petition. procedures for the establishment by petition of a service area shall be in accordance with Section 6.01 of this Charter as it would apply to the area in question.

Section 12.03

Criteria

Service areas shall be established according to criteria of need and economic operating efficiency and shall comprise the area to which the services shall be provided. A new service area shall be established only after Assembly determination that such services cannot be provided reasonably by an existing service area or by alteration of an existing service area.

Section 12.04

Financing

The Assembly may levy taxes, assessments or other charges within a service area to finance the services, and funds thereby raised shall not be used for any purpose outside of the service area.

ARTICLE XIII LOCAL IMPROVEMENT DISTRICTS

Section 13.01

Purpose

Local improvement districts may be established in a limited and determinable area to confer the special benefits of any borough improvement. All or any part of the costs of the improvement may be paid out of the proceeds of special assessments levied against the benefited property.

Section 13.02

Local improvement procedure

The Assembly by ordinance shall prescribe procedures for establishment of local improvement districts and for agreements for furnishing capital improvements and the extension thereof in lieu of assessments.

Section 13.03

Assessment in proportion to benefit

The Assembly by ordinance shall establish the method of apportioning and assessing the cost of improvements upon real property specially benefited in proportion to the benefits.

Section 13.04

Lien

A special assessment, together with collection and interest charges, is a lien on the property assessed second in priority only to property taxes and prior special assessments. The assessment lien shall be enforceable in the same manner as a lien for borough taxes.

Section 13.05

Protests

If protests as to the necessity for any local improvements are made within the time allowed by ordinance by the owners of real property that will bear at least fifty percent of the estimated cost to be borne by the benefited property, the improvement shall not proceed until the protests have been reduced below fifty percent.

Section 13.06

Limitation on actions

No special assessment procedure may be contested by an action at law or in equity unless commenced within sixty days after the confirmation of the special assessment roll.

Section 13.07

Property liable

Except as otherwise provided by law all real property, including property exempt from taxation as provided by law, shall be liable for the cost of local improvements unless specifically exempted by ordinance of general application.

Section 13.08

Receipts

Accounts for local improvement districts shall be kept separate from other borough accounts. Revenues from a special assessment shall be used solely to pay the cost of the improvements or the principal and interest on indebtedness incurred for the improvements.

ARTICLE XIV CHARTER AMENDMENT

Section 14.01

Proposal

1. Amendments to this Charter may be proposed:

A. by ordinance of the Assembly containing the full text of the proposed amendment, or

- B. by report of an elected Charter Commission created by Assembly ordinance or by initiative ordinance, or
- C. by initiative petition.

Section 14.02

Election

Proposed amendments shall be submitted to the qualified voters of the borough at the next regular or special election occurring more than forty-five days after adoption of the ordinance, the final report of the Charter Commission, or certification of the initiative petition. A notice containing the full text of each proposed amendment shall be published.

Section 14.03

Effective date

If a majority of the qualified voters voting on a proposed amendment approve, the amendment shall become effective at the time fixed therein or, if no time is so fixed, thirty days after certification of the election.

ARTICLE XV GENERAL PROVISIONS

Section 15.01

Personal financial interest

1. Prohibition. no elected official may vote on any question on which he/she has a substantial financial interest. Any borough officer, employee, or Assembly member who has a substantial financial interest in any contract with the borough, or in the sale of land, material, supplies or services to the borough or to a contractor supplying the borough shall make known that interest and shall refrain from participating in his/her capacity as a borough officer, employee, or Assembly member in the making of such sale or in the making or performance of such contract.
2. Punishment. any borough officer, employee or Assembly member who violates the requirements of this section shall forfeit his/her office or employment. Violation of this section with the knowledge express or implied of the person contracting with or making a sale to the borough shall render the contract or sale to the borough voidable by the administrator or the Assembly.
3. Additional rules. the Assembly by ordinance may prescribe additional rules and penalties to prevent conflicts of interest.

Section 15.02

Prohibitions

1. Discrimination. no person shall be discriminated against in any borough appointment, employment, or promotion because of race, sex, color, political or religious affiliation, or national origin.
2. Personnel regulations. no person shall willfully falsify any test, certification or appointment under the personnel regulations, or in any manner commit or attempt to commit any fraud to prevent the impartial execution of such regulations.
3. Undue influence. no person shall offer, give or receive any money, service, or other valuable thing to influence

or attempt to influence any action of an officer or employee in the performance of his/her municipal duties.

4. Solicitation. no Assembly person, borough officer or administrative employee shall directly or indirectly solicit a contribution for any political party or purpose from any person holding a compensated borough position.

5. Campaigning. no borough officer or Assembly person shall campaign while on official business.

Section 15.03

Surety bonds

The borough administrator, the borough clerk or such other officers and employees as the Assembly may designate, before entering upon their duties, shall be bonded, by individual or group bonds, for the faithful performance of their respective duties, payable to the borough, in such form and in such amounts as the Assembly may prescribe, with a surety company authorized to operate within the state. The borough shall pay the premiums on such bonds.

Section 15.04

Oath of office

Every officer of the borough, before entering upon his duties, shall take the oath or affirmation required by Section 5 of Article XII, Constitution of the State of Alaska. The Assembly may require designated employees to take such oath before entering upon their employment. Oaths of office shall be filed with the borough clerk.

Section 15.05

Continued office

Every officer who is elected or appointed for a term ending at a definite time shall continue to serve until his successor qualifies and takes office, except in the case of death, resignation or termination by law or this Charter.

Section 15.06

Borough proceedings

The Assembly by ordinance shall establish procedures governing administrative proceedings in which the legal rights, duties, privileges or penalties of persons are to be determined; insure fair and equal treatment of all persons involved in such proceedings; and provide for the conduct of such proceedings in an orderly and uniform manner.

Section 15.07

Records to be public

All records of the borough shall be public except as otherwise provided by law. Records shall be available at borough offices for public inspection and for distribution at such reasonable cost. Copies certified by the clerk shall be prima facie evidence of their contents.

Section 15.08

Notice of lien

When any lien other than for ad valorem taxes or special assessments is placed by the borough on any real property, notification of the lien shall be sent by registered or other special mail to the person whose name appears as owner of the property on the most recent tax assessment roll.

Section 15.09

Dedication of borough property

Dedication of streets, right-of-ways, easements or other areas for public use by the Assembly may not be construed to require the borough to maintain, improve or provide for borough services in the area dedicated and the dedication does not impose any liability on the borough for the condition of the area dedicated.

Section 15.10

Definitions

Words used in this Charter shall have their ordinary dictionary meanings, except where defined otherwise in this Charter or in Title 29 of the Alaska Statutes.

Section 15.11

Separability

If any provision of this Charter is held invalid, other provisions shall not be affected. If the application of this charter or any of its provisions to a person or circumstance is held invalid, the application of this Charter or any of its provisions to other persons or circumstances shall not be affected.

ARTICLE XVI TRANSITIONAL PROVISIONS

Section 16.01

Effective date

This Charter shall be effective immediately on ratification.

Section 16.02

Composition of Assembly upon adoption of this Charter

All those persons comprising the Assembly of the borough existing immediately before the adoption of this Charter shall be deemed to have been elected to the Assembly until the next regular election held in October 1988. In October 1988, seats A, C, D, E & F shall be up for election and any other seats that would be up for election following the terms of office as previously set by the Assembly under rule of a First Class Borough. District II, Seat D it is hereby designated District 2, Seat B and the elected official serving that district will not be up for election in October 1988 unless it would normally be under the staggered terms of office. All seats shall continue with the staggered terms of office of three years set by this charter.

Section 16.03

Organization of Assembly

The Assembly shall meet on the first Monday of the month following the election at which this Charter is approved. The Assembly shall elect from its membership a President and a Vice-President and conduct other business as may be required for its organization.

Section 16.04

Transitional provisions for borough mayor

That person occupying the office of Borough Mayor immediately before the adoption of this Charter shall be deemed to have been elected to the office of mayor of the borough under this Charter. The term of mayor elected under this section shall not be altered due to enactment of this Charter.

Section 16.05 Transitional provisions for school board

All persons comprising the School Board of the borough existing immediately before the adoption of this Charter shall be deemed to have been elected to the School Board, until the next regular election held in October 1988. In October 1988, seats A, C, D, E & F shall be up for election and any other seats that would be up for election following the terms of office as previously set by the Assembly under rule of a First Class Borough. District II, Seat D it is hereby designated District 2. Seat B and the elected official serving that district will not be up for election in October 1988 unless it normally would be under the staggered terms of office. All seats shall continue with the staggered terms of office of three years set by this charter.

Section 16.06 Continuation of employment

All employees of the borough shall continue in employment until the Assembly, as the case may be, provides otherwise. Salaries and benefits enjoyed by current employees shall continue unless provisions are made to the contrary.

Section 16.07 Boards, committees and commissions

Except for those provided for by this Charter, all appointed committees, commissions and boards in effect at the time this Charter is ratified shall be dissolved one year after the effective date of this Charter unless sooner abolished or specifically continued by ordinance.

Section 16.08 Assets and liabilities

The borough, as a home rule borough, shall succeed to all the assets and liabilities of the previously existing first class borough.

Section 16.09 Ordinances and resolutions

To the extent not inconsistent with this Charter, ordinances, resolutions and orders of the borough shall continue in full force and effect until no later than two years after ratification of this Charter when they shall expire, unless after review by the Assembly, each ordinance, resolution or order has been expressly reaffirmed, revised or repealed.

Section 16.10 Budget

Following adoption of this Charter, the borough shall operate under the budget of the borough in effect at adoption and under the budget for the following fiscal year, if one has been adopted by the Assembly.

Section 16.11 Continuance of actions

The adoption of this Charter shall not abate or otherwise affect any action, cause of action, claim, proceeding, civil or criminal, by or against the borough and which had accrued at the time of the effective date of this Charter. The applications, petitions, hearings, and other proceedings pending on the effective date before the borough, shall be continued.

CERTIFICATE

We, the undersigned members of the _____ Borough Charter Commission, duly elected in accordance with Title 29, Alaska Statutes, state that the Charter Commission has prepared the above charter of the _____ Home Rule Borough, and do hereby adopt this Charter and direct that this Charter be submitted to the qualified voters of the _____ Borough at a regular election which shall be held for approval or rejection in accordance with law.

In witness whereof, we hereunto subscribe our names on this _____ day of _____ Signed by:

Chairman of this
Charter Commission

I hereby certify that the _____ Home Rule Borough Charter was filed with me on this _____ day of _____.

Signed
Borough Clerk

(16) SSHB 1

APR 21 1987

ST. MARY'S SCHOOL DISTRICT

April 13, 1987

Representative Heinrich Springer, Chairman
House Community and Regional Affairs Committee
House of Representatives
P.O. Box V
Juneau, Alaska 99811

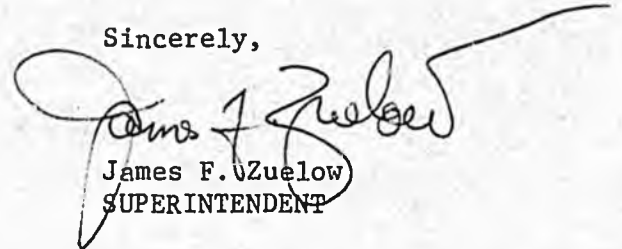
Re: S.S.H.B. #1

Dear Representative Springer:

Enclosed is a copy of the testimony of School Board President Flora Paukan and a copy of the resolution read by St. Mary's Mayor Andrew Paukan during your audio conference concerning S.S.H.B. #1 on Friday, April 10, 1987. Mr. Paul Dixon, General Manager of the St. Marys Native Corporation also took part in the teleconference. The topics he reviewed are, for the large part, included in the attachment to Mrs. Paukan's letter.

We appreciated very much being able to take part in the audioconference. We wish you continued success.

Sincerely,



James F. Zuelow
SUPERINTENDENT

JFZ/ams

ST. MARY'S SCHOOL DISTRICT

P.O. Box 171 • St. Mary's, Alaska 99658

To: Representative Heinrich Springer, Chairman
House Community and Regional Affairs Committee

From: Flora Paukan, President
St. Mary's School Board

Date: April 9, 1987

Re: S.S.H.B. #1

S.S.H.B. #1 as presently written would reverse a decades long trend toward increased local responsibility and control in Alaska. It would eliminate first class cities such as St. Marys and force them to join areas that are currently less organized and be governed by individuals who have far less experience in managing their own affairs. St. Marys is the only community in the Yukon-Kuskokwim delta region that has achieved first class city status. We are proud of our city government and independent school district. For twenty years the people of this city have exercised local control and assumed the responsibilities of their status, taxing themselves, as needed to make programs work.

S.S.H.B. #1 in its present form would greatly reduce our degree of responsibility for, and control over local affairs. It seems to be a major step away from encouraging local control and responsibility and instead seems to promote a forced regionalization of questionable quality that could lead to even more inefficient community services and schools.

We believe it is the best interest of all Alaskans to encourage more communities to assume a greater degree of responsibility for local matters by strengthening, not weakening, first class cities such as Dillingham, Galena, Nome, and St. Marys. An alternative might be to encourage a transition from city to borough status as has been accomplished by the Bristol Bay Borough for communities and regions that are presently more organized than may be true of many of their neighboring communities. S.S.H.B. #1 does not presently specifically address either governmental changes needed to enhance local responsibility, nor does it deal with the problem of improving educational opportunities for our youth.

Attached are various specific concerns which, if addressed, we believe would make the proposal more positive towards encouraging local responsibility and control while at the same time more adequately recognizing the great diversity among Alaska's regions and communities. We would be happy to provide more information on each concern, if you so desire.

ST. MARY'S SCHOOL DISTRICT

P.O. Box 171 • St. Mary's, Alaska 99658

Concerns from St. Mary's Concerning
S.S.H.B. #1

A. General Concerns

- 1.) The purpose of the proposed legislation is not clear. We assume one purpose is to save money that the State spends on rural school and communities. If true, then this purpose needs to be openly and clearly stated.
 - a.) If the purpose (or a main purpose) is to save money that now goes to rural schools or to Alaskan schools in general, then state practices and policies that are contradictory to a broader policy of creating 3rd class boroughs need to be examined and suggestions for changes developed. For example, continued State of Alaska operation of the Mt. Edgecumbe High School is contradictory both to the development of 3rd class boroughs and/or to continued strengthening of local control. Over 3½ million dollars could be saved by closing Mt. Edgecumbe. After all, everything available at Mt. Edgecumbe is also available elsewhere in Alaska such as Japanese language courses, etc. The most direct way to address school finance would be to focus directly on school finance legislation.
 - b.) If the purpose is to save money that currently goes to cities, we suggest that the possibility of requiring local communities above a certain size to institute a sales tax be considered. St. Mary's, for example, pays the lions share of local sewer and water maintenance cost out of a 3% local sales tax. 3rd class borough status with a mandatory property tax could easily result in less local revenue being raised with the result of increasing the need for State dollars. H.B. 20, introduced by Representative Larson, could be another less direct approach to this issue.
- 2.) If the purpose is to improve governmental services in the Unorganized Borough and small cities, then this issue needs to be directly addressed. Radical structural changes such as doing away with 1st class cities in favor of 3rd class boroughs could easily result in a lower level of services and poorer schools. Such things as the effectiveness of the existing REAA system, inter-agency coordination and cooperative agreements between districts, intermediate school district, and so on need to be studied before radical changes are implemented. More effective ways of bringing governmental services to portions of rural Alaska is a need that has been recognized by Governor Cowper and others. For example, we believe local communities could have a greater say over matters currently handled by the State Court system at great cost; local communities could likely assume some functions at lower cost to the State.

3. If a purpose of H.B. #1 is to shift the responsibility for funding governmental services from the State to the local and regional levels, then a regional analysis of the ability to raise local and regional revenue needs to be made before changes are made that could result in even poorer services and schools. Alaska's wealth varies widely from area to area and among the various communities. For example, most of the property in St. Mary's will not be taxable for quite some time to come due to land claims and other Federal governmental restrictions. The creation of a 3rd class borough and the reduction in power of 1st class cities could easily lead to less local revenue being raised to deal with local needs and desires. At present, for example, the 3% local sales tax raises revenue for St. Mary's that is the equivalent of a 15.73 mill rate on property. The adequacy and accuracy of property values in rural areas as determined by Community and Regional Affairs also needs to be given serious study before the 3rd class borough plan is implemented. For example, we find the property value estimate for St. Mary's to be excessively high while those for some other rural communities seem to be quite low.

B. Specific Concerns

Section 1(a) (b) & (c)

No mention is made of 1st class cities such as Dillingham, Galena, Nome or St. Mary's. Is it the intent of H.B. #1 to abolish local school systems in these communities? Is it really the intent of H.B. #1 to reduce the scope of other governmental services and powers from 1st class city levels to 3rd class borough levels?

Section 1 (d)

No provision is made to insure that at least one assembly member is from each 1st class city taken into a 3rd class borough.

Section 2 (a) (1)

What happens to State property used by an REAA according to the terms of a use permit from the State? Similarly, what happens to city school district property that is owned by either existing cities or school districts?

Section 2 (a) (2)

Would special appropriations be made to cover the cost of assuming contracts and obligations by the new 3rd class borough? A large fiscal note would seem to be implied along with many changes in school foundation program funding.

RESOLUTION 87-11
OF THE CITY COUNCIL OF
ST. MARY'S, ALASKA

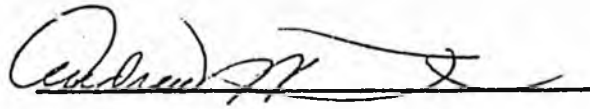
WHEREAS, House Bill 1 would create borough governmental units out of the unorganized areas in the state roughly equivalent to the present Rural Educational Attendance Areas; and

WHEREAS, The City of St. Mary's is situated in an unorganized area within the state; and

WHEREAS, The arbitrary imposition of borough units of government on areas such as ours would impinge upon the autonomy and the integrity of first class cities with independent school districts and would frustrate long-standing efforts at self-government and local control;

THEREFORE, BE IT RESOLVED: The City Council for the City of St. Mary's opposes House Bill 1 and respectfully suggests that the proposed governmental reorganization contemplated by the bill goes far beyond what is necessary in order to address educational funding issues.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of St. Mary's this 7th day of April, 1987.



Mayor

ATTEST:



City Clerk



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

April 27, 1987

Mr. James F. Zuelow, Superintendent
St. Mary's School District
P.O. Box 171
St. Mary's, Alaska 99658

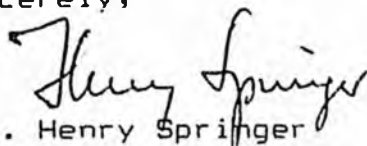
Re: SSHB 1

Dear Mr. Zuelow:

Thank you for sending us a copy of Mrs. Paukan's testimony on SSHB 1. It will be made a part of the legislative history of the bill. The Committee appreciated the testimony.

We will examine the issues raised in SSHB 1 over the summer legislative interim. I assure you that our deliberation will consider points raised in Mrs. Paukan's and Mr. Dixon's testimony.

Sincerely,


Rep. Henry Springer

ST. MARY'S SCHOOL DISTRICT

P.O. Box 171 • St. Mary's, Alaska 99658

TP
Terry CRK
APR 17 1987
all committee
member file

(15) HB 1
4 pgs.

Representative F. Kay Wallis
P.O. Box V
Juneau, Alaska 99811

To: Representative Heinrich Springer, Chairman
House Community and Regional Affairs Committee

From: Flora Paukan, President
St. Mary's School Board

Date: April 9, 1987

Re: S.S.H.B. #1

S.S.H.B. #1 as presently written would reverse a decades long trend toward increased local responsibility and control in Alaska. It would eliminate first class cities such as St. Marys and force them to join areas that are currently less organized and be governed by individuals who have far less experience in managing their own affairs. St. Marys is the only community in the Yukon-Kuskokwim delta region that has achieved first class city status. We are proud of our city government and independent school district. For twenty years the people of this city have exercised local control and assumed the responsibilities of their status, taxing themselves, as needed to make programs work.

S.S.H.B. #1 in its present form would greatly reduce our degree of responsibility for, and control over local affairs. It seems to be a major step away from encouraging local control and responsibility and instead seems to promote a forced regionalization of questionable quality that could lead to even more inefficient community services and schools.

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Attached are various specific concerns which, if addressed, we believe would make the proposal more positive towards encouraging local responsibility and control while at the same time more adequately recognizing the great diversity among Alaska's regions and communities. We would be happy to provide more information on each concern, if you so desire.

APR 24 1987

ST. MARY'S SCHOOL DISTRICT

P.O. Box 171 • St. Mary's, Alaska 99658

Concerns from St. Mary's Concerning
S.S.H.B. #1

A. General Concerns

- 1.) The purpose of the proposed legislation is not clear. We assume one purpose is to save money that the State spends on rural school and communitites. If true, then this purpose needs to be openly and clearly stated.
 - a.) If the purpose (or a main purpose) is to save money that now goes to rural schools or to Alaskan schools in general, then state practices and policies that are contradictory to a broader policy of creating 3rd class boroughs need to be examined and suggestions for changes developed. For example, continued State of Alaska operation of the Mt. Edgecumbe High School is contradictory both to the development of 3rd class boroughs and/or to continued strengthening of local control. Over 3½ million dollars could be saved by closing Mt. Edgecumbe. After all, everthing available at Mt. Edgecumbe is also available elsewhere in Alaska such as Japanese language courses, etc. The most direct way to address school finance would be to focus directly on school finance legislation.
 - b.) If the purpose is to save money that currently goes to cities, we suggest that the possibility of requiring local communities above a certain size to institute a sales tax be considered. St. Mary's, for example, pays the lions share of local sewer and water maintenance cost out of a 3% local sales tax. 3rd class borough status with a manditory property tax could easily result in less local revenue being raised with the result of increasing the need for State dollars. H.B. 20, introduced by Representative Larson, could be another less direct approach to this issue.
- 2.) If the purpose is to improve governmental services in the Unorganized Borough and small cities, then this issue needs to be directly addressed. Radical structural changes such as doing away with 1st class cities in favor of 3rd class boroughs could easily result in a lower level of services and poorer schools. Such things as the effectiveness of the existing REAA system, inter-agency coordination and cooperative agreements between districts, intermediate school district, and so on need to be studied before radical changes are implemented. More effective ways of bringing governmental services to portions of rural Alaska is a need that has been recognized by Governor Cowper and others. For example, we believe local communities could have a greater say over matters currently handled by the State Court system at great cost; local communities could likely assume some functions at lower cost to the State.

3. If a purpose of H.B. #1 is to shift the responsibility for funding governmental services from the State to the local and regional levels, then a regional analysis of the ability to raise local and regional revenue needs to be made before changes are made that could result in even poorer services and schools. Alaska's wealth varies widely from area to area and among the various communities. For example, most of the property in St. Mary's will not be taxable for quite some time to come due to land claims and other Federal governmental restrictions. The creation of a 3rd class borough and the reduction in power of 1st class cities could easily lead to less local revenue being raised to deal with local needs and desires. At present, for example, the 3% local sales tax raises revenue for St. Mary's that is the equivalent of a 15.73 mill rate on property. The adequacy and accuracy of property values in rural areas as determined by Community and Regional Affairs also needs to be given serious study before the 3rd class borough plan is implemented. For example, we find the property value estimate for St. Mary's to be excessively high while those for some other rural communities seem to be quite low.

B. Specific Concerns

Section 1(a) (b) & (c)

No mention is made of 1st class cities such as Dillingham, Galena, Nome or St. Mary's. Is it the intent of H.B. #1 to abolish local school systems in these communities? Is it really the intent of H.B. #1 to reduce the scope of other governmental services and powers from 1st class city levels to 3rd class borough levels?

Section 1 (d)

No provision is made to insure that at least one assembly member is from each 1st class city taken into a 3rd class borough.

Section 2 (a) (1)

What happens to State property used by an REAA according to the terms of a use permit from the State? Similarly, what happens to city school district property that is owned by either existing cities or school districts?

Section 2 (a) (2)

Would special appropriations be made to cover the cost of assuming contracts and obligations by the new 3rd class borough? A large fiscal note would seem to be implied along with many changes in school funding in program funding.

RESOLUTION 87-11
OF THE CITY COUNCIL OF
ST. MARY'S, ALASKA

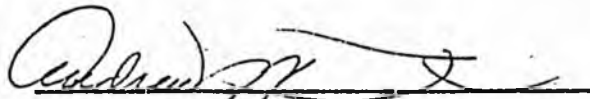
WHEREAS, House Bill 1 would create borough governmental units out of the unorganized areas in the state roughly equivalent to the present Rural Educational Attendance Areas; and

WHEREAS, The City of St. Mary's is situated in an unorganized area within the state; and

WHEREAS, The arbitrary imposition of borough units of government on areas such as ours would impinge upon the autonomy and the integrity of first class cities with independent school districts and would frustrate long-standing efforts at self-government and local control;

THEREFORE, BE IT RESOLVED: The City Council for the City of St. Mary's opposes House Bill 1 and respectfully suggests that the proposed governmental reorganization contemplated by the bill goes far beyond what is necessary in order to address educational funding issues.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of St. Mary's this 7th day of April, 1987.



Mayor

ATTEST:



City Clerk

LEGISLATIVE INTENT
ORGANIZATION OF THE UNORGANIZED BOROUGH

The Legislature directs the Department of Community and Regional Affairs to fully examine the merits of forming regional municipal governments in the Unorganized Borough. This effort will develop several options for consideration by communities and residents of the Unorganized Borough and the 2nd Session of the 15th Alaska Legislature. These options will be considered as third class borough definition options as referenced in Sponsor Substitute for House Bill 1 (introduced in the 1st Session of the 15th Alaska Legislature). The efforts of the Department shall be coordinated with other state agencies, particularly the Departments of Education and Revenue. The efforts shall also be coordinated with the House and Senate Committees on Health, Education & Social Services, and Community & Regional Affairs.

Once these options are completed, it is intended that the Department, in conjunction with the above mentioned parties, conduct a series of meetings in the Unorganized Borough to exchange information and ideas with residents of the Unorganized Borough. The meetings will be conducted in the locations listed below, and at least two meetings will be conducted statewide via the legislative teleconference network. The communities in which meetings will be conducted include:

- | | | | |
|------------|----------|----------------|------------|
| Fort Yukon | McGrath | Nome | Bethel |
| Dillingham | Unalaska | Delta Junction | Tok |
| Glennallen | Valdez | Cordova | Nenana |
| Craig | Yakutat | Galena | St. Mary's |
| St. Paul | Angoon | Aniak | |

Issues to be addressed at each meeting include:

POWERS - Identification of the duties and responsibilities which are essential for a municipal regional government to possess. These would include, at a minimum, education.

VIABILITY - Identification of the human and financial resources which exist to support municipal government.

BOUNDARIES - Identification of boundaries of prospective regional municipal governments.

The efforts of the Department shall be completed by January 1, 1988. A report on this matter, along with specific recommendations, shall be submitted to the Legislature by the tenth legislative day of the 2nd Session of the 15th Alaska Legislature.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____
Revision Date: _____
Title: An Act Converting REAA into
Third Class Boroughs
Sponsor: Representative Larson
Requestor: (H) C & R A

Bill Version: SS HB 1
Publish Date: _____
Agency Affected: Revenue
BRU: Operating
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

The fiscal impact of the bill cannot be determined. (No assumptions were made as to what mill rate(s) may be levied in the newly created boroughs.) See attachment.

Prepared By: Royce Weller Phone: 465-2300
Division: Office of the Commissioner/Revenue Date: April 8, 1987
Approved by Commissioner: Hugh Malone Date: April 8, 1987
Agency: Department of Revenue

- Distribution (by Agency preparing fiscal note):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

Continuation of Fiscal Note/Bill Analysis

SS HB 1

Boroughs created by this legislation would have the authority to levy taxes against 43.56 properties (oil and gas exploration, production and pipeline transportation properties) located within their boundaries. Pipeline as well as local properties would constitute the property types.

The numbers below relate to oil and gas properties only.

Value of transportation property
(unorganized boroughs)

			Potential Loss to State
FY 87	\$3,415,624,870	at 20 mills (state levy)	\$68,312,498
FY 88	\$3,084,000,000		\$61,700,000
FY 89	\$2,752,000,000		\$55,040,000
FY 89	\$2,419,000,000		\$48,380,000

NOME PUBLIC SCHOOLS
Box 131, Nome, Alaska 99762 • Telephone (907) 443-2231

(12) SSHB 1

for
CRA Committee
file

April 2, 1987



APR 6 1987

Representative Heinrich Springer
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Henry,

I would like to express my support for S.S.H.B.1 which would create 3rd class boroughs out of REAA School Districts.

I can understand people being unwilling to tax themselves, especially if basic services are going to be provided by the State without a local effort requirement.

The most discussed issue in this area still seems to be money and i.e. the amount of taxes that would be raised in different REAA areas. The primary issue goes much deeper than potential tax revenue. It ties in to the whole issue of tax equity and the development of a true state-wide foundation program for education. Until REAA school district tax at the same basic rate (the proposed 4 mills) that is required in city and borough school districts, any attempt at equalization in a foundation formula is not really equitable.

The second related issue of city school districts being consolidated into the third class boroughs is really more of a political decision. City school districts such as Nome have a long history of service to their community dating back to the time when other agencies still expressed little concern about public schools. However, we also realize that it is important for education to be more economically administered even if this means the consolidation of some less economical districts and the elimination of schools which are too small to be viable.

Sincerely,

Larry D. LaBolle
Superintendent

/im

11

PUBLIC OPINION MESSAGE

Temp
Copy committee file.

DEAR: REPRESENTATIVE SPRINGER

NAME: LEIGH B. DENNISON
TITLE:
ADDRESS: P.O. BOX 873
CITY: DELTA JCT. ZIP: 99737
PHONE: 895-4555
BILL NO: HB 1

⑪
SSHB 1

SUBJECT: CONVERT REAA'S INTO 3RD CLASS BOROUGHS
MESSAGE: THE LAST THING ALASKA NEEDS IS MORE BRANCHES OF GOVERNMENT TO SUPPORT. WE ARE ALREADY OVER GOVERNED AND OVERTAXED. THIS PROPOSED BOROUGHS IS NEARLY 100% VIOLENTLY OPPOSED IN THIS AREA. YOUR VOTE AGAINST THIS INFAMOUS BILL WILL BE GREATLY APPRECIATED, STATEWIDE.

POMID: 02114201
DATE: 03/30/87
TIME: 11:42:01
LIONAME: DELTA JUNCTION LIO
RESPOND: NO

COPIES: REPRESENTATIVES REPRESENTATIVES

- | | |
|-------------|-----------|
| ADAMS | BARNES |
| BOUCHER | BOYER |
| BROWN | CATO |
| COLLINS | COTTEN |
| DAVIDSON | DAVIS |
| DONLEY | ELLIS |
| FRANK | FURNACE |
| GOLL | GRUENBERG |
| GRUSSENDORF | HANLEY |
| HERRMANN | HOFFMAN |
| HUDSON | KOPONEN |
| LARSON | MARTIN |
| MENARD | MILLER |
| NAVARRE | PEARCE |
| PETTYJOHN | PHILLIPS |
| POURCHOT | RIEGER |
| SHULTZ | SUND |
| SWACKHAMMER | TAYLOR |
| ULMER | WALLIS |
| ZAWACKI | |

11

9
SHB1

5-0971A
Levy
3/26/87

1 IN THE HOUSE

BY LARSON

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the unorganized borough, school
7 districts, and third class boroughs; and providing
8 for an effective date."

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

10 * Section 1. AS 04.11.400(a) is amended to read:

11 (a) Except as provided in (g), (h), (i), and (j) of this sec-
12 tion, a new license may not be issued and the board may prohibit
13 relocation of an existing license

14 (1) [OUTSIDE AN ESTABLISHED VILLAGE, INCORPORATED CITY,
15 UNIFIED MUNICIPALITY, OR ORGANIZED BOROUGH IF AFTER THE ISSUANCE OR
16 RELOCATION THERE WOULD BE MORE THAN ONE RESTAURANT OR EATING PLACE
17 LICENSE FOR EACH 1,500 POPULATION OR FRACTION OF 1,500 POPULATION OR
18 MORE THAN ONE LICENSE OF EACH OTHER TYPE, INCLUDING LICENSES THAT HAVE
19 BEEN ISSUED UNDER (g) OR (h) OF THIS SECTION, FOR EACH 3,000 POPULA-
20 TION OR FRACTION OF 3,000 POPULATION IN A RADIUS OF FIVE MILES OF THE
21 LICENSED PREMISES OR LOCATION OF PREMISES SOUGHT TO BE LICENSED,
22 EXCLUDING THE POPULATIONS OF ESTABLISHED VILLAGES, INCORPORATED
23 CITIES, UNIFIED MUNICIPALITIES, AND ORGANIZED BOROUGHS THAT ARE WHOLLY
24 OR PARTLY INCLUDED WITHIN THE RADIUS;

25 (2)] inside an established village, incorporated city, or
26 unified municipality if after the issuance or relocation there would
27 be inside the established village, incorporated city, or unified
28 municipality more than one restaurant or eating place license for each
29 1,500 population or fraction of 1,500 population or more than one

1 license of each other type, including licenses that have been issued
2 under (g) or (h) of this section, for each 3,000 population or frac-
3 tion of 3,000 population inside the established village, incorporated
4 city, or unified municipality;

5 (2) [(3)] inside a [AN ORGANIZED] borough but outside an
6 established village or incorporated city located within the borough,
7 if after the issuance or relocation there would be inside the borough,
8 but outside the established villages and incorporated cities located
9 within the borough, more than one restaurant or eating place license
10 for each 1,500 population or fraction of 1,500 population or more than
11 one license of each other type, including licenses that have been
12 issued under (g) or (h) of this section, for each 3,000 population or
13 fraction of 3,000 population inside the borough, excluding the popula-
14 tion of those established villages that have conducted an election on
15 a question set out in AS 04.11.490, 04.11.496, or 04.11.500, and
16 excluding the population of incorporated cities located within the
17 organized borough.

18 * Sec. 2. AS 04.11.490(b) is amended to read:

19 (b) If a majority of the voters vote "yes" on the question set
20 out in (a) of this section, the board shall be notified immediately
21 after certification of the results of the election and thereafter the
22 board may not issue, renew, or transfer between holders or locations a
23 license for licensed premises located within the boundaries of a
24 municipality [AND IN UNINCORPORATED AREAS WITHIN FIVE MILES OF THE
25 BOUNDARIES OF THE MUNICIPALITY] or within the perimeter of an estab-
26 lished village. Licenses that may not be renewed because of a local
27 option election held under this section are void 90 days after the
28 results of the election are certified. A license that will expire
29 during the 90 days after the results of a local option election under

1 this section are certified may be extended, until it is void under
2 this subsection, by payment of a prorated portion of the annual li-
3 cense fee.

4 * Sec. 3. AS 04.11.492(b) is amended to read:

5 (b) If a majority of the voters vote "yes" on the question set
6 out in (a) of this section, the board shall be notified immediately
7 after certification of the results of the election and thereafter may
8 not issue, renew, or transfer between holders or locations a license
9 for licensed premises located within the boundaries of a municipality
10 [AND IN UNINCORPORATED AREAS WITHIN FIVE MILES OF THE BOUNDARIES OF
11 THE MUNICIPALITY], with the exception of a beverage dispensary or
12 package store operated under a community liquor license held by the
13 municipality. Licenses in effect are void 90 days after the results
14 of the election are certified. A license that will expire during the
15 90 days after the results of a local option election under this sec-
16 tion are certified may be extended, until it is void under this sub-
17 section, by payment of a prorated portion of the annual license fee.

18 * Sec. 4. AS 04.11.496(b) is amended to read:

19 (b) If a majority of the voters vote "yes" on the question set
20 out in (a) of this section, a person, beginning on the first day of
21 the month following certification of the results of the election, may
22 not knowingly send, transport, or bring an alcoholic beverage into the
23 municipality or established village, unless the alcoholic beverage is
24 sacramental wine to be used for bona fide religious purposes based on
25 tenets or teachings of a church or religious body, is limited in
26 quantity to the amount necessary for religious purposes, and is dis-
27 pensed only for religious purposes by a person authorized by the
28 church or religious body to dispense the sacramental wine. The board
29 shall be notified immediately after certification of the results of

1 the election and thereafter may not issue, renew, or transfer between
2 holders or locations a license for licensed premises located within
3 the boundaries of the municipality [AND WITHIN UNINCORPORATED AREAS
4 WITHIN FIVE MILES OF THE BOUNDARIES OF THE MUNICIPALITY] or within the
5 perimeter of the established village. Licenses that may not be re-
6 newed because of a local option election held under this section are
7 void 90 days after the results of the election are certified. A
8 license that will expire during the 90 days after the results of a
9 local option election under this section are certified may be extend-
10 ed, until it is void under this subsection, by payment of a prorated
11 portion of the annual license fee.

12 * Sec. 5. AS 04.11.498(d) is amended to read:

13 (d) If a majority of the voters of a municipality vote "yes" on
14 the question set out in (a) of this section, and the sale of alcoholic
15 beverages, or the sale and importation of alcoholic beverages, has
16 been previously prohibited in the municipality in accordance with
17 AS 04.11.490 or 04.11.496, an ordinance is adopted that becomes effec-
18 tive beginning on the first day of the month following certification
19 of the results of the election, and a person may not knowingly possess
20 an alcoholic beverage in the municipality, unless the alcoholic bever-
21 age is wine to be used for bona fide religious purposes based on
22 tenets or teachings of a church or religious body, is limited in
23 quantity to the amount necessary for religious purposes, and is dis-
24 pensed only for religious purposes, by a person recognized by the
25 church or religious body as authorized to dispense the wine. The
26 board shall be notified immediately after certification of the results
27 of the election and thereafter may not issue, renew, or transfer
28 between holders or locations a license for licensed premises located
29 within the boundaries of the municipality [AND WITHIN UNINCORPORATED

1 AREAS WITHIN FIVE MILES OF THE BOUNDARIES OF THE MUNICIPALITY].

2 * Sec. 6. AS 04.11.498(e) is amended to read:

3 (e) If the majority of the voters of a municipality vote "yes"
4 on the question set out in (a) of this section and the sale of alco-
5 holic beverages, or the sale and importation of alcoholic beverages,
6 has not been previously prohibited in the municipality in accordance
7 with AS 04.11.490 or 04.11.496, an ordinance is adopted that becomes
8 effective beginning 90 days after certification of the results of the
9 election, and a person may not knowingly possess an alcoholic beverage
10 in the municipality, unless the alcoholic beverage is wine to be used
11 for bona fide religious purposes based on tenets or teachings of a
12 church or religious body, is limited in quantity to the amount neces-
13 sary for religious purposes, and is dispensed only for religious
14 purposes by a person recognized by the church or religious body as
15 authorized to dispense the wine. The board shall be notified immedi-
16 ately after the adoption of the ordinance and thereafter may not
17 issue, renew, or transfer between holders or locations a license for
18 licensed premises located within the boundaries of the municipality
19 [AND WITHIN UNINCORPORATED AREAS WITHIN FIVE MILES OF THE BOUNDARIES
20 OF THE MUNICIPALITY]. Licenses that may not be renewed because of a
21 local option election held under this section are void 90 days after
22 the results of the election are certified. A license that will expire
23 during the 90 days after the results of a local option election under
24 this section are certified may be extended, until it is void under
25 this section, by payment of a prorated portion of the annual fee.

26 * Sec. 7. AS 04.11.500(b) is amended to read:

27 (b) If a majority of the voters vote "yes" on the question set
28 out in (a) of this section, the board shall be notified immediately
29 after certification of the results of the election and thereafter may

1 not issue, renew, or transfer between holders or locations a license
2 for licensed premises located within the boundaries of the municipi-
3 pality [AND IN UNINCORPORATED AREAS WITHIN FIVE MILES OF THE BOUND-
4 ARIES OF THE MUNICIPALITY] or within the perimeter of the established
5 village, except those types of licenses listed on the ballot.
6 Licenses in effect within the boundaries of the municipality or
7 perimeter of the established village, [AND IN AN UNINCORPORATED AREA
8 OUTSIDE OF BUT WITHIN FIVE MILES OF THE BOUNDARIES OF THE MUNICIPAL-
9 ITY,] except those types of licenses listed on the ballot, are void 90
10 days after the results of the election are certified. A license that
11 will expire during the 90 days after the results of a local option
12 election under this section are certified may be extended, until it is
13 void under this subsection, by payment of a prorated portion of the
14 annual license fee.

15 * Sec. 8. AS 04.11.500(c) is amended to read:

16 (c) If the majority of the voters vote "no" on the question set
17 out in (a) of this section or vote "yes" on the questions set out in
18 AS 04.11.490, 04.11.492, 04.11.496, or this section if different types
19 of licenses are listed on the ballot in an election conducted in
20 accordance with AS 04.11.502 after an election in which the voters
21 voted "yes" on the question set out in (a) of this section, the board
22 shall be notified immediately after certification of the results of
23 the election. Licenses in effect in the municipality [, IN THE UNIN-
24 CORPORATED AREA OUTSIDE OF BUT WITHIN FIVE MILES OF THE BOUNDARIES OF
25 THE MUNICIPALITY] or established village that were excepted from the
26 prohibition on sale in accordance with the results of the earlier
27 election are void 90 days after the results of the election are cer-
28 tified. Thereafter the board may not issue, renew, or transfer be-
29 tween holders or locations a license for licensed premises located

1 within the boundaries of the municipality or within the perimeter of
2 an established village, [OR IN AN UNINCORPORATED AREA WITHIN FIVE
3 MILES OF THE BOUNDARIES OF THE MUNICIPALITY,] except a license that
4 may be issued to a municipality or to one of the types of licenses
5 listed on the ballot as a result of a majority of the voters voting
6 "yes" on the question set out in AS 04.11.492 or this section, respec-
7 tively. A license that will expire during the 90 days after the
8 results of a local option election under this section are certified
9 may be extended, until it is void under this subsection, by payment of
10 a prorated portion of the annual license fee.

11 * Sec. 9. AS 04.21.080(b)(9) is amended to read:

12 (9) "established village" means

13 (A) an unincorporated community that is in a third
14 class [THE UNORGANIZED] borough and that has 25 or more permanent
15 residents; or

16 (B) an unincorporated community that is in a borough
17 other than a third class [AN ORGANIZED] borough, has 25 or more
18 permanent residents, and

19 (i) is on a road system and is located more than
20 50 miles outside the boundary limits of a unified munici-
21 pality, or

22 (ii) is not on a road system and is located more
23 than 15 miles outside the boundary limits of a unified
24 municipality;

25 * Sec. 10. AS 05.35.070(4) is amended to read:

26 (4) "municipality" means a [AN ORGANIZED] borough of any
27 class or a first class city in a third class [OUTSIDE AN ORGANIZED]
28 borough;

29 * Sec. 11. AS 08.60.060 is amended to read:

1 Sec. 08.60.060. CERTIFICATE OF LOCATION. A person using or
2 proposing to use a location for a commercial or public junk yard must
3 obtain a certificate of approval for the location. If the location is
4 in a city of any class, the certificate shall be procured from the
5 city council or its designee. If the location is outside the city
6 limits [BUT WITHIN THE BOUNDARIES OF AN ORGANIZED BOROUGH], the certi-
7 ficate shall be procured from the assembly of the [ORGANIZED] borough
8 or its designee. [IF THE LOCATION IS OUTSIDE AN INCORPORATED CITY OR
9 BOROUGH, THE CERTIFICATE OF LOCATION SHALL BE OBTAINED FROM THE COM-
10 MISSIONER OF PUBLIC SAFETY.]

11 * Sec. 12. AS 09.55.275 is amended to read:

12 Sec. 09.55.275. REPLAT APPROVAL. No agency of the state or
13 municipality may acquire property located within a municipality exer-
14 cising the powers conferred by AS 29.35.180 [OR 29.35.260(c)] that
15 results in a boundary change unless the agency or municipality first
16 obtains from the municipal platting authority preliminary approval of
17 a replat showing clearly the location of the proposed public streets,
18 easements, rights-of-way, and other taking of private property. Final
19 approval of replat shall be similarly obtained. However, if a state
20 agency clearly demonstrates an overriding state interest, a waiver to
21 the approval requirements of this section may be granted by the gover-
22 nor. The platting authority shall treat applications for replat made
23 by state or local governmental agencies in the same manner as replat
24 petitions originated by private landowners.

25 * Sec. 13. AS 11.81.430(a)(2) is amended to read:

26 (2) When and to the extent reasonably necessary and appro-
27 priate to maintain order and when the use of force is consistent with
28 the welfare of the students, a teacher may, if authorized by school
29 regulations and the principal of the school, use reasonable and

1 appropriate nondeadly force upon a student. If authorized by school
2 regulations and the principal of the school, a teacher may use
3 nondeadly force under this paragraph in any situation in which the
4 teacher is responsible for the supervision of students. A teacher
5 employed by a school board [, INCLUDING A REGIONAL EDUCATIONAL
6 ATTENDANCE AREA SCHOOL BOARD,] may use nondeadly force under this
7 paragraph only if the school regulations authorizing the use of force
8 have been adopted by the school board.

9 * Sec. 14. AS 14.11.010(a) is amended to read:

10 (a) The assembly [OR COUNCIL OF A MUNICIPALITY THAT IS A SCHOOL
11 DISTRICT OR A REGIONAL SCHOOL BOARD] may submit a request to the
12 department for a school or education-related facility construction,
13 rehabilitation, or improvement project together with a report evaluat-
14 ing the condition of school or education-related facilities in the
15 municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] and a deter-
16 mination of the need for the project.

17 * Sec. 15. AS 14.11.010(b) is amended to read:

18 (b) With regard to projects requested under (a) of this section
19 the department shall

20 (1) rank each project in the order of priority that serves
21 the best interests of the state;

22 (2) prepare an estimate of the amount of money needed to
23 finance each project approved by the department and recommend to the
24 governor appropriations for projects to be included in the budget
25 submitted to the legislature;

26 (3) provide the governor with a copy of the report of the
27 assembly [, COUNCIL, OR REGIONAL SCHOOL BOARD] that requested each
28 project approved by the department;

29 (4) provide to the legislature within the first 10 days of

1 each regular session a summary of the projects requested by each
2 assembly [, COUNCIL, OR REGIONAL SCHOOL BOARD].

3 * Sec. 16. AS 14.11.010(c) is amended to read:

4 (c) In establishing priorities among requested projects the
5 department shall evaluate at least the following factors:

6 (1) priorities assigned by the assembly [, COUNCIL, OR
7 SCHOOL BOARD] to the projects requested;

8 (2) emergency requirements;

9 (3) the number of students without classroom space;

10 (4) new local elementary or secondary programs;

11 (5) existing regional, community, and school facilities and
12 the condition of the facilities;

13 (6) the economic and social stability of the municipality
14 or region.

15 * Sec. 17. AS 14.11.020 is amended to read:

16 Sec. 14.11.020. ASSUMPTION OF RESPONSIBILITIES. (a) The assem-
17 bly [OR COUNCIL OF A MUNICIPALITY THAT IS A SCHOOL DISTRICT OR A
18 REGIONAL SCHOOL BOARD] may, by resolution or majority vote of the
19 body, assume the responsibilities relating to the planning, design,
20 and construction of a school or an education-related facility located
21 within the boundaries or operating area of the municipality [OR RE-
22 GIONAL EDUCATIONAL ATTENDANCE AREA]. After receipt of a request by an
23 assembly [OR COUNCIL] under this subsection, the department shall
24 provide for the assumption of the responsibilities requested. [AFTER
25 RECEIPT OF A REQUEST BY A REGIONAL SCHOOL BOARD UNDER THIS SUBSECTION,
26 THE DEPARTMENT MAY PROVIDE FOR THE ASSUMPTION OF THE RESPONSIBILITIES
27 REQUESTED.]

28 (b) If a municipality [THAT IS A SCHOOL DISTRICT OR A REGIONAL
29 EDUCATIONAL ATTENDANCE AREA] assumes the responsibilities under this

1 section, the department shall grant to the municipality [OR REGIONAL
2 EDUCATIONAL ATTENDANCE AREA] money appropriated for the school or
3 education-related facility. The department may transfer the appro-
4 priations to a special construction account in the state treasury.
5 Under the fiscal control of the department, a municipality [OR REGION-
6 AL EDUCATIONAL ATTENDANCE AREA] that assumes responsibilities for the
7 project as provided in this section may draw on the account for costs
8 of the project.

9 (c) The construction management costs of a project assumed under
10 this section may not exceed four percent of the amount of appropria-
11 tions for the facility if the amount of appropriations is \$500,000 or
12 less. The construction management costs of a project assumed under
13 this section may not exceed three percent of the amount of appropria-
14 tions for the facility if the amount of appropriations is over
15 \$500,000 but less than \$5,000,000. The construction management costs
16 of a project assumed under this section may not exceed two percent of
17 the amount of appropriations for the facility if the amount of appro-
18 priations is \$5,000,000 or more. For purposes of this subsection
19 "construction management" means management of the project's schedule,
20 quality, and budget during any phase of the planning, design, and
21 construction of the facility by a private contractor engaged by the
22 municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA].

23 (d) The commissioner shall adopt necessary regulations imple-
24 menting this section, and setting out the requirements for agreements
25 between the department and a municipality [OR REGIONAL EDUCATIONAL
26 ATTENDANCE AREA] relating to the assumption by the municipality [OR
27 REGIONAL EDUCATIONAL ATTENDANCE AREA] of responsibilities for the
28 planning, design, and construction of a project.

29 * Sec. 18. AS 14.11.100(b) is amended to read:

1 (b) The commissioner shall administer the program of reimburse-
2 ment authorized under this section and shall provide by regulation for
3 the filing of applications for reimbursement, the form of proof of
4 costs for which application for reimbursement is made, and other
5 regulations necessary to administer the program. The commissioner
6 shall exclude from the total school construction cost of the local
7 district all state and federal funds included in these costs except
8 funds provided under this section and AS 43.50.140. In approving
9 applications for reimbursement, the commissioner shall [(1)] offset
10 against the amount of reimbursement authorized the amount of any funds
11 distributed to the municipality [BOROUGH OR CITY] in the second pre-
12 ceding fiscal year from the school fund provided for in AS 43.50.140
13 [;

14 (2) REPEALED].

15 * Sec. 19. AS 14.11.100(c) is amended to read:

16 (c) The school construction account is established. Funds to
17 carry out the provisions of this section may be appropriated annually
18 by the legislature to the account. If amounts in the account are
19 insufficient for the purpose of providing the share to which a munici-
20 ipality [BOROUGH OR CITY] is entitled under this section, those funds
21 that are available shall be distributed pro rata among the eligible
22 local governments.

23 * Sec. 20. AS 14.11.105 is amended to read:

24 Sec. 14.11.105. PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE
25 ACCOUNT. The public school facilities construction advance account is
26 established. The account consists of appropriations for distribution
27 under AS 14.11.105 - 14.11.135 to municipalities that [BOROUGH AND
28 CITIES WHICH] are school districts to assist in paying the costs of
29 public school facilities projects approved under AS 14.07.020(11) for

1 which construction is commenced after June 30, 1978, and for which no
2 bonding, notes, or other indebtedness was incurred before July 1,
3 1978.

4 * Sec. 21. AS 14.11.120(b) is amended to read:

5 (b) A borough or unified municipality [CITY WHICH IS A SCHOOL
6 DISTRICT] seeking construction cost aid shall apply to the department
7 by October 15 of the prior fiscal year.

8 * Sec. 22. AS 14.11.125(a) is amended to read:

9 (a) Funds distributed to a municipality [BOROUGH OR CITY WHICH
10 IS A SCHOOL DISTRICT] during a school year under AS 14.11.105 -
11 14.11.135 shall be received, held, and expended by the school district
12 in accordance with the applicable provisions of law and of regulations
13 adopted by the department. Funds provided under AS 14.11.105 -
14 14.11.135 that [, BUT WHICH] are not required for the project for
15 which they were granted or that [WHICH] are in excess of that [BOR-
16 OUGH'S OR CITY WHICH IS A] district's entitlement for aid under
17 AS 14.11.115 shall be returned to the department and deposited in the
18 general fund.

19 * Sec. 23. AS 14.11.125(b) is amended to read:

20 (b) Each municipality that [BOROUGH OR CITY WHICH] is a school
21 district shall maintain financial records of the receipt and disburse-
22 ment of state funds received under AS 14.11.105 - 14.11.135 and money
23 provided toward local effort. The records shall be in the form pre-
24 scribed by the department and are subject to audit by it at any time.

25 * Sec. 24. AS 14.11.125(d) is amended to read:

26 (d) Municipalities [BOROUGH AND CITIES] that are school dis-
27 tricts shall secure and maintain in full force and effect adequate
28 property loss insurance for the replacement cost of all facilities
29 constructed after July 1, 1978, and for which state funds are

1 available under AS 14.11.100 - 14.11.135.

2 * Sec. 25. AS 14.11.130(b) is amended to read:

3 (b) Funds to carry out the provisions of AS 14.11.105 - 14.11.-
4 135 may be appropriated annually by the legislature into the public
5 school facilities construction advance account. If amounts in the
6 account are insufficient to meet the allocations authorized by the
7 commissioner under AS 14.11.105 - 14.11.135, the [SUCH] funds that
8 [AS] are available shall be distributed pro rata among each borough
9 and unified municipality [CITY WHICH IS A SCHOOL DISTRICT] based upon
10 its computed entitlement.

11 * Sec. 26. AS 14.12.010 is repealed and reenacted to read:

12 Sec. 14.12.010. DISTRICTS OF STATE PUBLIC SCHOOL SYSTEM. Each
13 borough and unified municipality in the state is a school district of
14 the state public school system.

15 * Sec. 27. AS 14.12.020(b) is amended to read:

16 (b) Each [BOROUGH OR CITY] school district shall be operated on
17 a district-wide basis under the management and control of a school
18 board.

19 * Sec. 28. AS 14.12.020(c) is amended to read:

20 (c) [THE LEGISLATURE SHALL PROVIDE THE STATE MONEY NECESSARY TO
21 MAINTAIN AND OPERATE THE REGIONAL EDUCATIONAL ATTENDANCE AREAS.] The
22 [BOROUGH] assembly for a [BOROUGH] school district [, AND THE CITY
23 COUNCIL FOR A CITY SCHOOL DISTRICT,] shall provide the money that
24 [WHICH] must be raised from local sources to maintain and operate the
25 district.

26 * Sec. 29. AS 14.12.030(a) is amended to read:

27 (a) Each [BOROUGH AND CITY] school district with an average
28 daily membership of 5,000 or less has a school board of five members,
29 except that the assembly [GOVERNING BODY OF THE BOROUGH OR CITY] may

1 by ordinance, concurred in by a majority of the district school board,
2 provide for a school board of seven members.

3 * Sec. 30. AS 14.12.030(b) is amended to read:

4 (b) Each [BOROUGH AND CITY] school district with an average
5 daily membership exceeding 5,000 has a school board of seven, nine, or
6 eleven members, as established by ordinance.

7 * Sec. 31. AS 14.12.030(d) is amended to read:

8 (d) [THE PROVISIONS OF (a) AND (b) OF THIS SECTION DO NOT APPLY
9 TO A REGIONAL EDUCATIONAL ATTENDANCE AREA THAT CONVERTS TO A CITY OR
10 BOROUGH SCHOOL DISTRICT.] The number of school board members may be
11 changed by the qualified voters in a district by placing the question
12 on the ballot at a regular school board election in the manner pre-
13 scribed by law.

14 * Sec. 32. AS 14.12.030(e) is amended to read:

15 (e) Each [CITY OR BOROUGH] school district that is operating
16 schools on a military reservation [UNDER AS 14.12.020(a)] has one
17 nonvoting delegate from the military reservation or reservations to
18 the school district board to advise and assist the board in matters
19 relating to the military reservation schools operated by the school
20 district and to act as liaison between the board and the military
21 community. The nonvoting delegate shall be appointed by the school
22 district board, shall serve at the pleasure of the school district
23 board, and must be an inhabitant of the area served by the military
24 reservation schools operated by the school district by contract. If
25 an elected community school committee is established on a military
26 reservation, the only inhabitants of that military reservation who are
27 eligible for appointment as the nonvoting delegate are those inhabi-
28 tants who are members of the elected school committee.

29 * Sec. 33. AS 14.12.050(a) is amended to read:

1 (a) The term of office of a member of a [BOROUGH OR CITY] school
2 board is three years and until a successor takes office. However, the
3 members of a newly created five-member school board hold office for
4 initial terms as follows: two for a term of three years, two for a
5 term of two years, and one for a term of one year, the terms being
6 assigned to the members by lot. The members of a newly created seven-
7 member school board hold office for initial terms as follows: three
8 for a term of three years, two for a term of two years, and two for a
9 term of one year, the terms being assigned to the members by lot.

10 * Sec. 34. AS 14.12.180 is amended to read:

11 Sec. 14.12.180. REGULATIONS. The department may adopt regula-
12 tions necessary to implement the provisions of AS 14.12.150 - 14.12.-
13 160 [AS 14.12.150 - 14.12.170].

14 * Sec. 35. AS 14.14.110(c) is amended to read:

15 (c) A contract for the operation of schools on military reser-
16 vations by a [CITY OR BOROUGH] school district under [AS 14.12.020(a)
17 AND IN] (a) of this section shall include, in addition to the terms
18 and conditions prescribed by the department under (b) of this section,
19 provisions for the following:

20 (1) the educational program provided by the school district
21 in the schools on the military reservation shall be comparable to the
22 program provided by the school district in its nonmilitary reservation
23 schools; and

24 (2) the school district shall be fully reimbursed for the
25 cost of operation of the schools on a military reservation.

26 * Sec. 36. AS 14.14.310(1) is amended to read:

27 (1) "board" means the school board [GOVERNING BODY] of a
28 [BOROUGH OR CITY] school district [OR REGIONAL EDUCATIONAL ATTENDANCE
29 AREA];

1 * Sec. 37. AS 14.17.021(c) is amended to read:

2 (c) The equalized percentage for each [CITY/BOROUGH] school
3 district is computed according to formula $P_i = 1 - K \frac{V_i}{V_s}$ in
4 which

5 (1) P_i (equalized percentage) = percent of need to be
6 provided by the state;

7 (2) K (minimum level of state support of basic need) = 97
8 percent;

9 (3) V_i (valuation per pupil in average daily membership in
10 the district) = full and true value of taxable real and personal
11 property within the [CITY/BOROUGH] district divided by the average
12 daily membership of the district;

13 (4) V_s = average of the valuation per pupil in average
14 daily membership for all the [CITY/BOROUGH] districts of the state;

15 (5) state aid as computed under this section constitutes at
16 least 97 percent of the basic need, of each school district;

17 (6) for the purpose of calculating the amount of equalized
18 percentage under this section, V_i/V_s may not exceed 1.00.

19 * Sec. 38. AS 14.18.060(a) is amended to read:

20 (a) School boards shall have textbooks and instructional mate-
21 rials reviewed for evidence of sex bias in accordance with [AS 14.-
22 08.111(9) AND] AS 14.14.090(7). School boards shall use educationally
23 sound, unbiased texts and other instructional materials as they become
24 available. Nothing in this section prohibits use of literary works.

25 * Sec. 39. AS 14.18.090 is amended to read:

26 Sec. 14.18.090. ENFORCEMENT BY BOARD OF EDUCATION. (a) The
27 board shall enforce compliance by school districts [AND REGIONAL
28 EDUCATIONAL ATTENDANCE AREAS] with the provisions of this chapter and
29 the regulations and procedures adopted under it by appropriate order

1 made in accordance with AS 44.62. After hearing and a finding that a
2 district [OR A REGIONAL EDUCATIONAL ATTENDANCE AREA] is not in compli-
3 ance with this chapter and is not actively working to come into com-
4 pliance, the board shall institute appropriate proceedings to abate
5 the practices found by the board to be a violation of this chapter.

6 (b) After a finding by the board that a district [OR REGIONAL
7 EDUCATIONAL ATTENDANCE AREA] has not complied with AS 14.18.020 -
8 14.18.070, and that the measures taken under (a) of this section have
9 been ineffective, the board shall withhold state funds in accordance
10 with AS 14.07.070.

11 * Sec. 40. AS 14.30.030 is amended to read:

12 Sec. 14.30.030. REPORT OF VIOLATIONS AND PROCEDURES. The chief
13 administrative officer of a school district [SCHOOL OR REGIONAL EDUCA-
14 TIONAL ATTENDANCE AREA] shall report all apparent violations of AS
15 14.30.010 to the school board [GOVERNING BODY OF THE DISTRICT]. The
16 school board [GOVERNING BODY] shall, on receiving the report or on the
17 complaint of any person, provide for a full and impartial investiga-
18 tion of all charges of violation. In private or federal schools, the
19 chief administrative officer shall make a full and impartial investi-
20 gation of all apparent violations. If it reasonably appears upon
21 investigation that a person has violated AS 14.30.010, the [GOVERNING
22 BODY OF A DISTRICT] school board [OR REGIONAL EDUCATIONAL ATTENDANCE
23 AREA], or the chief administrative officer of a private or federal
24 school, shall make and file with the district court a complaint
25 against the person, charging the violation. The judge or magistrate
26 may issue a warrant for the arrest of the person and may act upon the
27 complaint.

28 * Sec. 41. AS 14.30.186(a) is amended to read:

29 (a) A [BOROUGH OR CITY] school district shall provide special

1 education and related services for exceptional children residing in
2 the district.

3 * Sec. 42. AS 14.30.400 is amended to read:

4 Sec. 14.30.400. BILINGUAL-BICULTURAL EDUCATION. The school
5 board [CITY OR BOROUGH DISTRICT SCHOOL BOARDS AND REGIONAL EDUCATIONAL
6 ATTENDANCE AREA BOARDS] shall provide a bilingual-bicultural education
7 program for each school in a [CITY OR BOROUGH SCHOOL] district that
8 [OR REGIONAL EDUCATIONAL ATTENDANCE AREA WHICH] is attended by at
9 least eight pupils of limited English-speaking ability and whose
10 primary language is other than English. A bilingual-bicultural educa-
11 tion program shall be provided under a plan of service that [WHICH]
12 has been developed in accordance with regulations adopted by the
13 department. Nothing in this section precludes a bilingual-bicultural
14 education program from being provided for less than eight pupils in a
15 school.

16 * Sec. 43. AS 14.33.010 is amended to read:

17 Sec. 14.33.010. REQUIREMENTS FOR SCHOOL SAFETY PATROLS. The
18 school board of a [BOROUGH OR CITY] school district [OR REGIONAL
19 EDUCATIONAL ATTENDANCE AREA,] or a private or denominational school
20 may require that school safety patrols be established to assist pupils
21 to cross streets and highways adjacent to schools in safety.

22 * Sec. 44. AS 14.56.120(c) is amended to read:

23 (c) The center is also a depository for publications of munic-
24 ipalities [AND REGIONAL EDUCATIONAL ATTENDANCE AREAS], including sur-
25 veys and studies produced by a municipality [OR REGIONAL EDUCATIONAL
26 ATTENDANCE AREA,] or produced for it on contract. Four copies of each
27 publication produced for a municipality [OR REGIONAL EDUCATIONAL
28 ATTENDANCE AREA] may be deposited with the center for record and
29 distribution purposes.

1 * Sec. 45. AS 14.56.120(d) is amended to read:

2 (d) Each municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA]
3 may notify the center of the creation of all data published or com-
4 piled by or for it at public expense and provide for its accessibility
5 through the center, unless the data is protected by the constitutional
6 right to privacy or is of a type stated by law to be confidential or
7 the municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] is other-
8 wise prohibited by law from doing so.

9 * Sec. 46. AS 14.56.120(e) is amended to read:

10 (e) When a research project or study is conducted for a person
11 by a state agency or [,] a municipality, [OR A REGIONAL EDUCATIONAL
12 ATTENDANCE AREA,] even though no state funding is involved, the state
13 agency or [,] municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA]
14 shall ask [REQUEST] that person for permission to make copies of its
15 final report available to the center under AS 14.56.090 - 14.56.180.
16 If permission is granted, the report shall be deposited with the
17 center.

18 * Sec. 47. AS 14.56.123 is amended to read:

19 Sec. 14.56.123. LIAISON WITH CENTER. Each state agency shall
20 and each municipality [AND REGIONAL EDUCATIONAL ATTENDANCE AREA] may
21 designate one of its employees to be responsible for depositing the
22 materials and information specified in AS 14.56.120.

23 * Sec. 48. AS 14.56.125(a) is amended to read:

24 (a) Upon notification of the creation of data under AS 14.56.-
25 120, a state agency shall and a municipality [OR REGIONAL EDUCATIONAL
26 ATTENDANCE AREA] may prepare an abstract or summary of it.

27 * Sec. 49. AS 14.56.150 is amended to read:

28 Sec. 14.56.150. DEPOSITORY LIBRARY CONTRACTS. The center may
29 enter into depository contracts with municipal, [REGIONAL EDUCATIONAL

1 ATTENDANCE AREA,] university, or community college libraries, public
2 library associations, state library agencies, the Library of Congress,
3 and other state and federal library systems. The requirements for
4 eligibility to contract as a depository library shall be established
5 by the Department of Education upon the recommendation of the state
6 librarian and shall include and take into consideration the type of
7 library, its ability to preserve publications or data and to make them
8 available for public use, and the geographical location of the library
9 for ease of access to residents in all areas of the state.

10 * Sec. 50. AS 14.60.010(5) is amended to read:

11 (5) "governing body" means the school board of a [BOROUGH
12 OR CITY] school district [OR A REGIONAL EDUCATIONAL ATTENDANCE AREA];

13 * Sec. 51. AS 15.60.010(13) is amended to read:

14 (13) "local election" means a regular or special election
15 held by a municipality [BOROUGH, CITY, SCHOOL DISTRICT, OR REGIONAL
16 EDUCATIONAL ATTENDANCE AREA];

17 * Sec. 52. AS 18.31.020 is amended to read:

18 Sec. 18.31.020. DUTIES OF THE DEPARTMENT OF LABOR. In order to
19 abate asbestos health hazards from public schools and from the Univer-
20 sity of Alaska the Department of Labor shall

21 (1) in a school district [OR REGIONAL EDUCATIONAL ATTEN-
22 DANCE AREA] that has not complied with Environmental Protection Agency
23 asbestos regulations (40 C.F.R. Part 763), inspect school buildings to
24 determine the presence of asbestos, take samples as needed, answer
25 inquiries on the subject, ensure quality control of asbestos sampling,
26 or enter into contracts for these purposes;

27 (2) distribute, retrieve, and store training materials
28 concerning inspection and sampling for asbestos;

29 (3) establish guidelines, in conformity with Environmental

1 Protection Agency asbestos regulations (40 C.F.R. Part 763), for
2 abating asbestos health hazards, for inspecting and collecting samples
3 of suspected asbestos, and for analyzing the samples;

4 (4) evaluate analysis results and distribute the results to
5 affected schools;

6 (5) coordinate efforts by state departments and agencies
7 and by school officials to identify and abate asbestos health hazards;

8 (6) cooperate with the Department of Education to adminis-
9 ter state money appropriated for the asbestos health hazard abatement
10 program;

11 (7) establish classifications of asbestos health hazards
12 according to the severity of the hazard and determine on the basis of
13 those classifications the order in which abatement projects should
14 proceed;

15 (8) review and approve all asbestos health hazard abatement
16 projects relating to respirator use and employee training, including
17 training materials;

18 (9) oversee an employee certification program;

19 (10) establish guidelines and procedures to prevent damage
20 to asbestos products in daily operations;

21 (11) whenever the department is informed of scheduled work
22 to abate an asbestos health hazard, inform the contractors and other
23 concerned persons of the health hazards of asbestos;

24 (12) assist the University of Alaska in its efforts to abate
25 asbestos health hazards; and

26 (13) adopt regulations necessary to implement the provisions
27 of this chapter.

28 ~~Section 18.31.040~~ AS 18.31.040 is amended to read:

29 Sec. 18.31.040. DUTIES OF SCHOOL OFFICIALS. To assist in

1 implementing the asbestos health hazard abatement program, each [CITY
2 OR BOROUGH] school district [AND EACH REGIONAL EDUCATIONAL ATTENDANCE
3 AREA] shall

4 (1) maintain records of all inspections, including sample
5 dates, location, condition, and analysis of materials;

6 (2) notify school personnel of the location of asbestos
7 materials and ways to reduce exposure;

8 (3) notify the parents of students about the results of
9 asbestos inspections in their children's schools;

10 (4) either

11 (A) contract for the inspection of its school build-
12 ings in compliance with Environmental Protection Agency asbestos
13 regulatic.as (40 C.F.R. Part 763) and in accordance with guide-
14 lines established by the Department of Labor and under the super-
15 vision of the Department of Labor; or

16 (B) notify the Department of Labor that the school
17 district [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] has not en-
18 tered and does not intend to enter into a contract for an inspec-
19 tion for asbestos health hazards; and

20 (5) contract for renovating school buildings to abate
21 asbestos health hazards, and supervise and monitor the renovation
22 contracts, applying the standards in AS 18.60.075 to protect the
23 health of persons who renovate the school buildings.

24 * Sec. 54. AS 18.31.050 is amended to read:

25 Sec. 18.31.050. REPAYMENT OF GRANT FUNDS. A school district [OR
26 REGIONAL EDUCATIONAL ATTENDANCE AREA] that receives a state grant for
27 the abatement of asbestos health hazards in schools shall repay the
28 grant from [ANY] money the district [OR THE REGIONAL EDUCATIONAL
29 ATTENDANCE AREA] recovers from asbestos manufacturers or other parties

1 in a claim for damages arising from the use of asbestos in a school.
2 Repayment shall be made after deducting legal fees and other costs
3 associated with the claim for damages.

4 * Sec. 55. AS 19.30.141 is amended to read:

5 Sec. 19.30.141. ACQUISITION AND CONSTRUCTION PROGRAMS. Before
6 October 1 of each fiscal year each local government eligible for
7 allocation of funds under AS 19.30.131 shall submit to the commis-
8 sioner for approval a five-year plan for the acquisition and con-
9 struction of local service roads and trails. Before December 1 of each
10 fiscal year the commissioner shall submit to the governor a five-year
11 plan for the acquisition and construction of local service roads and
12 trails, including the approved local government programs. A [AN
13 ORGANIZED] borough shall include in its five-year plan local service
14 road acquisition and construction programs for all cities other than
15 home rule cities within the boundaries of the borough. [THE COMMIS-
16 SIONER SHALL INCLUDE IN THE FIVE-YEAR PLAN LOCAL SERVICE ROAD AND
17 TRAIL ACQUISITION AND CONSTRUCTION WITHIN THE UNORGANIZED BOROUGH.]

18 * Sec. 56. AS 29.05.031(a) is amended to read:

19 (a) An area that meets the following standards may incorporate as
20 a home rule [, FIRST CLASS,] or general law [SECOND CLASS] borough:

21 (1) the population of the area is interrelated and inte-
22 grated as to its social, cultural, and economic activities, and is
23 large and stable enough to support borough government;

24 (2) the boundaries of the proposed borough conform general-
25 ly to natural geography and include all areas necessary for full
26 development of municipal services;

27 (3) the economy of the area includes the human and finan-
28 cial resources capable of providing municipal services; evaluation of
29 an area's economy includes land use, property values, total economic

1 base, total personal income, resource and commercial development,
2 anticipated functions, expenses, and income of the proposed borough;

3 (4) land, water, and air transportation facilities allow
4 the communication and exchange necessary for the development of inte-
5 grated borough government.

6 * Sec. 57. AS 29.05.060 is amended to read:

7 Sec. 29.05.060. PETITION. Municipal incorporation is proposed
8 by filing a petition with the department. The petition shall include
9 the following information about the proposed municipality:

10 (1) class;

11 (2) name;

12 (3) boundaries;

13 (4) maps, documents, and other information required by the
14 department;

15 (5) composition and apportionment of the governing body;

16 (6) a proposed operating budget for the municipality pro-
17 jecting sources of income and items of expenditure through the first
18 full fiscal year of operation;

19 (7) for a borough, based on the number who voted in the
20 respective areas in the last general election, the signature and
21 resident address of 15 percent of the voters in

22 (A) home rule and first class cities in the area of
23 the proposed borough; and

24 (B) the area of the proposed borough outside home rule
25 and first class cities;

26 (8) [FOR A FIRST CLASS BOROUGH, A DESIGNATION OF AREAWIDE
27 POWERS TO BE EXERCISED;

28 (9)] for a general law [SECOND CLASS] borough, a designation
29 of areawide and nonareawide powers to be exercised;

1 (9) [(10)] for a first or second class city, a designation
2 of the powers to be exercised;

3 (10) [(11)] for a first class city, based on the number who
4 voted in the area in the last general election, the signatures and
5 resident addresses of 50 voters in the proposed city or of 15 percent
6 of the voters in the proposed city, whichever is greater;

7 (11) [(12)] for a second class city, based on the number who
8 voted in the area in the last general election, the signatures and
9 resident addresses of 25 voters in the proposed city or of 15 percent
10 of the voters in the proposed city, whichever is greater;

11 (12) [(13)] for a home rule borough, a proposed home rule
12 charter.

13 * Sec. 58. AS 29.06.040 is amended by adding a new subsection to read:

14 (e) Territory may not be detached from a borough or unified
15 municipality unless it is included in another borough or unified
16 municipality upon detachment.

17 * Sec. 59. AS 29.06.090(a) is amended to read:

18 (a) Two or more municipalities may merge or consolidate to form a
19 single municipality [, EXCEPT A THIRD CLASS BOROUGH MAY NOT BE FORMED
20 THROUGH MERGER OR CONSOLIDATION].

21 * Sec. 60. AS 29.06.450(c) is amended to read:

22 (c) A borough is dissolved when its entire territory is included
23 in another borough or unified municipality [A HOME RULE OR FIRST CLASS
24 CITY OR CITIES]. A city is dissolved when all its powers become
25 areawide borough powers.

26 * Sec. 61. AS 29.06.470(b) is amended to read:

27 (b) Voters of a city [IN A BOROUGH] may only petition for disso-
28 lution of the city if the borough in which the city is located con-
29 sents to assume the city's rights, powers, duties, assets, and

1 liabilities. The consent must be ratified by a majority of borough
2 voters voting on the question. Voters of a borough or unified
3 municipality may only petition for dissolution if the entire area of
4 the borough or unified municipality will be included in one or more
5 other boroughs or unified municipalities.

6 * Sec. 62. AS 29.10.010(c) is amended to read:

7 (c) Upon detachment from a borough or unified municipality, at
8 [AT] an election for borough incorporation, an area [IN THE UNOR-
9 GANIZED BOROUGH] may adopt a charter for its own government and incor-
10 porate as a home rule borough.

11 * Sec. 63. AS 29.10.010(f) is amended to read:

12 (f) The proposed charter for a proposed new home rule [AN AREA
13 OF THE UNORGANIZED] borough shall be prepared by the petitioners and
14 filed under AS 29.05.060 with the petition to incorporate a home rule
15 borough.

16 * Sec. 64. AS 29.10.070 is amended to read:

17 Sec. 29.10.070. CHARTER ELECTION. The proposed home rule char-
18 ter for an existing municipality shall be submitted to the voters at
19 an election held not less than 30 days or more than 90 days after the
20 proposed charter is published. The proposed home rule charter for an
21 area proposed to be incorporated as a home rule [IN THE UNORGANIZED]
22 borough shall be submitted to the voters at an incorporation election
23 held under AS 29.05.110.

24 * Sec. 65. AS 29.10.080(a) is amended to read:

25 (a) If a majority of those voting in an existing municipality
26 favor the proposed charter or if a majority of those voting in an area
27 proposed to be incorporated as a home rule [IN THE UNORGANIZED] bor-
28 ough favor incorporation [OF A HOME RULE BOROUGH], the proposed char-
29 ter becomes the organic law of the municipality effective on the date

1 the election is certified. Thereafter, a court shall take judicial
2 notice of the charter. The new home rule municipality shall file the
3 indicated number of copies of the charter with

4 (1) the lieutenant governor - two copies;

5 (2) the department - two copies;

6 (3) the district recorder - one copy;

7 (4) the municipal clerk - one copy.

8 * Sec. 66. AS 29.10.090(b) is amended to read:

9 (b) If incorporation of a home rule borough is rejected by the
10 voters [IN AN AREA IN THE UNORGANIZED BOROUGH], the proposed charter
11 is rejected and the area may not be detached from the existing borough
12 or unified municipality.

13 * Sec. 67. AS 29.20.060(b) is amended to read:

14 (b) The assembly of a newly incorporated general law borough is,
15 after incorporation and until the adoption of an ordinance providing
16 for a change in composition or apportionment, composed of seven [THE
17 NUMBER OF] members elected at large [AND APPORTIONED AS SET OUT IN THE
18 INCORPORATION PETITION APPROVED BY THE VOTERS]. If the borough is
19 already incorporated, the assembly shall be composed and apportioned
20 in a manner that is consistent with the requirements of this section
21 and prescribed by charter or ordinance.

22 * Sec. 68. AS 29.20.500 is amended to read:

23 Sec. 29.20.500. POWERS AND DUTIES OF A MANAGER. The manager may
24 hire necessary administrative assistants and may authorize an adminis-
25 trative official to appoint, suspend, or remove subordinates. As
26 chief administrator the manager shall

27 (1) appoint, suspend, or remove municipal employees and
28 administrative officials, except as provided otherwise in this title
29 [AND AS 14.14.065];

1 (2) supervise the enforcement of municipal law and carry
2 out the directives of the governing body;

3 (3) prepare and submit an annual budget and capital im-
4 provement program for consideration by the governing body, and execute
5 the budget and capital improvement program adopted;

6 (4) make monthly financial reports and other reports on
7 municipal finances and operations as required by the governing body;

8 (5) exercise custody over all real and personal property of
9 the municipality, except property of the school district;

10 (6) perform other duties required by law or by the govern-
11 ing body; and

12 (7) serve as personnel officer, unless the governing body
13 authorizes the manager to appoint a personnel officer.

14 * Sec. 69. AS 29.35.160(a) is amended to read:

15 (a) Each borough constitutes a [BOROUGH] school district and
16 establishes, maintains, and operates a system of public schools on an
17 areawide basis as provided in AS 14.14.060. A military reservation in
18 a borough is not part of the [BOROUGH] school district until the
19 military mission is terminated or until inclusion in the [BOROUGH]
20 school district is approved by the Department of Education. However,
21 operation of the military reservation schools by the [BOROUGH] school
22 district may be required by the Department of Education under AS 14.-
23 14.110. If the military mission of a military reservation terminates
24 [OR CONTINUED MANAGEMENT AND CONTROL BY A REGIONAL EDUCATIONAL ATTEN-
25 DANCE AREA IS DISAPPROVED BY THE DEPARTMENT OF EDUCATION], operation,
26 management, and control of schools on the military reservation trans-
27 fers to the [BOROUGH] school district in which the military reserva-
28 tion is located.

29 * Sec. 70. AS 29.35.250(a) is amended to read:

1 (a) A city [INSIDE A BOROUGH] may exercise any power not other-
2 wise prohibited by law.

3 * Sec. 71. AS 29.60.100 is amended to read:

4 Sec. 29.60.100. REVENUE SHARING PAYABLE. In addition to the
5 equalization entitlements paid under AS 29.60.010 - 29.60.080, during
6 each fiscal year the department shall pay aid

7 [(1)] to a municipality or other eligible recipient that
8 has the power to provide the services described in AS 29.60.110 -
9 29.60.120 [AS 29.60.110 - 29.60.130] and exercises the power in the
10 manner required by AS 29.60.100 - 29.60.180 [;

11 (2) TO AN UNINCORPORATED COMMUNITY UNDER AS 29.60.140].

12 * Sec. 72. AS 29.60.160(a) is amended to read:

13 (a) Payments to a municipality or other eligible recipient under
14 AS 29.60.110 - 29.60.120 [AS 29.60.110 - 29.60.130] shall reflect area
15 cost-of-living differentials. Payments shall be based on the sum of
16 per capita, per mile, and per bed or facility grants due each munici-
17 pality or other recipient multiplied by the appropriate area cost-of-
18 living differential. The area cost-of-living differential for each
19 recipient shall be determined annually by election district under the
20 provisions of AS 39.27.030. Application of the area cost-of-living
21 differential may not result in distribution of an amount less than the
22 amount of the payment determined without reference to application of
23 this section.

24 * Sec. 73. AS 35.15.080(d) is amended to read:

25 (d) Provisions of this title governing planning, design, and
26 construction of public works by the department, and regulations adopt-
27 ed under the provisions, govern the administration of projects assumed
28 by a municipality [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] under this
29 section. For that purpose the provisions supersede any conflicting

1 provisions of ordinance or charter of a municipality.

2 * Sec. 74. AS 35.15.080(f) is amended to read:

3 (f) To carry out the purpose of this section, the commissioner
4 of transportation and public facilities shall adopt regulations relat-
5 ing to the application for and the making and the conditions of agree-
6 ments and the local assumption of responsibilities for the planning,
7 design, and construction of public works under this section. [HE
8 SHALL INCLUDE IN GRANT CONTRACTS TERMS AND CONDITIONS REQUIRING A
9 REGIONAL SCHOOL BOARD AND ITS CONTRACTORS TO ADHERE TO THE PROVISIONS
10 OF AS 36.05.010 WITH RESPECT TO THE PAYMENT OF WAGE RATES ON CON-
11 STRUCTION PROJECTS, AND AS 36.10.010 WITH RESPECT TO EMPLOYMENT PREF-
12 ERENCE, AND MAY REQUIRE DIFFERENT TERMS IN AGREEMENTS FOR DIFFERENT
13 PROJECTS TO MEET LOCAL CONDITIONS AND UNIQUE REQUIREMENTS AND TO
14 ASSURE COMPLIANCE WITH THE PUBLIC FACILITIES PROCUREMENT POLICIES
15 DEVELOPED BY THE DEPARTMENT UNDER AS 35.10.160 - 35.10.200.] If
16 necessary, the commissioner may require as a condition of an agreement
17 approval of the agreement by the federal government. Regulations
18 adopted, amended, or repealed by the department under this section
19 which relate to educational facilities shall be developed in conjunc-
20 tion with the Alaska Association of School Boards and the Alaska
21 Association of School Administrators and reviewed by those associa-
22 tions before final action on the regulations is taken by the depart-
23 ment.

24 * Sec. 75. AS 35.15.100 is amended to read:

25 Sec. 35.15.100. RESPONSIBILITY OF DEPARTMENT. When a municipal-
26 ity [OR REGIONAL EDUCATIONAL ATTENDANCE AREA] has assumed responsibil-
27 ity for a public works project in accordance with AS 35.15.080 -
28 35.15.120, the department is relieved of responsibility to the extent
29 it is assumed by the municipality [OR REGIONAL EDUCATIONAL ATTENDANCE

1 AREA]. The department may provide technical assistance on the respon-
2 sibility assumed if requested to do so by the municipality [OR AREA]
3 and shall be reasonably compensated for that assistance from the
4 account established under AS 35.15.090.

5 * Sec. 76. AS 35.15.110(a) is amended to read:

6 (a) Before advertisement for bids or construction contract
7 negotiations, the department shall approve both the project site and
8 the land interest in the site, except that, if the project involves
9 construction of an educational facility, title or sufficient interest
10 determined acceptable by the department to an approved site for a
11 school building shall be vested in the municipality [, THE REGIONAL
12 EDUCATIONAL ATTENDANCE AREA] or the state before advertisement for
13 bids or initiation of construction contract negotiations.

14 * Sec. 77. AS 35.15.120(2) is amended to read:

15 (2) "governing body" means the assembly or council [IN THE
16 CASE] of a municipality [, ITS ASSEMBLY OR COUNCIL, AND, IN THE CASE
17 OF A REGIONAL EDUCATIONAL ATTENDANCE AREA, ITS REGIONAL SCHOOL BOARD];

18 * Sec. 78. AS 35.30.040(3) is amended to read:

19 (3) "village" means an unincorporated community of a third
20 class [THE UNORGANIZED] borough where at least 25 people reside as a
21 social unit.

22 * Sec. 79. AS 40.15.070 is amended to read:

23 Sec. 40.15.070. PLATTING AUTHORITY. If land proposed to be
24 subdivided or dedicated is situated within a first or second class
25 borough the proposed subdivision or dedication shall be submitted to
26 the borough planning commission for approval. If the land is situated
27 within a city in a [THE UNORGANIZED BOROUGH OR THE] third class bor-
28 ough the proposed subdivision or dedication shall be submitted to the
29 city planning commission for approval. The borough planning

1 commission is the platting authority for the first or second class
2 borough, the city planning commission is the platting authority for
3 the city, and the division of lands is the platting authority in a
4 [THE REMAINING AREAS OF THE STATE AND] third class borough for the
5 change or vacation of existing plats or a portion of such plats, as
6 provided in AS 40.15.075. If the borough or the city does not have a
7 planning commission, the borough assembly or the city governing body,
8 respectively, is the platting authority and the proposed subdivision
9 or dedication shall be submitted to it. A [NO] subdivision may not be
10 filed for record until it is approved by the platting authority.

11 * Sec. 80. AS 40.15.075 is amended to read:

12 Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH AND THIRD
13 CLASS BOROUGH. The division of lands is the platting authority in
14 the area outside [ORGANIZED BOROUGH AND OUTSIDE] cities in a [THE
15 UNORGANIZED BOROUGH AND IN THE] third class borough for only the
16 purposes of hearing and acting on petitions for the change or vacation
17 of plats and shall execute this function substantially in conformity
18 with the provisions of AS 29.40.130 - 29.40.160. Costs of publication
19 and mailing authorized in AS 29.40.130 shall be paid to the division
20 by the petitioner. The Department of Natural Resources shall adopt
21 reasonable regulations governing the exercise of the authority con-
22 ferred by this section upon the division of lands.

23 * Sec. 81. AS 43.75.130(a) is amended to read:

24 (a) The commissioner of revenue shall pay

25 (1) to each unified municipality [AND TO EACH CITY LOCATED
26 IN THE UNORGANIZED BOROUGH], 50 percent of the amount of tax revenue
27 collected in the municipality from taxes levied by this chapter;

28 (2) to each city located within a borough, 25 percent of
29 the amount of tax revenue collected in the city from taxes levied by

1 this chapter; and

2 (3) to each borough

3 (A) 50 percent of the amount of tax revenue collected
4 in the area of the borough outside cities from taxes levied by
5 this chapter; and

6 (B) 25 percent of the amount of tax revenue collected
7 in cities located within the borough from taxes levied by this
8 chapter.

9 * Sec. 82. AS 44.19.155(a) is amended to read:

10 (a) There is created in the Office of the Governor the Alaska
11 Coastal Policy Council. The council consists of the following:

12 (1) nine public members appointed by the governor from a
13 list comprised of at least three names from each region, nominated by
14 the municipalities of each region; the nominees shall be the mayor or
15 member of the assembly or council of a municipality; one public member
16 shall be appointed from each of the following general regions:

17 (A) northwest Alaska, including, generally, the area
18 of the North Slope Borough and the Northwest Arctic Borough
19 [REGIONAL EDUCATIONAL ATTENDANCE AREA];

20 (B) Bering Straits, including, generally, the area of
21 the borough formed from the Bering Straits regional educational
22 attendance area;

23 (C) southwest Alaska, including, generally, the area
24 within the boroughs formed from the Lower Yukon, Lower Kuskokwim,
25 Southwest, and Lake-Peninsula regional educational attendance
26 areas and the Bristol Bay Borough;

27 (D) Kodiak-Aleutians, including the area of the Kodiak
28 Island Borough and the boroughs formed from the Aleutian, Adak,
29 and Pribilof regional educational attendance areas;

1 (E) Upper Cook Inlet, including the Municipality of
2 Anchorage and the Matanuska-Susitna Borough;

3 (F) Lower Cook Inlet, including, generally, the area
4 within the Kenai Peninsula Borough;

5 (G) Prince William Sound, including, generally, the
6 area east of the Kenai Peninsula Borough to 141° W. longitude;

7 (H) northern Southeast Alaska, including the area
8 southeast of 141° W. longitude and north of 57° N. latitude,
9 including the entirety of the City and Borough of Sitka; and

10 (I) southern Southeast Alaska, including that portion
11 of southeastern Alaska not contained within the area described in
12 (H) of this paragraph;

13 (2) each of the following:

14 (A) the director of the office of management and
15 budget;

16 (B) the commissioner of the Department of Commerce and
17 Economic Development;

18 (C) the commissioner of the Department of Community
19 and Regional Affairs;

20 (D) the commissioner of the Department of Environ-
21 mental Conservation;

22 (E) the commissioner of the Department of Fish and
23 Game;

24 (F) the commissioner of the Department of Natural
25 Resources; and

26 (G) the commissioner of the Department of Transporta-
27 tion and Public Facilities.

28 * Sec. 83. AS 44.42.055(d) is amended to read:

29 (d) In this section, "public facility"

1 (1) means a capital improvement within one of the cate-
2 gories described in (b) of this section that is constructed

3 (A) for subsequent occupancy or operation by the
4 state, a public corporation of the state, the University of
5 Alaska, or a political subdivision [, OR A REGIONAL EDUCATIONAL
6 ATTENDANCE AREA];

7 (B) by a political subdivision or any private party
8 with the assistance of financial support provided by the state if
9 funds appropriated or paid by way of a grant or loan in advance
10 of construction of the facility, or any part of it, are 50 per-
11 cent or more of the estimated costs of construction of the facil-
12 ity;

13 (2) does not include projects constructed with the proceeds
14 of one or more loans issued by a loan program administered by the
15 Department of Commerce and Economic Development.

16 * Sec. 84. AS 44.47.998 is amended to read:

17 Sec. 44.47.998. DEFINITIONS. In this chapter

18 (1) "commissioner" means the commissioner of community and
19 regional affairs;

20 (2) "community" means home rule cities and boroughs, cities
21 and boroughs of any class, and [UNORGANIZED BOROUGHES AND] villages
22 that [WHICH] are social units;

23 (3) "department" means the Department of Community and
24 Regional Affairs;

25 (4) "region" means an area larger than a community, or
26 including all or part of more than one community, but sufficiently
27 integrated that it may be treated as a unit for administration of
28 particular services.

29 * Sec. 85. AS 44.88.220(5) is amended to read:

1 (5) "governing body of a political subdivision" means, when
2 used with respect to the location of a project, the council of a city
3 if the project is to be located in a city in a third class [THE UN-
4 ORGANIZED] borough, or the assembly if the project is to be located in
5 a [AN ORGANIZED] borough other than a third class borough or a unified
6 municipality;

7 * Sec. 86. AS 46.03.900(15) is amended to read:

8 (15) "municipality" means a [AN ORGANIZED] borough or an
9 incorporated city in a third class [OUTSIDE AN ORGANIZED] borough, and
10 includes all classes of boroughs and cities whether home rule or
11 otherwise;

12 * Sec. 87. AS 46.40.210(2) is amended to read:

13 (2) "coastal resource district" means each of the following
14 that [WHICH] contains a portion of the coastal area of the state:

15 (A) unified municipalities;

16 (B) organized boroughs of any class that [WHICH]
17 exercise planning and zoning authority;

18 (C) home rule and first class cities [OF THE UNORGAN-
19 IZED BOROUGH OR] within boroughs that [WHICH] do not exercise
20 planning and zoning authority;

21 (D) second class cities [OF THE UNORGANIZED BOROUGH,
22 OR] within boroughs that [WHICH] do not exercise planning and
23 zoning authority, that [WHICH] have established a planning com-
24 mission, and that [WHICH], in the opinion of the commissioner of
25 the Department of Community and Regional Affairs, have the ca-
26 pability of preparing and implementing a comprehensive district
27 coastal management program under AS 46.40.030;

28 [(E) COASTAL RESOURCE SERVICE AREAS ESTABLISHED AND
29 ORGANIZED UNDER AS 29.03.020 and 46.40.110 - 46.40.180;]

1 * Sec. 88. The revisor of statutes shall substitute the word "borough"
2 for the phrases "organized borough" and "organized or unorganized borough"
3 in the following statutes: AS 03.35.010; AS 03.55.070; AS 04.11.400(f),
4 04.11.520; AS 05.03.070; AS 05.35.050; AS 08.60.070, 08.60.080; AS 09.35.
5 330; AS 09.55.240(a), 09.55.260; AS 10.25.570; AS 14.56.190(2); AS 15.25.
6 090; AS 15.40.130; AS 15.45.670; AS 18.72.060; AS 19.30.131(b), 19.30.
7 131(c), 19.30.241(5); AS 28.10.431(f); AS 30.15.020(a); AS 35.15.080(e);
8 AS 41.15.180(a), 41.15.180(b); AS 41.21.455(b); AS 41.98.175(d); AS 43.35.-
9 050, 43.35.130; and AS 46.03.210(a).

10 * Sec. 89. AS 14.07.030(9); AS 14.08.011, 14.08.021, 14.08.031, 14.-
11 08.041, 14.08.051, 14.08.061, 14.08.071, 14.08.081, 14.08.091, 14.08.101,
12 14.08.111, 14.08.115, 14.08.131, 14.08.151; AS 14.12.020(a), 14.12.100,
13 14.12.170; AS 14.14.065, 14.14.310(2); AS 14.17.210, 14.17.250(4); AS 14.-
14 20.555; AS 14.30.186(b), 14.30.350(7); AS 14.60.010(6), 14.60.010(10);
15 AS 16.10.380(c); AS 19.30.131(d); AS 29.03.010, 29.03.020, 29.03.030;
16 AS 29.05.021(a), 29.05.031(b); AS 29.10.200(36); AS 29.35.260; AS 29.60.-
17 100(2), 29.60.130, 29.60.140; AS 30.13.010, 30.13.020, 30.13.030, 30.13.-
18 040, 30.13.050, 30.13.055, 30.13.060, 30.13.070, 30.13.080, 30.13.090,
19 30.13.100, 30.13.110, 30.13.120, 30.13.125, 30.13.130, 30.13.140, 30.13.-
20 150, 30.13.900; AS 38.05.037(b)(1), 38.05.830; AS 39.25.110(6); AS 44.47.-
21 050(8), 44.47.050(9), 44.47.250(b)(4), 44.47.700, 44.47.710, 44.47.720,
22 44.47.730; AS 44.88.174; AS 46.40.110, 46.40.120, 46.40.130, 46.40.140,
23 46.40.150, 46.40.160, 46.40.170, and 46.40.180 are repealed.

24 * Sec. 90. This Act takes effect July 1, 1989, if a version of an Act
25 entitled "An Act converting regional educational attendance areas into
26 third class boroughs," with or without an effective date clause, is passed
27 by the legislature during the Fifteenth Alaska State Legislature and
28 enacted into law.

29

ALASKA'S URBAN AND RURAL GOVERNMENTS

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UNIVERSITY
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AMERICA



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rd meeting.

ngs, p. 2757; Committee Proposal/6a/Enrolled
s, pp. 2673-74.

is not going to be an overnight transition. This
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4 The State Establishes the Boroughs

There were few organized local governments in the Territory of Alaska. At the time of statehood, only about 40 cities and 20 special districts existed in an area of 586,400 square miles.¹ Fewer than half of the cities had populations of 1,000 or more. Anchorage and Fairbanks, the two largest cities, accounted for more than a fifth of Alaska's total population. In 1960, Anchorage and Fairbanks had populations of 44,000 and 13,000, respectively, and nearly another third of Alaskans lived in special districts and state-serviced areas around the borders of these two large cities. A local tax base was all but nonexistent except in the few populous areas, and most of the service, protection, and regulatory needs of settlements outside the larger cities were barely met by federal and territorial agencies. The political and local fact of statehood did not change these population and economic characteristics of Alaska. Thus, there was the risk that the new local government structures called for in the constitution might be created in the absence of the population and economic resources needed to support them.

Writers of the local government article provided only the most general directions for those subsequently charged with establishing the new system of boroughs and cities. Left unresolved were specifics as to how boroughs should come into being, what their territorial jurisdictions might be, whether they were to be urban or rural governments or some combination of both, how many should be created, what functions they should perform, how they would relate to cities and school organizations, and what kinds of state incentives and community supports would be needed to create and sustain them.

This chapter describes how the legislature and a handful of state administrators dealt with the problem of creating boroughs under these unpromising conditions.

The Problem of Implementation

During the first few years after statehood, neither citizens nor officials paid much attention to the problem of creating new local government institutions. The legislature had other priorities—setting up and launching a new state government—and residents of Alaska's scattered cities and villages had little knowledge of or interest in the abstractions of Article X of their new constitution. Thus, a small group of state-level administrators and their consultants were left to decipher Article X and prepare the grounds for legislation that eventually would implement the borough system outlined in the constitution.

Even as late as 1963, two years after the legislature had passed a law authorizing borough incorporations and providing broad guidelines for local action, "opposition or apathy to the incorporation of borough governments . . . was widespread."² And two former administrative officials, who were deeply involved in implementation activities at state and local levels, report:

Basic informational questions were continually being asked: "What is a borough? Why don't we have counties? Why didn't the constitution or the legislature stipulate borough boundaries? Why do we need a borough anyway?"³

The author of the 1963 act, which finally required borough incorporation in urban areas, reported the first reactions of his legislative colleagues to his efforts:

My fellow legislators were somewhat bored with my apparent interest in boroughs. One of the most intelligent, and probably my closest confidant in that session of the legislature, expressed amazement at my interest and gave me cause to wonder about it myself.⁴

After statehood, then, the course of establishing borough governments began with academic studies and apathy, but opposition and hostility toward the local institutional changes represented by boroughs were never very far from the surface.

In a report to the first state legislature in 1959, the Public Administration Service identified several issues requiring further study before the governor and legislature adopted long range policies for local government and state-local relations.⁵ These included: (1) borough powers and incorporation, (2) relationships between boroughs, school districts, and cities, (3) use of boundary change powers, (4) use of service areas, (5) use of home rule powers, and (6) state-local fiscal and administrative relations. According to the PAS report, "there has probably been more speculation and less consensus on the future of the borough . . . than on any other subject connected with local government."⁶

The PAS consultant saw two contrasting approaches to local government organization in the urban areas of the state. The borough could be established with a view toward eventual absorption of the major city within it. Alternatively, the jurisdiction of the city could be expanded through annexation of the urban areas around it. In most of urban Alaska, there appeared to be no need for more than one unit of local government. Population and economic bases were small, and duplication of governmental machinery would be wasteful. "By all odds," reported the PAS consultant, "the most direct and least complicated line of evolution for many communities would be expansion of the central city with all of its existing plant, political structure, credit and fiscal base, and political know-how." But, "if this line of reasoning is valid, what foreseeable use is there for organized boroughs . . . ?" The consultant then answered his own question: "It may be that the best solution for the problems of urban government in most areas will be to concentrate the full responsibility in a single level, the city, or the completely consolidated city-borough."⁷

Still, no one solution would fit the diverse geography, local economies, and settlement patterns of Alaska. While the extended city or consolidated city-borough might fit several urban areas, another form of borough might cover large regions consisting of scattered small settlements, or an urban center and a sparsely settled hinterland, or some other of the array of settlement patterns that could be found throughout Alaska. Clearly, the powers of boroughs, their tax bases, and their relationships to the state and to the communities within them would differ substantially under such different conditions.

One of the strengths of the borough concept—its adaptability—was also one of its weaknesses. This is because its adaptability was a function of the abstractness of the concept, which committed no one to any specific action. But its adaptability also made it potentially applicable both in compact urban areas and in extensive

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diverse geography, local economies, and extended city or consolidated city-borough m of borough might cover large regions or an urban center and a sparsely settled settlement patterns that could be found of boroughs their tax bases, and their unities within them would differ substan-

concept—its adaptability—was also one of lity was a function of the abstractness of any specific action. But its adaptability n compact urban areas and in extensive

rural and semi-rural regions. The legislature and administration were thus faced with giving substance and form to a concept that might be applied in different forms almost anywhere. They would need to discriminate carefully between borough-city forms in different regions, and they would need to provide guidance to local groups ultimately charged with putting the concept into practice. Above all, they would need to be aware of local sentiments and local conflicts, and they would need to be skillful in dealing with them.

The first state legislature in 1959 authorized home rule status for cities and established the Local Boundary Commission and Local Affairs Agency in the Office of the Governor. One of the first responsibilities of the Local Affairs Agency was to provide staff support to the boundary commission. The legislature also directed the Local Affairs Agency and the Alaska Legislative Council—a standing interim committee of both houses of the legislature—to study the problem of establishing boroughs and to make recommendations. In carrying out their charges, these state agencies tended to follow a reactive, ad hoc approach with little or no support from the governor. They concentrated on eliminating tax inequities and special districts in urban areas, and their course shifted sporadically with currents of local conflict and opposition.

Borough Legislation

At the time of statehood, cities and special districts covered all of the state's urban areas and 80 to 90 percent of the population and taxable wealth. These areas clearly had the capabilities to build and support the new local government structure outlined in the constitution. On the other hand, except for fringes of settlement outside both city and independent school district boundaries, these areas already were organized, serviced, and regulated locally. Consequently, if boroughs were to be created in these areas, they would have to come to terms with the cities, accommodate public utility and independent school districts, and confront local opposition to borough controls and taxes in outlying areas served tax-free by the state.⁸

During the first two years after Alaska became a state, the Local Boundary Commission held hearings on borough formation, focusing primarily on the populous southcentral and southeastern regions of the state. Here were concentrated the public utility and independent school districts which, by constitutional requirement, were eventually to become parts of borough or city governments.⁹

The independent school districts were carrying out the single most costly and visible local function, and they became prime target areas for the state's borough formation efforts. These were Alaska's only "areawide" public jurisdictions, and they taxed areawide for a local public service. Borough formation proponents sought to extend borough taxation beyond the boundaries of the school districts to additional residents on the urban fringe. Here, as in rural areas throughout the state, residents paid no property taxes for education or other services, such as police protection provided by the state troopers. These state services in local areas were paid for out of state general revenues, which in part came from both urban and rural areas. But urban residents, unlike rural residents, also paid local property taxes to support their own local services. This was the "tax equity" problem that would be a force for borough legislation and incorporation not only during this early period of statehood, but for the indefinite future in Alaska.

Another reason for the state's focus on areas served by independent school districts was that municipal bond underwriters were raising questions about the districts' legal and fiscal status under the new constitution. The governor in 1960 vetoed a law dealing with public utility districts on the grounds that all laws affecting special districts, including independent school districts, were "frozen" by the constitution pending the establishment of boroughs.¹⁰ Thus, the ability of the districts to sell bonds, as well as the legislature's authority to pass any laws affecting district matters, were legally clouded.

The result was that state officials defined the borough formation issue as (1) a tax equity problem—the need to apply to additional groups of citizens the principle of paying taxes for public benefits received and (2) a special district problem—the need to "integrate" the special districts into borough or city governments, as required by the constitution. A further result was that subsequent borough legislation made education the overriding function of boroughs and mandated borough incorporation in all urban areas but one with independent school districts.

Borough Act of 1961

Two years of hearings and studies provided the basis for the Borough Act of 1961.¹¹ This act required that all special service districts, including independent school districts, be integrated with organized boroughs (or cities, in the case of certain public utility districts) by July 1, 1963. Further, the act defined standards for the incorporation of organized boroughs in terms hardly more specific than those in the constitution itself.

Neither the legislature nor the administration elected to confront the special problems of local government in rural Alaska. There would be but one unorganized borough covering all parts of the state not incorporated as organized boroughs. The unorganized borough was simply a residual category after organized boroughs were incorporated.

The boundary commission would accept local petitions for borough incorporation after review by the Local Affairs Agency. The commission would then hold hearings and approve, disapprove, or change locally recommended boundaries and governmental structures and powers. Finally, it would arrange for local elections on the incorporation of the borough. The law provided two sets of options in organized boroughs: Voters could select first- or second-class status, and they could adopt an elected chairman or appointed manager form of executive. These two forms of borough executive corresponded to mayor and manager, the two basic forms of city executive.

All incorporated boroughs would perform three mandatory areawide functions—education, planning and zoning, and property tax assessment and collection. Like education and the taxation to support it, planning and zoning was considered an essential areawide power. This, at least, was a tenet of the contemporary planning literature, and it fit well with borough proponents' notions of rational, modern areawide government.

A borough could assume additional areawide powers, but this could occur only by an areawide vote or by voluntary transfer of powers from the city or cities within the borough. The borough assembly could also establish service areas within the

focus on areas served by independent school districts. Underwriters were raising questions about the new constitution. The governor in 1960 proposed special districts on the grounds that all laws affecting independent school districts, were "frozen" by the constitution of boroughs.¹⁰ Thus, the ability of the legislature's authority to pass any laws affecting

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administration elected to confront the special districts of Alaska. There would be but one unorganized category not incorporated as organized boroughs. The residual category after organized boroughs were

to accept local petitions for borough incorporation by the State Agency. The commission would then hold hearings and change locally recommended boundaries and powers. Finally, it would arrange for local elections on the law provided two sets of options in organization—first-class or second-class status, and they could adopt either mayor or manager form of executive. These two forms of city government, the two basic forms of city

to perform three mandatory areawide functions—education, property tax assessment and collection. To support it, planning and zoning was considered essential. It was a tenet of the contemporary planning that proponents' notions of rational, modern

areawide powers, but this could occur only through the transfer of powers from the city or cities within which they could also establish service areas within the

borough, levy taxes or assessments for the special services, and establish elective or appointed service area boards. In second-class boroughs, service area powers would have to be approved by a vote of the people residing in the service area.

The basic difference between the two classes of boroughs was and remains that a first-class borough can perform any non-areawide (outside city) function that a first-class city has power to perform, while a second-class borough can assume additional non-areawide powers only by a favorable vote of borough residents outside of the cities. (See Appendix B for a complete listing of borough powers.)

The most significant borough areawide power—education—would remain under the control of elected school boards, subject to limited budgetary review and approval authority of borough assemblies. Essentially, very little would change insofar as local school organization and authority were concerned; the independent school districts had been subject to similar budget approval powers of first-class cities within them before boroughs were organized.

Like the constitution writers, the legislators and administrators who wrote the 1961 act assumed that Alaskans, especially in the urban regions, would want to establish boroughs. And, like the constitution writers, the authors of the 1961 act were wrong. The boundary commission, in its hearings around the state in 1959 and 1960, had already found little support for this unknown and untried form of local government. Along with much apathy, they also found some scattered but intense local opposition in tax-free areas beyond the boundaries of independent school districts.

Only one borough was incorporated by local initiative before the 1963 deadline for the integration of special districts, but it contained no special districts itself. This was the small Bristol Bay Borough (1,200 square miles, about 1,000 people) in rural southwestern Alaska. The people in this area wanted to control the state schools serving their area, and to tax the salmon canneries located there. The Local Boundary Commission received petitions for incorporation from two other areas—from the Homer-Ninilchik area on the Kenai Peninsula and from the Ketchikan area—but the state agencies could not agree with the local interests on boundaries. In these and other cases, the state sought boroughs covering much larger areas than those proposed by local study groups—essentially groups of civic volunteers attracted to the issue—who wanted borough boundaries no more extensive than those of the independent school districts.

What the boundary commission and Local Affairs Agency encountered at the local level was this: School district officials wanted to avoid loss of autonomy, city residents saw no need for a new layer of government and taxation, and Alaskans living outside cities and school districts wanted to preserve their tax-free status while receiving school and other state services. State efforts to establish boroughs were stalemated both by opposition and inaction at the local level.

Mandatory Borough Act of 1963

The July 1963 deadline for integrating special districts into boroughs was approaching when the legislature met in January 1963, but it was likely that there would be no boroughs with which the districts could "integrate." As a result,

The 1963 legislature was . . . faced with two salient problems on the issue of organized borough government: (1) much of the public was either confused, hostile, or both, and (2) under the provisions of the Borough Act of 1963, special districts could operate under existing law only until July 1, 1963. If new legislation were not forthcoming by that time, it was assumed that the functions and property of districts not located within borough or city government would escheat to the state. To most members of the thinking public and the legislature this was intolerable. The legislature thus had only two practical options: (1) to extend the life of the special districts or (2) to require the incorporation of organized boroughs.¹²

The 1963 legislature exercised both options: it extended the life of the special districts for one year, and it passed the Mandatory Borough Act. But the legislature did this only after first disposing of a bill, written by public school interests and introduced at the request of the governor, which would have established "school boroughs"—boroughs providing public education only—in the absence of borough incorporation by local option.

In the end, the Mandatory Borough Act, the "most debated bill" in the 1963 session, had the eleventh-hour support of the governor—who did not want his administration to be too closely identified with such a controversial issue—along with the virtually unanimous support of the leaders of local borough study groups. But it passed the senate by only one vote.¹³ According to Chase and Saroff:

The Mandatory Borough Act was one of the most controversial statutes ever passed by an Alaskan legislature. It was bitterly criticized throughout the state from its introduction by Representative John L. Rader. Many critics maintained that they were not opposed to borough government, but resented what they considered state eagerness to "stuff boroughs down their throats." Others indicated their opposition to the borough per se.¹⁴

The act required incorporation of boroughs in eight areas of the state containing public utility and independent school districts as of January 1, 1964. Election district boundaries were to be used as borough boundaries, even though state legislators and administrators believed that the districts were in some cases too large and in others too small. The people in these areas, however, had the option of initiating incorporation and proposing borough boundaries in the time remaining before the deadline.

To encourage formation of large boroughs and to provide tax resources, the act permitted organized boroughs to select 10 percent of the open and unreserved state lands located within their boundaries.¹⁵ In addition, the law authorized nominal "transition grants" to the new boroughs. But these provisions did not assuage local opponents of boroughs. The problems were still the definition of borough roles and functions, their boundaries, and political conflicts surrounding them.

Four "local option" boroughs—in the Ketchikan, Sitka, Juneau, and Kodiak Island areas—were established in 1963 elections under the threat of mandatory incorporation by the state. Incorporation proposals were defeated in the Fairbanks and Anchorage areas. These two areas plus the Kenai Peninsula and Matanuska-Susitna Valley areas were then mandatorily incorporated as boroughs on January 1,

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It is one of the most controversial statutes ever enacted. It was bitterly criticized throughout the state by Representative John L. Rader. Many critics maintained that it was a step toward borough government, but resented what they called "stuffing boroughs down their throats." Others called it a "borough per se."¹⁴

Boroughs in eight areas of the state containing 10 special districts as of January 1, 1964. Election of borough boundaries, even though state legislation provided that the districts were in some cases too large and in some areas, however, had the option of initiating new boundaries in the time remaining before the

boroughs and to provide tax resources, the act provided that 10 percent of the open and unreserved state lands be set aside for boroughs. In addition, the law authorized nominal state bonds for boroughs. But these provisions did not assuage local concerns over the definition of borough roles and the conflicts surrounding them.

The Ketchikan, Sitka, Juneau, and Kodiak boroughs were elected under the threat of mandatory incorporation. Proposals were defeated in the Fairbanks area, plus the Kenai Peninsula and Matanuska-Valley incorporated as boroughs on January 1,

1964.¹⁶ In these four cases the election district boundaries generally came closer to the desires of local groups than did the more extended boundaries sought by the state agencies.¹⁷

With the exception of Juneau residents, voters in the eight newly incorporated areas chose second rather than first-class status for their new boroughs; they apparently felt that if boroughs had to be, their powers should be limited. Further, a majority of voters in all areas preferred an elected chairman (later redesignated mayor in all boroughs) to the appointed manager form of borough executive. It appears that the rejected manager form was at the time popularly associated with more activist city governments than was the chairman (mayor) form. Most voters likely preferred the traditionally passive and weak mayor for their new boroughs.¹⁸

Almost immediately after the 1963 legislative session, several efforts were begun to repeal the law: calls for a special session of the legislature, a referendum petition, and several court cases. The legislative council rejected a request to poll legislators on the question of a special session "on a straight party vote" with the Democratic majority prevailing.¹⁹ Neither they nor the Democratic administration wanted to prolong the public conflict over a measure that they had supported, if only tepidly. The petition and court cases both ultimately failed when the Alaska Supreme Court upheld a lower court ruling that the constitution required the establishment of boroughs. Finally, in the 1964 legislative session, borough opponents introduced two bills to repeal the mandatory provisions of the borough act, but they attracted no real support. The "bills were 'political,' and neither was considered serious legislation by most members. A majority of the lawmakers had no desire to further agitate the borough conflict."²⁰

State Agencies: Lack of Political Support

The legislature created the Local Affairs Agency and the Local Boundary Commission in 1959 and placed them in the Office of the Governor. They were to conduct studies and generally prepare the way for borough legislation, with the Local Affairs Agency serving as staff to the five-member boundary commission appointed by the governor. Throughout the borough formation period of 1959-1964, however, neither agency had the legal, financial, or political resources necessary to accomplish the difficult tasks thrust upon them.

The more deeply the Local Affairs Agency became involved in the borough formation controversy, the more it alienated city and school interests and the residents of unincorporated areas unencumbered by local taxes or land use controls. Boroughs had no political constituencies, and neither the governor nor the legislature was eager to alienate friends and supporters by promoting boroughs and new local taxes and regulations. The Local Affairs Agency thus lacked not only staff and funds, but more important, the political support of the governor and the legislature.²¹

The constitution gave the Local Boundary Commission broad authority to set and change boundary lines, but it did not say specifically how this authority should be executed. The Public Administration Service consultants had suggested that, before any borough legislation was passed, the commission should devote at least a year or two "to developing a basic pattern for borough boundaries and making a

thorough study of the standards and procedures applicable to the setting and alteration of city boundaries." They warned the commission, however, that such matters would involve "what are essentially political decisions of the most basic kind." The commission should thus pay close attention to "expressions of judgment and sentiment by the public officials and citizens most directly concerned."²² Then the legislature could make its own "political decisions" on these matters in an attempt to limit, but not eliminate, further argument over boundaries.

The boundary commission proceeded cautiously from the beginning. Boundary setting involved tax equity and other issues that were likely to stimulate strong local reactions. Thus, soon after its creation, the commission sought explicit authority from the state legislature to delineate the boundaries of organized and unorganized boroughs for the whole state.²³ But the legislature failed to respond at all to this request, thereby clouding commission authority for the determination of boundaries. Having made its request for a specific grant of power, and given the legislature's failure to act, the commission was effectively and permanently limited in its initiative for setting borough boundaries.²⁴

The constitution states that boroughs "shall be established . . . according to standards provided by law" and that "the standards shall include population, geography, economy, transportation, and other factors."²⁵ The Local Affairs Agency and the boundary commission did little to elaborate this statement during their first two years of study and hearings, nor did the legislature in the Borough Act of 1961. The statutory standards drafted by the Local Affairs Agency and the staff of the legislative council were very general:

- (1) The population of the area proposed for incorporation shall be interrelated and integrated as to its social, cultural, and economic activities . . .
- (2) The boundaries of the proposed organized borough shall conform generally to the natural geography of the area proposed for incorporation, [and] shall include all areas necessary and proper for the full development of integrated local government services . . .
- (3) The economy of the proposed organized borough shall encompass a trading area with the human and financial resources capable of providing an adequate level of government services . . .
- (4) The transportation facilities in the area proposed for incorporation shall be of such a unified nature as to facilitate the communication and exchange necessary for the development of integrated local government and a community of interest . . .²⁶

While the 1961 act left great discretion to the local affairs and boundary agencies, it provided them with little legislative guidance and support for the borough formation task. Consequently, an unrealistic burden was placed on state administrative agencies denied the legal base and political support that could be provided only by the legislature and the governor.

The agency and commission made a first pass at the problem of drawing boundaries for boroughs statewide. They used the broad constitutional criteria

cedures applicable to the setting and alteration of the commission, however, that such matters be of the most basic kind." The political decisions of judgment and sentiment to "expressions of judgment and sentiment of citizens most directly concerned."²² Then the political decisions "on these matters in an attempt to reach an agreement over boundaries.

ceeded cautiously from the beginning. Boundaries and other issues that were likely to stimulate strong reaction, the commission sought explicit authorization to create the boundaries of organized and unorganized boroughs. But the legislature failed to respond at all to the commission authority for the determination of boundaries for a specific grant of power, and given the limited authority the commission was effectively and permanently limited in its boundaries.²⁴

boroughs "shall be established . . . according to the standards shall include population, geography and other factors."²⁵ The Local Affairs Agency was to elaborate this statement during their first meeting with the legislature in the Borough Act of 1961. The Local Affairs Agency and the staff of the

proposed for incorporation shall be interrelated with cultural, and economic activities . . .

organized borough shall conform to the geography of the area proposed for incorporation, and be necessary and proper for the full development of services . . .

organized borough shall encompass a trading area with financial resources capable of providing an adequate . . .

the area proposed for incorporation shall be designed to facilitate the communication and exchange of information of integrated local government and a com-

retion to the local affairs and boundary issues. Legislative guidance and support for the borough was unrealistic burden was placed on state base and political support that could be provided by the governor.

a first pass at the problem of drawing boundaries used the broad constitutional criteria

relating to population, geography, economy, and transportation, without committing either the state or local interests to any permanent set of boundaries.²⁷ This initial work was to be followed by studies carried out by the state, local groups, consultants, and others in rural and urban Alaska. But the few "studies" conducted by the Local Affairs Agency for the boundary commission were performed by a small staff in selected urban areas only after enactment of the 1961 law. And rather than assuming the initiative after the law was passed, the commission only reacted—mostly negatively—to local proposals for borough boundaries.²⁸

During the borough formation period of 1959-64, the local affairs and boundary agencies were faced with divisive political issues left unresolved by the Constitutional Convention and by the state legislature and the governor. These agencies tried to assume responsibilities and make decisions beyond their political and administrative capacities. Lacking adequate political support and effective strategies for borough formation, they were left exposed and vulnerable to borough opponents.

In later years, particularly after the Local Affairs Agency was upgraded to departmental status in 1972 as the Department of Community and Regional Affairs, the agency's staffing and financing limits were eased. But DCRA, like the earlier Local Affairs Agency, continued to lack a significant political constituency. Boroughs and the larger cities looked to other state departments, such as Education, Revenue, and Administration, and to the legislature itself, for their main sources of financial support. And the Local Boundary Commission would, with some exceptions, continue to play a conservative and reactive role in regulating local incorporations, annexations, and other forms of boundary change.

The important developments in Alaska local affairs during the next decade and a half—after the boroughs were established in 1964—were occurring at the local level itself, where boroughs, cities, and school districts were resolving their differences and responding to the challenges and opportunities presented by Alaska's rapid growth and the onset of petroleum wealth.

NOTES

¹There were also about 30 federally-chartered Indian Reorganization Act villages in rural Alaska. Most of the approximately 200 Native villages were "traditional" villages without formal legal status under federal or state law. See Chapter 10 below for discussion of governments and quasi-governments in rural Alaska.

²Ronald C. Cease and Jerome R. Saroff, "The Borough," in *The Metropolitan Experiment in Alaska*, ed. by Cease and Saroff (New York: Frederick R. Praeger, 1968), p. 21.

³Ibid.

⁴John L. Rader, "Legislative History," in *Metropolitan Experiment*, p. 97.

⁵John E. Bebout, *Local Government Under the Alaska Constitution* (Chicago: Public Administration Service, 1959), p. x.

⁶Ibid., p. 44.

⁷Ibid., p. 71.

⁸See Rader, "Legislative History," pp. 87-93.

⁹Alaska Local Boundary Commission, *First Report*, to the Second Session of the

First State Legislature, February 2, 1960.

¹⁰Article XV, Section 3 of the constitution stated that "Cities, school districts, health districts, public utility districts, and other local subdivisions of government existing on the effective date of this constitution shall continue to exercise their powers and functions under *existing* laws, pending enactment of legislation to carry out the provisions of this constitution. New local subdivisions of government shall be created only in accordance with this constitution [emphasis added]." City laws were apparently exempt from the freeze applied to special districts, since cities were constitutionally recognized forms of local government. See Rader, "Legislative History," p. 89, and Alaska Legislative Council, *Report on School Support*, January 1961, pp. 67-68.

¹¹Chapter 146 *Session Laws of Alaska*, 1961. In addition to the boundary commission hearings previously noted, the Local Affairs Agency and legislative council staffs prepared a study reviewing local government history, problems and needs, the deliberations of the convention and its local government committee, and various alternatives for legislative action. See Alaska Legislative Council and Local Affairs Agency, *Final Report on Borough Government* (June 1961). Also see Cease and Saroff, "The Borough," pp. 16-20.

¹²Cease and Saroff, "The Borough," p. 22.

¹³Chapter 52, *Session Laws of Alaska*, 1963. For an account of the legislative history by the principal author of the act, see John L. Rader, "Legislative History," pp. 83-134; also see Cease and Saroff, "The Borough," pp. 20-27; and Ronald C. Cease "Areawide Local Government in The State of Alaska: The Genesis, Establishment, and Organization of Borough Government" (unpublished Ph.D. dissertation, Claremont Graduate School, 1964), pp. 36-54.

¹⁴Cease and Saroff, "The Borough," p. 32.

¹⁵The legislature extended similar land selection rights to cities in 1970.

¹⁶Since they contained no special districts except city-school districts entirely within city boundaries, the Valdez-Cordova-Copper River Valley, Petersburg, and Wrangell areas were not included in the borough legislation, and no boroughs have since been established in these areas of urban Alaska.

¹⁷Election districts are relatively compact and contiguous, and they contain "as nearly as practicable . . . relatively integrated socioeconomic area(s)." District boundaries sometimes follow local government boundaries, as well as drainage and other geographic features. See *Constitution*, Article VI, Legislative Apportionment, Section 6. Currently, there are 27 election districts in the state.

¹⁸Local chapters of the League of Women Voters, for instance, were strongly pro-borough; they also urged adoption of the manager form. Also, most of Alaska's larger, and therefore more active, city governments operated under the council-manager plan. In such cases, the mayor typically plays a secondary passive role as council chairman and ceremonial leader. Elsewhere, mayoral offices in Alaska were generally of the weak-mayor type.

¹⁹Cease and Saroff, "The Borough," p. 34.

²⁰Cease and Saroff, "The Borough," p. 34. For a full account of the repeal efforts, see Cease, "Areawide Local Government," pp. 89-116.

²¹The agency began in 1959 with one full-time employee and a budget of only \$25,000. Its high point during the period of borough formation was 1963-64, when it had a budget of \$110,000 and eight positions. The agency operated at about this

, 1960.

constitution stated that "Cities, school districts, and other local subdivisions of government this constitution shall continue to exercise their laws, pending enactment of legislation to carry out this constitution [emphasis added]." City laws were applied to special districts, since cities were of local government. See Rader, "Legislative Council, *Report on School Support*, January

1961. In addition to the boundary commission, the Local Affairs Agency and legislative council reviewed local government history, problems and needs, the local government committee, and various reports to the Alaska Legislative Council and Local Affairs Agency (*Government* (June 1961)). Also see Cease and

p. 22.

1963. For an account of the legislative history of the act, see John L. Rader, "Legislative History," *Report*, "The Borough," pp. 20-27; and Ronald C. Rader, "The State of Alaska: The Genesis, Establishment, and Development of Government" (unpublished Ph.D. dissertation, University of Alaska, Fairbanks, 1963), p. 36-54.

p. 32.

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compact and contiguous, and they contain "as nearly as possible an integrated socioeconomic area(s)." District boundaries, as well as drainage and watershed boundaries, are defined in the Constitution, Article VI, Legislative Apportionment, and the Local Government Act, which defines school district boundaries in the state.

Women Voters, for instance, were strongly in favor of the manager form. Also, most of Alaska's local governments operated under the council-manager form, which typically plays a secondary passive role as compared to the mayor-council form. Elsewhere, mayoral offices in Alaska were

34.

34. For a full account of the repeal efforts, see Rader, "The Borough," pp. 89-116.

full-time employee and a budget of only \$100,000 for the study of borough formation was 1963-64, when the agency was established. The agency operated at about this

staffing and funding level throughout the 1960s.

22 Public Administration Service, *Proposed Organization of the Executive Branch—State of Alaska* (Chicago, 1958), pp. 146-47.

23 See Local Boundary Commission, *First Report*; also, Cease, "Areawide Local Government," p. 27.

24 It is not now possible to state with certainty what an alternative course by the commission, such as seizing the initiative and carving out a set of boundaries on its own, would have achieved. There can be little doubt, however, that a clear expression of legislative purpose and support would have strengthened the commission.

25 Constitution, Article X, Section 3.

26 Alaska Statutes, Section 07.10.030, 1961.

27 See Local Boundary Commission, *First Report*, 1960.

28 The recommendations of the Local Affairs Agency to the boundary commission on the Kodiak Island Borough incorporation petition are illustrative of the approach taken: "The Local Affairs Agency recommends that the petition be accepted. The area proposed for incorporation needs a borough. It can support borough responsibilities. The Agency, however, also recommends that the Commission consider closely the suggested borough boundaries. Are the limited communities of the outlying Kodiak-Afognak Island areas part of the greater Kodiak community of interests? If they are, they should be included within the Kodiak Island Borough." The agency did not attempt to answer this question in its report. (Alaska Local Affairs Agency, "Incorporation of the Kodiak Island Borough," Juneau, July 1963, p. 10.)

5 Borough Government and Politics

The state forced the creation of borough governments in eight urban areas, but borough opponents wanted to limit their powers and functions. Except for a new set of public officers—mayors, tax assessors, planners, and assembly members—the boroughs at first appeared to consist of little more than refurbished independent school districts. Over the years, however, borough powers have expanded substantially, generally at city expense, and in most of them service areas have proliferated (see Table 3).

Rapid population growth and turnover have meant that most of Alaska's current urban residents were not even in the state (or yet born) during the borough formation conflicts. Many of these new residents brought urban service standards and expectations with them from the more developed parts of the United States. Consequently, the controversy over the existence of boroughs is little more than an unpleasant memory in most places, and newer residents are especially inclined to look to boroughs for a growing array of urban facilities and services.

In this chapter we discuss the growth and transformation of borough governments since the mid-1960s from four angles: first, we review the expansion of the powers of boroughs and changes in their structures; second, we examine patterns of conflict and accommodation between boroughs and cities, and between boroughs and school districts; third, we describe and explain some of the dynamics of borough governments by looking at their distinctive political geographies; finally, we comment on the roles played by state agencies as the local government system took shape during the past two decades.

Expansion of Borough Powers

In three urban areas—Juneau, Sitka, and Anchorage—dissatisfaction with duplicative and conflicting borough and city governments led in the early and mid-1970s to the merging of the two kinds of local governments into single urban areawide city-boroughs or “unified home-rule municipalities.” Each of these municipalities, operating under home-rule charters, possesses the full range of “legislative” powers granted in the state constitution. (See Appendix B for a complete description of the powers of unified and other municipalities.)

In six areas—Bristol Bay, Fairbanks, the Kenai Peninsula, Ketchikan, Kodiak, and the Matanuska-Susitna Valley—second-class boroughs have taken on additional areawide powers, and they have created service areas with road, fire protection, water, sewer, and other powers. Even in Haines—the only third-class borough, created in 1968 and limited to education and taxing powers—several service areas have been created, and recreation and cultural activities offered in school facilities (under the borough's education power) have become community-wide services and amenities.

The last of the eleven current boroughs was created on the 88,000 square-mile North Slope in rural Alaska in 1972. And the home-rule North Slope Borough's access to the Prudhoe Bay oil property tax base has endowed it with wealth sufficient to support a \$1 billion capital improvements program, a full employment

Table 3. Structural Characteristics of Boroughs and Unified Municipalities, 1982

Place	Class	Executive	Assembly	Area-wide Powers*	Service Areas
Municipality of Anchorage	Unified Home Rule	Strong mayor	11 members, by district	Education, Taxation, Planning and Zoning, Animal Control, Fireworks Control, Health, Environmental Protection, Library, Transit, Taxi Regulation, R-O-W Regulation, Parking	27
Bristol Bay Borough	Second Class	Manager	5 members, at large	Education, Taxation, Planning and Zoning, Harbors, Wharves, Fire, Police, Solid Waste, Telephone, Library, Health, Cemeteries	2
52 Fairbanks North Star Borough	Second Class	Strong mayor	11 members, at large	Education, Taxation, Planning and Zoning, Parks and Recreation, Animal Control, Library, Transit, Air Quality, Solid Waste, Hospital, Civil Defense, Flood Control, Day-Care Assistance, Fireworks Control, Housing Finance	56
Haines Borough	Third Class	Weak mayor	6 members, by district	Education, Taxation	4
City and Borough of Juneau	Unified Home Rule	Manager	8 members, at large/district	Education, Taxation, Planning and Zoning, Streets, Buildings, Fire, Library, Parks and Recreation	7
Kenai Peninsula Borough	Second Class	Strong mayor	16 members, by district	Education, Taxation, Planning and Zoning, Solid Waste	11

Star Borough		Strong mayor	11 members, at large	Education, Taxation, Planning and Zoning, Parks and Recreation, Animal Control, Library, Transit, Air Quality, Solid Waste, Hospital, Civil Defense, Flood Control, Day-Care Assistance, Fireworks Control, Housing Finance	56
Haines Borough	Third Class	Weak mayor	6 members, by district	Education, Taxation	4
City and Borough of Juneau	Unified Home Rule	Manager	8 members, at large/district	Education, Taxation, Planning and Zoning, Streets, Buildings, Fire, Library, Parks and Recreation	7
Kenai Peninsula Borough	Second Class	Strong mayor	16 members, by district	Education, Taxation, Planning and Zoning, Solid Waste	11

Place	Class	Executive	Assembly	Area wide Powers*	Service Areas
Ketchikan Gateway Borough	Second Class	Manager	7 members, at large	Education, Taxation, Planning and Zoning, Airport, Animal Control, Fireworks Control	2
Kodiak Island Borough	Second Class	Manager	7 members, at large	Education, Taxation, Planning and Zoning, Health, Hospital	3
Matanuska-Susitna Borough (Mat-Su)	Second Class	Manager	7 members, by district	Education, Taxation, Planning and Zoning, Library, Ports, Parks and Recreation, Ambulance, Transit	32
North Slope Borough	Home Rule	Strong mayor	7 members, at large	Education, Taxation, Planning and Zoning, Heating, Water, Library, Transit, Airport, Housing, Streets and Sidewalks, Sewer, Flood Control, Health, Solid Waste, Urban Renewal, Police	1
City and Borough of Sitka	Unified Home Rule	Mayor-Administrator	6 members, at large	Education, Taxation, Planning and Zoning, Electric, Water, Sewer, Streets, Police, Fire, Solid Waste	None

*Does not include "enterprise fund" services paid for in whole or part by user fees and charges. In specific areas these can include airports, water, sewer, electricity, harbors, hospitals, refuse collection, telephone, and others.

Sources: Department of Community and Regional Affairs, Alaska Municipal League, and borough and municipal offices.

economy based primarily on borough jobs, and a centralization of powers that unifies the half dozen communities of that vast region in practice if not in law and charter.¹

This growth in the scope and powers of borough governments seemed improbable in the early years of their existence. At that time, borough functions were limited by legislative attempts to fit uniform structures on very different areas of urban and rural settlement, by the resistance of established school organizations to absorption into the new boroughs, by the interest of cities in preserving their functional and territorial integrity, and by opposition from local property owners. The borough system established by the state was a compromise of these conflicting forces, but it did not succeed in eliminating them. Nor was the borough equipped to attract new support from the community by virtue of any distinctive services it could provide.

All boroughs (with the exception of Haines) have the three statutorily required functions of planning and zoning, tax assessment and collection, and education. Planning and zoning was one of those "services" that especially the newly incorporated residents were likely to view with hostility and alarm, and as a potential constraint on their property rights. Certainly the taxing power was not a tool that the borough could use directly to build a constituency—unless maybe it chose not to use it. Most of the taxes were collected in any case to support the local schools; but school boards, with their own electoral and state fiscal bases, continued to operate much as they always had. Probably the most satisfied "customers" of the borough were service area residents who could receive and pay for only those additional public services they specifically chose rather than accept services packaged and priced for the larger community. This remains true in most of the boroughs today, especially in the second-class boroughs, where localistic interests are strong.

As indicated, the unified home-rule boroughs now have all the powers available to Alaska local governments, and they can be exercised on either an areawide or a service area basis. The second-class boroughs, on the other hand, have acquired their powers piecemeal, either through transfers from the cities, in areawide elections, or by a combination of assembly actions and service area votes.

Cities typically have not been interested in transferring powers to the boroughs unless only minor powers were involved or the gains from spreading the tax base were fairly obvious. So although the second-class boroughs have gained powers largely at the cities' expense, city leaders do not necessarily consider these as real "losses." The city manager of Fairbanks put the issue in this perspective:

We started the borough in 1964, and there were fewer responsibilities then. It has since grown like topsy. The city lost powers, but this was because the city acquiesced—we were happy to get rid of them. We were glad the borough took over recreation, dog control, library There are areas it is trying to get into now—liquor licenses, police, fire protection. But the things happening now are happening because the people want them to happen. People outside the city are [now] satisfied with what they have—they have enough government.²

high jobs, and a centralization of powers that of that vast region in practice if not in law and

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The Fairbanks North Star Borough also has a mix of other areawide powers—hospital, transit, air quality, solid waste, civil defense, day care, fireworks control, and housing finance—in addition to those mentioned by the city manager, as well as the mandatory planning and zoning, taxation, and education powers.

With fifteen total areawide powers of varying importance, Fairbanks has the longest list of areawide powers among second-class boroughs. The others then follow: Bristol Bay (10), Matanuska-Susitna (8), Ketchikan (6), Kodiak (5), and Kenai Peninsula (4). Taken together with the rises in legal status and powers of the four unified and home-rule boroughs (including the de facto unified North Slope Borough), these increases represent substantial gains for borough governments that began as alien institutions of limited powers.

A few of the second-class boroughs have also expanded their non-areawide powers, that is, powers exercised within the boroughs but only in the areas outside city limits. Thus, Kenai Peninsula has non-areawide port and harbor powers; Kodiak Island has parks and recreation; and Mat-Su has libraries, animal control, and solid waste. Since these services are presumably available only to the non-city residents (who also pay at least part of the bill through their mill rates), these are the borough residents who have voted the non-areawide powers to the borough.

Service Areas

The greatest growth in service functions in most boroughs has occurred in service areas. Service areas have tended to proliferate in the unified boroughs of Anchorage and Juneau as well as in most of the second-class boroughs. The services most in demand through the service areas are road maintenance, fire protection, and water and sewer utilities. Other service area functions include building safety, police protection, and recreation (Anchorage); hospitals and emergency medical services (Kenai Peninsula); and flood control (Mat-Su). Between 1970 and 1982, the number of service areas in the Mat-Su Borough increased from 4 to 32; in Anchorage from 6 to 27; and in Fairbanks from 2 to 56. And in each of these places, whole batches of new service areas—with their individual governing boards, mill rates, and service packages—are about to be established.

Service area growth in one sense manifests a distinctive characteristic and promise of borough government from the beginning—the ability to tailor service packages and differential mill rates to individual communities within the larger borough or municipal jurisdictions. At their best, service areas are vehicles of decentralization, local autonomy, and representation in areawide government. On the other hand, they can also "balkanize" the borough, bringing duplication, waste, and conflict of service standards across areas. Thus, a Fairbanks North Star Borough official fears that his borough "will have about 150 [service areas] in the next 10 years if something is not done." Service areas will proliferate as "islands" with borough assemblies "gerrymandering" their boundaries to satisfy localistic whims and pressures.³ Similarly, a Kenai Peninsula Borough official points to separate and overlapping service areas, widely varying mill rates and service standards, and a grossly uneven distribution of the property tax resources on which the service areas depend.⁴

So, if service areas can deliver on the promise of borough responsiveness to local lifestyle and service demand variations, they can also thwart the equally

touted borough government promises of services integration, efficiency, and equity. This tension is bound to increase as borough populations and their service demands continue to grow in what used to be called the borough "hinterlands."

State Funding

Financially supporting all of this growth in borough areawide and service area functions are two main sources: increased local property values, which are subject to borough property taxes, and major expansions in state funding of local governments, which began after Prudhoe Bay petroleum revenues began to swell the state treasury. Excluding most oil property values, assessed property values in Alaska's boroughs rose from \$1.6 billion in 1967 to \$15.8 billion in 1981, an increase of 888 percent.⁵ With oil and gas properties included, and in the 1976-81 five-year period alone, borough property value increases in urban Alaska ranged from a low of 78 percent in Haines to 184 percent on the Kenai Peninsula, with the others falling between 110 percent (Fairbanks) and 163 percent (Juneau).⁶ With increases like these, local governments have been able to reduce property tax rates without decreasing property tax revenues. In fact, some state aids in recent years have been conditioned on local property tax reductions.

Total state funding of all Alaska local governments soared from approximately \$30 million in 1967 to \$200 million in 1976 to a phenomenal \$1 billion in 1982 at what may have been the peak of state oil revenue spending. About half this 1982 state aid was for schools. Between 1976 and 1981, just before the recent high point of state revenues and spending, state funds to boroughs in urban Alaska increased from about \$500 to about \$1,300 per capita.⁷

In the form of operating and capital grants for schools and general government, the increased state aids have done more to fuel growth in Alaska's boroughs and other local governments in recent years than any other single factor. Direct effects of high levels of state funding have included increased local dependence on state government, reductions of local property tax mill rates, and major expansions in local capital construction programs. Indirect effects of state money at the local level have also been important: increasing interest group involvement in decisions about how money will be spent, rising management pressures on local government, officials and staffs, and growing concern about future financial capacities to maintain the new facilities and support the higher service levels that state oil wealth has made possible. We will discuss in detail these and other effects of state funding in chapters 6 and 7.

Conflict and Accommodation

At least temporarily, the distribution of state oil wealth to local governments has helped ease tensions that have existed between boroughs, cities, and school districts since the boroughs were established. In all of the second-class boroughs (and in Anchorage, Juneau, and Sitka before unification) boroughs and the principal cities within them have fought for control of municipal powers, as noted earlier, with cities gradually giving way if not withdrawing from the contest. But, given the relative underdevelopment of Alaska local government, there was room in many urban areas for all three types of public organizations—boroughs, cities, and school districts—to expand activities for which substantial state funds were now available. (In public organizational matters, as in private interest group activities, when an

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growth in borough areawide and service area and local property values, which are subject to variations in state funding of local governments, revenues began to swell the state treasury. Assessed property values in Alaska's boroughs reached \$1 billion in 1981, an increase of 888 percent.⁵ In the 1976-81 five-year period alone, the Kenai Peninsula ranged from a low of 78 percent in the Kenai Peninsula, with the others falling between (Juneau).⁶ With increases like these, local property tax rates without decreasing property values in recent years have been conditioned on

local governments soared from approximately \$1 billion in 1976 to a phenomenal \$1 billion in 1982 at the time of revenue spending. About half this 1982 revenue was spent in 1981, just before the recent high point in state funds to boroughs in urban Alaska increased tax rates.⁷

grants for schools and general government, to fuel growth in Alaska's boroughs and in any other single factor. Direct effects included increased local dependence on state tax mill rates, and major expansions in the effects of state money at the local level. State group involvement in decisions about state pressures on local government, officials' future financial capacities to maintain the service levels that state oil wealth has made possible, and other effects of state funding in chapters

Accommodation

of state oil wealth to local governments and the relationship between boroughs, cities, and school districts. In all of the second-class boroughs (and unincorporated) boroughs and the principal powers of municipal powers, as noted earlier, drawing from the contest. But, given the government, there was room in many organizations—boroughs, cities, and school districts. Substantial state funds were now available. Private interest group activities, when an

economy is expanding, there is less occasion or need for interorganizational conflict.)

Outside of the local intergovernmental structure, in the community itself, state money has also helped assuage some of the remaining anti-borough sentiment that accompanied borough formation in most places. As pointed out by one borough official in Fairbanks, the "wealth factor" has changed attitudes in the borough; it has helped shift one segment of local opinion from an anti-government, anti-tax position to more of a pro-public services point of view.⁸

Boroughs and Cities

Borough-city conflicts and anti-borough sentiment have not been altogether eliminated, however. There are, of course, the inevitable tensions and rivalries—a kind of natural political "background noise"—produced when two political jurisdictions occupy the same territory. Two more specific, persisting areas of conflict in the second-class boroughs have concerned (1) use of borough service areas to block or substitute for city annexation and (2) borough control of planning and zoning decisions on lands within the cities' boundaries.

In constitutional intent, service areas were to be created and altered as needed to fill service gaps between city and borough. They could, in principle, also be eliminated after serving their purpose. In practice, there has been great incentive to maintain service areas as relatively autonomous local units within the borough areas outside city limits. Local groups have been able to establish and use service areas not only to ensure more effective and responsive service delivery, but also to defend against annexation by cities and to forestall areawide or non-areawide service programs and taxation by the borough. The protection of localism within the larger borough structures is one of the positive values of the borough concept, and service areas are an important means to that end. Yet we have also noted that, in serving local interests, unchecked service area growth can contribute to inefficiencies and inequities.

In the Kodiak Island Borough, a service area was established on the border of the City of Kodiak in 1981 after the legislature, under pressure from local interests in the proposed service area, rejected the Local Boundary Commission's recommendation to annex the area to the city. This action enabled the new service area residents to tap into city water and sewer services, forced the borough to assume oversight responsibility for those water and sewer service extensions, and protected service area residents from further regulation or taxation by the city.⁹ In the Ketchikan Borough, on the other hand, the City of Ketchikan has adopted a policy of "no services without annexation," and so far has made it stick. (The two existing service areas in the Ketchikan Borough are located some distance from the city's borders and do not represent blocks to or substitutes for annexation.)¹⁰

As a defensive weapon against city annexation, the service area has served perhaps most effectively in the Kenai Peninsula Borough. There, for example, the City of Soldotna is virtually surrounded by a fire district service area. Also, the City of Kenai was thwarted in its proposed annexation in 1978-79 of an area near its borders called Nikiski, which contains valuable oil and gas facilities. The local residents succeeded in forming separate service areas, and their control of this industrialized area permits them to enjoy low mill rates and high levels of service.

They have thus kept this extremely valuable tax base from the city with its much larger population and public service demands.

Meanwhile, the Kenai Peninsula Borough, with its limited second-class powers and low mill rates, chooses not to tap the oil and gas properties for higher levels of tax revenues that the borough might spend in the City of Kenai and all other areas of the borough. Since higher taxes would fall equally on all private property in the borough, there is built-in local resistance to mill rates that would capture greater revenues from the oil companies.

Similar borough-city differences exist in the case of planning and zoning powers. One of the borough's "exclusive" powers—powers that the cities within boroughs must give up when they are exercised by the borough—is planning and zoning. Cities, however, may retain advisory planning and zoning commissions and their own zoning adjustment boards (which may be the city councils themselves). In addition, where they have chosen to do so, cities have retained building and safety code authority.

The various forms of city-borough conflict over the planning and zoning powers are illustrated in several second-class boroughs. In the Kodiak Island Borough, the borough assembly refused to delegate planning and zoning responsibilities (beyond the adjustment powers permitted in law) to the City of Kodiak, yet did not provide the borough's planning department with staff and funds needed to administer and enforce planning and zoning in the city.¹¹ The result, according to the city manager, is "incompetent" borough zoning in the city, with violations and variances being the norm. "Anyone who wants a [zoning] variance gets it."¹²

In the Kenai Peninsula Borough, where an assembly ordinance establishes urban planning districts for the five cities, a Seward city official sees the borough administration as anti-zoning and accuses it of "gutting" the borough planning department, resulting in non-enforcement and frequent rezonings to lower standards.¹³ A top Kenai city official agrees, stating only that the "borough is not active in planning and zoning."¹⁴

In the strongly development-oriented Mat-Su Borough, an official of the long-established City of Palmer claims that, in the entire borough, only his city is "doing any serious planning." He also points out that Palmer was overruled by the borough assembly when the city attempted to set standards in an area, subject to future annexation, just beyond its borders.

Finally, a Fairbanks North Star Borough assemblyman observes that "planning and zoning is the borough whipping boy," an easy target for budget cuts. Unlike the other cases mentioned, however, this reduction in planning does not seem to bother Fairbanks or North Pole city officials. As viewed by a borough planner, the division of planning and zoning powers between the boroughs and the cities is an "awkward arrangement, but not a problem."¹⁵

We have noted that the Alaska constitution writers' response to the prospect of borough-city differences and conflict was to place city council members on the borough assembly. This structural device, they believed, would help ensure greater cooperation between the two governments. The Borough Act of 1962 implemented

valuable tax base from the city with its much demands.

Borough, with its limited second-class powers, the oil and gas properties for higher levels of spend in the City of Kenai and all other areas could fall equally on all private property in the absence to mill rates that would capture greater

exist in the case of planning and zoning "dispositive" powers—powers that the cities within are exercised by the borough—is planning and advisory planning and zoning commissions and which may be the city councils themselves). In so, cities have retained building and safety

high conflict over the planning and zoning second-class boroughs. In the Kodiak Island Borough (delegated planning and zoning responsibilities not in law) to the City of Kodiak, yet did not consent with staff and funds needed to administer the city.¹¹ The result, according to the city planning in the city, with violations and variances [zoning] variance gets it."¹²

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the constitution writers' response to the prospect of placing city council members on the ballot, they believed, would help ensure greater participation. The Borough Act of 1962 implemented

this provision by calling for assembly apportionment and a weighted voting scheme that would give city representatives, whatever their numbers on the assembly, a majority vote on all "areawide" matters wherever city residents comprised a majority of the borough population.¹⁶

This scheme led to continual struggles between city and non-city assembly members over the precise application of the weighted vote and the definition of "areawide." After an inconclusive series of such city-borough confrontations, the then-city of Juneau won favorable Alaska court rulings in the late 1960s against this apportionment and weighted voting scheme, based on U.S. Supreme Court one person-one vote rulings of that decade.¹⁷ Similar disputes occurred in most of the other boroughs. Then, in 1972, state voters approved an amendment to the constitution that eliminated the requirement for city representation on borough assemblies. It was not until 1979, however, that the last of the second-class borough assemblies—the Kenai Peninsula's and Ketchikan's—were reapportioned to eliminate direct city representation and to conform them to the one person-one vote standard.¹⁸

Boroughs and School Districts

State constitution writers and lawmakers also sought structural and procedural solutions to the long-standing conflict between general government and special district school government. In a tradition certainly not unique to Alaska, school district officials and professionals have sought and, almost everywhere, have largely won autonomous special governmental authority, including their own electoral bases and separate taxing and spending powers. This movement for school independence was partially blocked in Alaska's urban areas, however, when the independent school districts were placed under the fiscal authority of borough assemblies.

Still, we have noted that elected school boards and the school district bureaucracies they oversee retain much authority of their own and, in the period since boroughs presumably "absorbed" the old independent districts, they have even increased their control of school budgets, fiscal management, and school design and construction activities. Perhaps most important, school interests early on persuaded the state legislature to narrow the scope of the borough assemblies' budget approval authority to the local revenue share of the school budget only.¹⁹ Thus, assemblies are formally barred from line-item or even program-level review of school budgets since the local revenue share, which may be as low as ten percent, will be subsumed in much larger amounts of state and federal money.

This formal obstacle does not necessarily prevent borough assemblies, using the leverage of the local dollar contribution, from attempting to influence school board decisions, school programs, and even budget lineitems. Neither are school boards, for their part, above the tactic of demanding local ransom to save popular programs that might otherwise be jeopardized without the requested local financial support. As one borough assemblyman commented, this leaves the assembly with "no authority to say anything but yes."²⁰ It is this circumstance that leads participants on both sides to characterize the assembly-school board relationship as a "chess game" and, in the extreme, as a kind of stabilized "institutional war."²¹

Some exasperated borough officials favor severing the budgetary connection with school districts, and demand that the state assume 100 percent financial

responsibility for public education.²² Conversely, there is widespread sentiment, though not a consensus, among school board members that school districts should have total fiscal independence from boroughs and unified municipalities. In fact, as the state has financed larger shares of public school budgets for both capital and operating expenses, there has been less occasion for assembly-school board conflicts over school budgets. State money, both for general government and for schools, has in recent years kept property taxes down while school support has risen, with school boards generally receiving all they have requested in local funds. As one Fairbanks borough official stated, "When the state provides the amount of [school] support it does, there are no problems."²³

The exceptional case in 1982 was the school board president who complained of a "bitter relationship" with the borough assembly and administration. Despite high levels of state funds for the borough and the district, she commented that borough leaders were engaging in fiscal "doomsday" talk and "painting a black economic picture." Thus, disputes about funding new school facilities and meeting a current deficit in state funding were especially heated ones in her community. Elsewhere, while the typical observation is that state dollars have tended to smooth assembly-school board relationships, there is also growing apprehension about the uncertain future of state funding as Prudhoe Bay oil revenues peak and decline.

Public education represents the largest single budget category in all boroughs and unified municipalities. In second-class boroughs where education is the primary borough function (and other areawide powers tend to be few), there is greater assembly-school board competition in a restricted arena of decisionmaking centering on education. Where borough or municipal powers and expenditures cover a broader range, the competition may be less direct and intense. Thus, Anchorage, a unified municipality with a population several times larger than any other urban area in Alaska (approximately 200,000 in 1982), is in a class by itself. The Anchorage assembly and school board tend to specialize within more highly differentiated institutions of local government. Relationships between them tend as a result to be more distant, formal, and "organizationally correct" than are relationships between their counterparts in the smaller second-class boroughs.

Urban and Regional Boroughs

We have referred several times above to differences between unified municipalities, or combined city-boroughs, and second-class boroughs. Here, in an effort to explain further how, why, and in what directions local government is changing in urban Alaska, we will focus more directly on these two classes of local government as distinct institutional forms, differentiating between their "urban" and "regional" political geographies. Our general propositions are as follows:

1. Boroughs centered on dominant urban cores are likely to contain relatively compact and homogeneous populations with similar preferences for public services and similar orientations toward local government. These places, therefore, are likely to merge the boroughs and cities into unified municipalities or city-boroughs, or otherwise to integrate the activities of these two governments in various practical ways.
2. In contrast, boroughs that cover extensive regions with dispersed settlements

Conversely, there is widespread sentiment among school board members that school districts should be unified into boroughs and unified municipalities. In fact, as of public school budgets for both capital and operating expenses for assembly-school board conflicts have increased for general government and for schools, has increased while school support has risen, with many school boards having requested in local funds. As one study of the state provides the amount of [school] expenditures.

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the largest single budget category in all boroughs is education (where education is the primary power tend to be few), there is greater concentration of decisionmaking centering on municipal powers and expenditures cover a broad and intense. Thus, Anchorage, a borough several times larger than any other urban area in Alaska, is in a class by itself. The Anchorage borough specializes within more highly differentiated relationships between them tend as a result to be "more correct" than are relationships between second-class boroughs.

Urban Boroughs

to differences between unified municipal and second-class boroughs. Here, in an effort to correct local government is changing in direction on these two classes of local government and the relationship between their "urban" and "regional" functions are as follows:

Urban cores are likely to contain relatively homogeneous populations with similar preferences for public services toward local government. These places, boroughs and cities into unified municipalities to integrate the activities of these two

diverse regions with dispersed settlements

are likely to contain more diverse population groups with different service preferences and orientations toward government. These places are more likely to retain "separated" city and borough structures, and there is likely to be a greater degree of conflict or tension among them.

If these propositions are correct, then the identities of unified and second-class boroughs should be generally consistent with the foregoing descriptions of "urban" and "regional" boroughs. Table 4 lists the nine boroughs in urban Alaska (excluding the rural boroughs of North Slope and Bristol Bay) in ascending order of size of their areas. Also listed are the number of cities in each borough and some indicators of population concentration and settlement patterns.

The table shows that the unified boroughs of Anchorage, Juneau, and Sitka are generally smaller in area, with somewhat more concentrated populations than most of the second-class boroughs. In the Anchorage area, before unification, the population tended to be concentrated in and around the City of Anchorage, with a small number of people residing in three outlying incorporated areas. In the Juneau area, the City of Juneau was dominant, although there was substantial growth in new suburbs north of town and an intensely independent City of Douglas just across the Gastineau Channel. In the Sitka area, the population was highly concentrated in and around the City of Sitka.

The second-class boroughs of Kodiak Island, Fairbanks, Kenai Peninsula, and Matanuska-Susitna are larger in area, with generally more dispersed populations in and outside of incorporated cities. On Kodiak Island, although the City of Kodiak is clearly the population center, the five other incorporated cities are, in fact, widely dispersed Native villages with socioeconomic and cultural characteristics that clearly contrast with those of the island's dominant city. The Fairbanks borough, despite its size, appears to be something of an anomaly in this context since most of its population is concentrated in and around the City of Fairbanks. The second- and third-class boroughs of Ketchikan and Haines appear most inconsistent with our propositions. Both are relatively small in area with populations heavily concentrated in their urban core cities. Thus, local factors other than demography and settlement patterns, which we have used to establish our urban-regional typology, are probably more important explanatory factors in these places, as we will discuss further below.

Unified City-Boroughs

The state legislature in 1967 authorized boroughs and the cities within them to "unite to form a single unit of home rule local government."²⁴ Since then, the voters have approved unification in Juneau, Sitka, and Anchorage. As required by law, the unification measures won by concurrent majorities in both city and non-city areas of the boroughs. In Juneau, however, it required two tries—in 1969 and 1970—before the unification charter was adopted, and in Anchorage, it took three—in 1970, 1971, and 1975. In Sitka, the unification proposal was adopted its first time around, in 1971.

The strongest opponents of unification in both the Juneau and Anchorage cases were residents outside the dominant cities. Especially opposed were those in smaller established or growing communities who feared absorption into and control by their big-sister cities. In Juneau, the then-City of Douglas was a resolute opponent of

Table 4. Population Characteristics of Boroughs, 1981

Borough or Unified Municipality	Area (sq. miles)	Population	Number of Cities*	Percent Pop. in Major City*	Percent Pop. in Other Cities*	Percent Pop. Outside Cities*
Ketchikan	1,250	11,400	2	63%	.3%	37%
Anchorage	1,880	181,000	4	37	.1	63
Haines	2,600	1,700	1	59	—	41
Juneau	3,100	21,000	2	45	9	46
Sitka	4,480	7,900	2	55	.6	44
Kodiak Island	5,400	9,900	6	62	10	28
Fairbanks	7,500	51,700	2	50	2	48
Kenai Peninsula	14,700	26,500	6	17	28	55
Mat-Su	20,500	19,100	3	12	13	75

*Before unification in Anchorage, Juneau, and Sitka.

Source: Alaska Department of Community and Regional Affairs.

City/Borough	Population	City	Borough	Unincorporated	Total
Kenai Peninsula	7,500	2	50	2	28
Mat-Su	14,700	6	17	28	48
	20,500	3	12	13	55
					75

* Before unification in Anchorage, Juneau, and Sitka.

Source: Alaska Department of Community and Regional Affairs.

unification, and the Douglas community harbors significant anti-Juneau sentiment to this day. In Anchorage, the principal source of anti-unification and anti-Anchorage sentiment was the Eagle River-Chugiak area, a rapidly growing bedroom community several miles northeast of the old City of Anchorage.

Douglas residents voted two to one against unification of the Juneau area in both 1969 and 1970, but because Douglas was an incorporated municipality, votes from that community were combined with Juneau's in a single tally of "city" votes and thus were easily cancelled out. Residents of the unincorporated communities of Eagle River and Chugiak voted nearly three to one against unification in the Anchorage area; however, in 1975, unlike in the elections of 1970 and 1971, the other non-city votes for unification were sufficient to cancel the negative Eagle River-Chugiak votes, carrying the election for unification.

In the Sitka area, only the very small (90 residents) Tlingit Indian village of Port Alexander at the southern end of the borough sought to maintain its separation from the then-City of Sitka.²⁵ Otherwise, both city and non-city votes were decisively for unification when the charter of the City and Borough of Sitka was adopted in 1971. With its compact settlement pattern and relatively stable and homogeneous population, Sitka stands out as one of the most coherent and integrated communities in urban Alaska.

In each of these cases, the dominant cities were the strongest proponents of unification; smaller incorporated or unincorporated settlements were most strongly against, and rural areas of these boroughs were split variously in both directions. Most voters in the core cities apparently believed that, given their electoral advantage, they had little or nothing to lose from unification, could put an end to borough-city conflict and duplication, and perhaps gain some efficiencies. The fears of many small community and rural residents were, typically, that they would lose their identities, fall under city control, and be forced to pay higher taxes—in the worst case, for services that city people, and not they, would get.²⁶ These continue to be the sentiments of many non-city residents of both regional and urban boroughs whenever the question of unification arises.

In Juneau and Anchorage, these fears were at least partially allayed through provision of service areas with their own service levels and mill rates and election of assembly members from separate districts within the borough-city area.²⁷ Sitka is the exception among all boroughs or city-boroughs in these respects. Having little use or desire for service areas in the first place, the residents of that community eliminated the one service area it had when they adopted their unified city-borough charter. Also, Sitka assembly members are elected at large.

In Sitka, then, legal unification of the old city and borough in effect ratified the relative unity previously existing in the community itself. This was not so in Juneau and Anchorage. The citizens of Douglas, in reaction to unification, tried unsuccessfully to nullify the election in the courts; they lost their legal autonomy and came under the electoral control of majorities in Juneau and elsewhere in the new city-borough. Similarly, residents of the Eagle River-Chugiak area in Anchorage were thwarted in their 1975 attempt to separate from the municipality and incorporate as a separate borough; they were legally absorbed into the new metropolitan area municipality. But in neither case did these smaller communities entirely lose

their separate identities within the encompassing jurisdictions. In addition to the service areas and assembly election districts noted above, Douglas has an advisory committee to the city-borough, and Anchorage has a fledgling community council (neighborhood association) system throughout the municipality, including Eagle River-Chugiak.²⁸

Second-Class Boroughs

The values of decentralization and localism are still very much alive in unified city-boroughs, despite their formally unified and centralized government structures. In second-class boroughs, these values not only live but thrive. At the top of the list of "localistic" or decentralized boroughs are Kenai Peninsula and Matanuska-Susitna, each being a large, regional-type borough with many small incorporated and unincorporated communities scattered widely over their extensive areas. Then comes Kodiak Island. Its core city population is separated by long, roadless distances from five Native villages, and city government is sometimes at odds with urban fringe residents just beyond city boundaries. The Fairbanks area, which looks a little more "urban," follows next. The independent-minded city of North Pole resists Fairbanks' domination of the borough, and the unincorporated communities of Salcha, Two Rivers, Fox, Esther, and Badger Road also have developed separate identities within this loosely-knit borough. At the bottom of the list is Ketchikan, a place that clearly qualifies as an "urban" borough (see Table 4), and where one might expect to find, but presently does not, movement toward formal unification.²⁹

The Kenai Peninsula and Mat-Su boroughs have institutionalized the diversity, localism, and conflict prevalent in their areas. Each has a mix of cities (six on the peninsula, three in Mat-Su) and unincorporated settlements (about a dozen apiece). Having limited borough-wide powers, both rely heavily on service areas (eleven on the peninsula; thirty-two in Mat-Su). Mat-Su, in addition, has advisory community councils that represent four unincorporated communities at the borough level. Both boroughs elect their assemblies from districts: on the peninsula, sixteen members (the largest assembly or council in Alaska local government) are elected from four districts; and in Mat-Su, seven members are elected, one each from seven districts. Both places have also experienced serious efforts by dissident local area groups to secede from the borough.

On the western side of the Kenai Peninsula, the residents of the North Kenai-Nikiski area proposed in 1973 to secede from the Kenai Peninsula Borough and to incorporate their own Nikiski Borough. This new borough would have encompassed the oil and gas facilities that have provided the Kenai Peninsula Borough with half or more of its local tax revenues. The Local Boundary Commission rejected the North Kenai petition, as not in accord with borough standards. In 1982, leaders in this same area, now organized as a service area within the borough, were considering incorporation as a city, which would give them their own taxing and spending powers.

On the eastern side of the peninsula, City of Seward leaders in 1982 were proposing secession from the borough and incorporation of a new separate borough. The proposed borough, covering the northeastern quarter of the peninsula, would include Seward and the unincorporated communities of Cooper Landing, Moose Pass, and Hope. These places accounted for about 10 percent of the population of the Kenai Peninsula Borough in 1982. According to Seward city officials active in

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the secession movement, the Kenai Peninsula Borough is too big, and is dominated
by North Kenai interests; they claim that borough officials neglect Seward and the
eastern side of the peninsula and discriminate against the area in allocating public
revenues.³⁰

The thirty residents of Lake Louise, tucked away in the eastern corner of the
Matanuska-Susitna Borough and separated from most of the rest of the borough by
the Talkeetna Mountains, were also pressing toward secession from their borough in
1982. They claim that they receive too little in return for their property taxes and
that they are too remote from the rest of the borough and too few to attract any
attention. What makes this case of more than local interest is that Lake Louise
residents also believe that they could save costs of public education by affiliating
with the Regional Education Attendance Area (REAA) serving the unincorporated
region just east of the borough border, where education is financed wholly by the
state.³¹

Added to Kodiak Island Borough's division between urban white and rural
Native lifestyles is a further division between permanent residents and a seasonal
wave of cannery workers and fishermen. The island's U.S. Coast Guard station,
recently annexed to the city, constitutes another distinct social and geographic
enclave within this borough. Finally, residents just beyond the city's borders success-
fully defended their separate status against a recent proposal to annex to the city.
So, despite the concentration of population in and around the City of Kodiak (more
than half of the island's residents are within the city's boundaries), the borough's
second-class status seems consistent with the present realities of the island's social,
political, and geographic divisions. We have already described how second-class
status helps protect local and separatist interests by limiting the borough's areawide
powers, channeling operations through service areas, and requiring concurrent local
majorities to approve any significant changes in borough status or powers.

The population of the City of Fairbanks makes up barely half that of the entire
Fairbanks North Star Borough, and a city official observes that the city would "lose
clout" with unification. Some Fairbanks borough leaders suggest, however, that the
greatest resistance to unification, or even to borough activism, comes from the
borough's rural residents and that there is a deep split, particularly between them
and a growing suburban population that wants more public services. According to
the mayor of the City of Fairbanks, "The greatest fear is the loss of rural
identity."³² And an official of the City of North Pole (1981 population 928),
perhaps mindful of her community's autonomy within the Fairbanks Borough's
second-class structure, observed simply that "The borough system works."³³

Voters in the Fairbanks North Star Borough defeated a unification charter in
1973 and a proposal to establish a unification charter commission in 1978. More
recently, in 1981, a group of borough residents proposed that the borough declassify
itself to third-class status; they advanced the question to the ballot, but won support
from only about one-third of borough voters. In the late 1970s, residents of the
Salcha area southeast of Fairbanks proposed to secede from the borough. This
borough had more service areas (56) in 1982 than any other, with at least thirty
more "waiting to be established."³⁴ In general, the Fairbanks North Star Borough
exhibits an unusual degree of social and political fragmentation for an area with a
relatively strong central urban core.

Of all the second-class boroughs, it is most difficult to identify underlying correlates of localism and borough-city separatism in Ketchikan. There are, typically, the borough residents "up the road," beyond the city's limits, who want little to do with city taxation and regulation. And there is the small Indian village of Saxman (1981 population 276), southeast of Ketchikan city, whose leaders have a strong sense of that village's independent identity and who seek to reinforce its legal-political autonomy as a Native village government. But nearly two-thirds of the borough's population resides in the City of Ketchikan, and most of the remainder, near the city's borders, have growing tastes for city services. Yet, in the late 1970s, Ketchikan voters rejected a proposition to establish a unification charter commission, and the question of unification has never come to a vote in the borough.

Part of an explanation of Ketchikan's deviance from the "urban" model may be that it has been one of the slowest growing boroughs, experiencing relatively few significant changes in local governmental needs or demands over the past decade. Further, the merger of city and borough staffs in legal, fiscal management, and planning offices may have helped defuse what little movement there was toward formal unification of the two governments. Finally, these steps toward de facto unification at the staff level, which might ultimately have spread to city-borough mergers in other management areas, ended as merger advocates left office in both governments. This turnover of officials included a major shake-up of the borough assembly when a 1979 reapportionment ousted the majority of assembly members who had held city council and assembly seats concurrently. In the next election, all eleven assembly seats were filled by outside-city residents, both reflecting and reinforcing the borough and city tendencies to go their separate ways. Significant change is not likely soon in Ketchikan's two-level structure. According to one borough official, "the people are getting what they want" out of the separate borough and city governments—in part because they are separate governments.³⁵

Haines: The Third-Class Borough

Probably because of its small size and relative isolation, the Haines area, at the top of the southeastern panhandle, for several years avoided constitutional and statutory mandates for creation of borough government in areas containing independent school districts. But, by 1968, the extralegal existence of the Haines independent school district could no longer be ignored, and the legislature amended the borough act to authorize third-class "school boroughs"—a goal long sought by public education interests—specifically to legalize Haines' special district government. Thus, the third-class borough could have an assembly that would also be a school board, and its areawide powers were limited to education and taxation.

Haines is the smallest of the boroughs in urban Alaska, with only 1,700 residents in 1981, 1,000 of whom lived in the City of Haines. Although this small town area is served by two layers of local government, city and borough, there is no apparent local interest in merger or unification. The city meets urban service needs and the borough provides educational programs with heavy financial support from the state. Further, people in the non-city area can and do use service areas (in 1982, there were four fire districts) which provide only the specific services authorized in service area elections. According to the borough mayor, "We are the most flexible form of government, a form that is under complete control by its citizens."³⁶

Further reinforcing local preference for their third-class status, the citizens of

ths, it is most difficult to identify underlying city separatism in Ketchikan. There are, typically, "road," beyond the city's limits, who want little attention. And there is the small Indian village of Ketchikan, whose leaders have a distinct identity and who seek to reinforce their village government. But nearly two-thirds of the population of Ketchikan, and most of the remainder, are in favor of city services. Yet, in the late 1970s, the voters failed to establish a unification charter commission, and as never come to a vote in the borough.

Ketchikan's deviance from the "urban" model of the best growing boroughs, experiencing relatively few special needs or demands over the past decade, has been reflected in legal, fiscal management, and in refusing what little movement there was toward unification. Finally, these steps toward de facto unification might ultimately have spread to city-borough unification as merger advocates left office in both boroughs. This included a major shake-up of the borough government that ousted the majority of assembly members and elected seats concurrently. In the next election, all seats were held by outside-city residents, both reflecting and reinforcing tendencies to go their separate ways. Significant changes in the borough's two-level structure. According to one observer, "the borough is doing what they want" out of the separate boroughs because they are separate governments.³⁵

And relative isolation, the Haines area, at the end of several years avoided constitutional and borough government in areas containing independent boroughs, the extralegal existence of the Haines area can be ignored, and the legislature amended the constitution to "school boroughs"—a goal long sought by the legislature to legalize Haines' special district government. The legislature would have an assembly that would also be a borough assembly limited to education and taxation.

Although in urban Alaska, with only 1,700 residents, the City of Haines. Although this small town government, city and borough, there is no distinction. The city meets urban service needs through programs with heavy financial support from the state. The area can and do use service areas (in 1982, the state) for only the specific services authorized in the borough charter. Borough mayor, "We are the most flexible government with complete control by its citizens."³⁶

For their third-class status, the citizens of

the Haines area have leveraged their power of public education to provide "educationally related" community facilities: library, museum, tennis courts, cultural facilities, and a swimming pool. Also, the state covers most of the capital and operating costs for these "educational facilities" under its generous public education grant programs. So, despite the position of the state Department of Community and Regional Affairs that the third-class borough form is "outmoded" because it lacks sufficient areawide powers,³⁷ the people of Haines seem satisfied with their structure, and many might even agree with their mayor's expansive claim that it "is one of the best forms of local government yet devised."³⁸

State Policies: Passive-Reactive

After their struggles with local groups during the borough formation period of the early and mid-1960s, state officials concerned with local affairs largely withdrew from the local government arena in urban Alaska. Some noteworthy legislation was passed in the late 1960s and early 1970s—authorizing unification (1967), establishing a state-local revenue sharing program (1970), and creating the Department of Community and Regional Affairs (1972)—but consequent changes in Alaska's local government structure were either marginal or more the result of local than of state initiatives. State administrative and legislative officials thus tended to respond and react to local developments, as a flexible borough-city system evolved into the various shapes described in the foregoing sections of this chapter.

In the 1970s, the Department of Community and Regional Affairs (DCRA) increasingly turned its attention to rural Alaska—to its service needs and its fragmented and undeveloped local government institutions, and to the unfinished constitutional task (as many saw it) of "organizing the unorganized borough." In this endeavor, DCRA officials were consistently thwarted by local political forces who opposed state intervention in local government organization matters, much as their predecessors in the Local Affairs Agency had met strong local resistance in the early days of borough formation in urban Alaska. The department, by 1982, operated with a budget of \$100 million and had 200 employees—numbers many times larger than the Local Affairs Agency ever saw or contemplated—but DCRA had not yet solved, by the 1980s, the old problems of building a strong local government constituency or of securing reliable political support from the governor and the legislature.

The Local Boundary Commission, consistent with its own borough formation experience, has adopted a conservative course in carrying out its responsibilities to oversee local government boundary changes—incorporations, annexations, and detachments or "secessions." As one member of the commission observed, "We're a reactive agency . . . We usually decide on a case-by-case basis."³⁹ The commission responds to local problems and initiatives and, in doing so in urban areas, it generally acts as a conservator of the existing system of borough government. In particular, the commission tends to look very critically at proposed detachments or secessions from boroughs (or from Regional Education Attendance Areas in rural Alaska), taking care that local public service requirements and financial capacities are fully accounted for.⁴⁰ The commission has yet to recommend favorably on any proposed detachment of an area from an organized borough. Most of its business concerns relatively minor annexations. More than DCRA, the commission is subject to local political pressures and to direction from the legislature, which can veto any of its

decisions and has done so in several controversial annexation cases.

We earlier described at length the decentralizing, localistic forces within Alaska's boroughs. These forces have, in struggle with certain centralizing forces also within the boroughs and often centered in core cities, largely determined the present statuses of urban local governments and the distribution of local power. Similar decentralizing, localistic forces exist at the state government level, and they operate primarily through the legislature, which is essentially a statewide aggregate of local interests. As such, the legislature undoubtedly helps to keep in check the centralizing tendencies inherent in state agencies like DCRA and, to a lesser extent, the boundary commission, which is itself constituted in part to represent local or regional interests. Thus, after the borough system was established by the legislature with the Mandatory Borough Act of 1963, neither DCRA nor the commission had the mandate or resources to play other than relatively passive and reactive roles in the intergovernmental system.

The strongest force in local government is state money: it expands services, builds facilities, lowers mill rates, raises expectations, and creates competition among local agencies and interest groups. When the level of state aid to local governments rises steeply, as it did in Alaska at the beginning of the 1980s, state money forces local communities to make adjustments in the ways they do business. Just as likely to force change as big increases in state money are big reductions, and that prospect caused apprehension among local officials when state petroleum revenues began to slack off in 1982-83. Thus, the future of Alaska's local (and state) governments was, in some critical respects, as closely tied to the world price of oil as was the future of the OPEC nations.

NOTES

¹Chapter 9 discusses the North Slope Borough in detail.

²Personal interview, city manager, Fairbanks, July 30, 1982.

³Personal interview, borough staff official, Fairbanks, July 9, 1982.

⁴Personal interview, borough staff official, Soldotna, July 21, 1982.

⁵State of Alaska, Department of Community and Regional Affairs, *Alaska Taxable*, 1967, 1981. Including state-assessed oil and gas properties in the North Slope and other boroughs, the total assessed property value in all eleven boroughs in 1981 was \$23.3 billion, for an increase of 1,356 percent over 1967.

⁶Ibid.

⁷See Chapter 6 for a detailed discussion of state financing of local government in Alaska.

⁸Personal interview, borough staff official, Fairbanks, July 7, 1982.

⁹Personal interview, borough official, Kodiak, June 29, 1982.

¹⁰Personal interview, city official, Ketchikan, July 17, 1982.

¹¹Personal interview, borough staff official, Kodiak, June 30, 1982.

¹²Personal interview, Kodiak, June 30, 1982.

¹³Personal interview, Seward, July 26, 1982.

¹⁴Personal interview, Kenai, July 21, 1982.

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July 17, 1982.

Chugiak, June 30, 1982.

¹⁵Personal interviews, borough and city officials, Fairbanks and North Pole, July and August 1982.

¹⁶*Session Laws of Alaska*, Chapter 110, 1962. Also see Ronald C. Cease and Jerome R. Saroff, "The Borough," in *The Metropolitan Experiment in Alaska*, ed. by Cease and Saroff (New York: Praeger, 1968), pp. 45-46.

¹⁷*City of Juneau vs. Greater Juneau Borough*, Superior Court, Juneau, No. 65-317 (1968). Also see Joseph R. Henri, "The Juneau Experience," in *Metropolitan Experiment*, pp. 286-91.

¹⁸The Alaska Department of Community and Regional Affairs finally stepped in to reapportion the Kenai Peninsula assembly after efforts at the local level had failed. It is still possible for city council members also to run for and hold seats on the borough assemblies, and vice-versa. They do this, however, through separate, legally independent elections. In 1982, two members of the Fairbanks city council also sat as members of the borough assembly. Further, a representative from the city of North Pole also sat as a non-voting participant in Fairbanks-North Star Borough assembly meetings.

¹⁹See Donald M. Dafoe, "Education and the Borough: Autonomy," in *The Metropolitan Experiment in Alaska*, ed. by Ronald C. Cease and Jerome R. Saroff (New York: Praeger, 1968), pp. 230-234.

²⁰Personal interview, borough assemblyman, Fairbanks, August 4, 1982.

²¹The general references to local attitudes and reactions are based on numerous interviews with borough and school district officials between May and August 1982. Specific citations are noted where appropriate.

²²Personal interviews, borough officials, Juneau, May 26 and June 14, 1982. This position is shared by many others in urban Alaska, but a consensus has not yet formed on this issue.

²³Personal interview, borough official, Fairbanks, July 7, 1982.

²⁴*Alaska Statutes*, Section 29.68.240.

²⁵In 1974, the Port Alexander villagers regained their separate status when the Local Boundary Commission approved their separation from the Sitka City-Borough and their incorporation as an independent second-class city.

²⁶See illustrative newspaper articles and editorials in *Southeast Alaska Empire*, February 17, 18, 1970; and *Anchorage Daily News* and *Anchorage Daily Times*, September 8, 10, 1975. Also, for detailed background on the Anchorage case, see Paul H. Wangness, *A History of the Unification of the City of Anchorage and the Greater Anchorage Borough* (Anchorage: Urban Observatory, November 1977).

²⁷In Juneau, assembly members are elected in an areawide vote, but they are nominated from and reside in three districts—downtown Juneau, Douglas, and the Mendenhall Valley area north of town.

²⁸In 1982, voters in Eagle River-Chugiak rejected a proposal to extend municipal building codes to their area, as did the residents of Girdwood, a small recreational community in the southeast portion of the Anchorage municipality.

²⁹Although legally a second-class borough, Bristol Bay is neither "urban" nor "regional" in our terms and is not included in the present analysis.

³⁰Personal interviews, City of Seward officials, July 26, 1982.

³¹*Anchorage Daily News*, May 2, 1982; *Anchorage Times*, September 20, 1982. Also see Chapter 10, for discussion of REAAs in rural Alaska.

- 32 Personal interview, Fairbanks, July 9, 1982.
- 33 Personal interview, North Pole, August 6, 1982.
- 34 Personal interview, borough official, Fairbanks, July 30, 1982.
- 35 Personal interview, Ketchikan, June 13, 1982. This discussion of Ketchikan based primarily on personal interviews with state and local government officials conducted in May and June 1982.
- 36 Letter from R.E. Henderson, mayor, Haines Borough, to Palmer McCarter, Alaska Department of Community and Regional Affairs, March 23, 1981.
- 37 Alaska Department of Community and Regional Affairs, "Position Paper on the Third-Class Borough Form of Government," February 25, 1981.
- 38 Letter from Henderson to McCarter, March 27, 1981.
- 39 Personal interview, Fairbanks, August 20, 1982.
- 40 See *Alaska Administrative Code*, Title 19, Chapter 10.225-240 for standards applied to proposed detachments from organized boroughs.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

⑦
SSHB 1

REQUEST: _____

Bill Version : SSHB 1

Publish Date : _____

Revision Date: _____
Title: An Act relating to school districts

Agency Affected: Attached

BRU: Attached

Sponsor: Representative Larson
Requestor: House C&RA

Components: Attached

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						\$3,148.0
MISCELLANEOUS						
TOTAL OPERATING						3,148.0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						3,148.0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

MW

Prepared by: Mike Worley, State Assessor

Phone: 465-4750

Division: Municipal & Regional Assistance

Date: 3/27/87

Approved by Commissioner: *David G. Hoffman*

Date: 3-27-87

Agency: Community & Regional Affairs

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

ATTACHMENT TO SS HB 1

Explanation of Fiscal Note:

Four of the Regional Education Attendance Areas (REAA's) impacted by the bill have AS 43.56 (oil and gas) property located within their boundaries. The State currently collects approximately \$75,500,000 in revenues from that property. We estimate those four REAA's would levy four mills for education funding and one mill for operating purposes. A five mill municipal levy would result in a shortfall to the State's general fund of about \$18,875,000. With the four REAA's contributing approximately \$15,727,000 toward education (four mill levy against all taxable property), the Department of Education would see a decrease of that amount in its budget. The result would be a net revenue reduction to the State of \$3,148,000.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

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REPLY TO:

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March 26, 1987

MAR 26 1987

Honorable Heinrich Springer, Chair
House Community & Regional
Affairs Committee
P.O. Box V
Juneau, AK 99811

Re: Position paper SSHB 1

Dear Representative Springer:

As requested in your memorandum of March 23, 1987, I have reviewed SSBH 1, relating to the conversion of regional educational attendance areas (REAA's) into third class boroughs. In your request you specifically asked this office to address the following: (1) the process proposed for the bill's enactment and the powers of third class boroughs; and (2) potential litigation which may arise if this bill is passed. These issues will be discussed in the sectional analysis of the bill herein.

Section 1. Third Class Boroughs Created. (a) This subsection forms mandatory boroughs by converting existing REAA's into third class boroughs. We believe that a challenge to the constitutionality of the legislature establishing mandatory boroughs as proposed under this bill would be upheld by the court as being a valid legislative Act. A similar Act, known as the Mandatory Borough Act, ch. 52, SLA 1963, was upheld by the Alaska Supreme Court in Walters v. Cease, 388 P.2d 263 (Alaska 1964). However, the existence of a prior holding certainly would not prevent litigation of the constitutionality of this present bill. In fact, we would expect legal challenges to this bill from numerous communities presently attempting to dissolve their incorporated status under AS 29.06.450 -- 29.06.530. Also some of these communities are not even attempting to dissolve according to law, but are merely having the city council members resign enmass and are declaring themselves unincorporated. The apparent intent of many of these communities is a strong desire to be independent from incorporated status and look to their village councils or Indian Reorganizational Act (IRA) councils as the pseudo local government. Furthermore, last year, several communities became one-village districts in order to be able to handle their affairs independent from organized local government controls.

Hon. Heinrich Springer, Chair
House Community & Regional Affairs Committee
Re: Position paper re SSHB 1

March 26, 1987
Page #2

It should also be noted that under AS 29.06.470(a)(1) a third class borough may petition to dissolve. An interesting question arises if, after an REAA becomes a third class borough, the borough is dissolved under AS 29.06.470, will the REAA be resurrected in order to carry on the educational functions in the unorganized borough?

As to the powers of third class boroughs, their only power under present law is the education function.

In regards to subsections (b), (c) and (d), we have no comments to offer at this time.

Section 2. Transition. We have no comments as to potential litigation on this section. It is clearly written as to succession of contracts, obligations, assets, etc. Our main comment is that during the transition period, all contractors of the REAA should be advised of their rights before conversion in the event of breach of contract and the liabilities which will succeed to the borough.

Section 3. We have no comments to offer on this section as it concerns a directive to a division of the legislative branch.

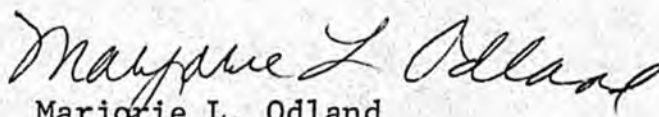
Section 4. This effective date provisions of this section are proper as written.

In summary, it is impossible for this office to determine the number of potential lawsuits which may occur due to the enactment of this bill as presently written. However, we are confident that some will occur. A fiscal note is attached which further explains the fiscal impact of this office.

If further comments are needed, please contact me.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By: 
Marjorie L. Odland
Assistant Attorney General

MLO/pjg
Enc.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: SSHB 1

Publish Date: _____

Revision Date: _____

Agency Affected: Department of Law

Title: "An Act converting regional educational areas into third class boroughs..."

BRU: Legal Services

Sponsor: Representative Larson

Components: Operations

Requestor: House C&RA Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		*	*	*	*	*

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		*	*	*	*	*
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		*	*	*	*	*
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please see attached analysis.

Richard I. Pegues

Prepared by: Richard I. Pegues, Director

Phone: 465-3672

Division: Administrative Services

Date: March 26, 1987

Richard I. Pegues/PAZ

Approved by Commissioner: Grace Berg Schaible, Atty. Gen.

Date: March 26, 1987

Agency: Department of Law

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSHB 1

This bill would convert all of the state's regional educational attendance areas into third class boroughs and, in effect, do away with the state's unorganized borough.

Establishment of boroughs through a legislative act was upheld by the Alaska Supreme Court in a 1964 case entitled Walters v. Cease. Nonetheless, we anticipate some legal challenges to this proposed Act on the part of existing school districts, cities, and residents of the unorganized borough who, for a variety of reasons, may be unwilling to give up their current independent status. There are, for instance, cities that are attempting dissolution at this time, that are also separate REAAs, and that would become third class boroughs under the proposed Act. And there are, of course, many individuals who live in the unorganized borough to enjoy this independence, as a matter of choice.

It is not possible to predict the level and complexity of the litigation that may occur as a result of this bill, but there will be some. The Department of Law is facing severe budget reductions in the coming fiscal year. The general fund resources to deal with the sort of legal disputes that may be caused by this bill were reduced by 15 percent in FY 87, and these resources face a further reduction of about 15 percent in FY 88. To the extent that the bill results in a substantial body of new legal work it will be necessary to seek a supplemental appropriation beginning in FY 88.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

4
STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

POSITION PAPER

RE: SSB 1 - - "An Act converting regional education attendance areas into third class boroughs; and providing for an effective date."

SPONSORS: Representatives Larson and Menard

Effects of the bill

Section 1 of the bill would require the formation of boroughs (regional municipal governments) on July 1, 1989 in those areas of the state which presently lack such structure. Currently, organized boroughs exist in only one-third of the state, the remaining two-thirds of the state would be directly affected by this bill.

Such boroughs would be formed along the boundaries of regional education attendance area (REAA) boundaries as they existed on July 1, 1982. However, two or more such REAAs could combine to form a borough under the bill.

The bill requires the lieutenant governor to conduct elections for initial assembly members, comprised of seven individuals elected at large.

Boroughs would still be permitted to form by initiative under the current provisions of law prior to the effective date of the bill.

Section 2 of the bill provides that the Department of Education shall oversee and assist in the transition from REAAs to boroughs. The bill specifies that the assets, liabilities and staff of the REAAs succeed to the newly formed boroughs.

Section 3 of the bill requires the division of legal services of the Alaska Legislative Affairs Agency to prepare a subsequent bill conforming current laws to the changes made by the bill.

Sections 1 and 2 of the bill would not take effect until the subsequent bill provided by Section 3 takes effect. Other provisions of the bill take effect immediately under the provisions of AS 01.10.070(c).

Comments

DCRA favors the creation of a formal process to address local government needs, structure and responsibilities (including education) in the Unorganized Borough. The Department supports the concept and intent of reviewing borough status as a possible solution to local government problems in rural Alaska. The Department believes SSHB 1 could be strengthened if the following occurs:

- (1) That the bill referenced in SSHB 1 Section 3, concerning broader local government needs and requirements of the Unorganized Borough is developed in a manner which DCRA believes carefully and comprehensively addresses all aspects of the proposed boroughs, not simply education; and
- (2) DCRA is formally included in the process to develop a future bill on local government structure in the Unorganized Borough.

While the need to address local responsibility for education may be one reason to mandate some form of borough government in the Unorganized Borough, DCRA believes it is equally important to consider how those boroughs will affect other local government services and responsibilities. For example, how will the quasi-local governmental services, which are currently provided by state service areas (such as Coastal Resource Service Areas) or through state contracts with regional non-profit groups (such as public health assistance), be affected?

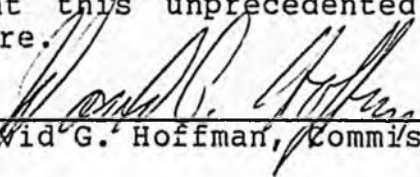
DCRA wants to ensure that, even though the boroughs would be mandated in large part for educational purposes, they will have the flexibility, resources and authority to address other services and issues which are important to a region. The new boroughs must be structured to enable them to address existing problems and concerns while taking into account the economic realities which presently exist in the Unorganized Borough. The prospect of organizing the two-thirds of the state which lacks regional municipal government offers some exciting prospects for improving the delivery of services to and the quality of life in these regions. DCRA is capable and prepared to develop, or assist in the development of, legislation affecting local government and is prepared to lead the effort to draft the legislation required by Section 3, of this bill.

The Governor will soon introduce a bill to establish a Rural Governance Council. This council would be ideally suited to assist DCRA in addressing the broader local government aspects of a bill to be drafted as directed by Section 3 of SSHB 1.

SSHB 1
March 26, 1987
Page Three

Therefore, DCRA recommends that Section 2 of SSHB 1 be amended to add DCRA as an agency to assist and oversee the transition to a borough. It is further recommended that Section 3 of the bill be amended to designate DCRA to participate in developing legislation. If a Rural Governance Council is formed, then it along with DCRA should be given the responsibility of implementing Section 3.

Deadlines provided in Section 3., are tight but can be met if full cooperation and high priority are given to this effort. However deadlines in Sections 1(c) and 2 should be changed from July 1, 1989, to at least July 1, 1990, or two years after adoption of the bill mandated by Section 3. It will take at least two years to allow dissemination of information, provide for public input and implement this unprecedented change in Alaska local government structure.



David G. Hoffman, Commissioner

(3) SS4B1

Opinion page

Viewpoint

Tundra Drums
3/19/7
pg 2

REAA's should not be converted into boroughs

A bill has been introduced in the legislature that would turn all Rural Educational Attendance Areas (REAA's) into third class boroughs by July 1, 1989.

The bill is scheduled to be presented to the house and senate rules 20 committees for introduction on the first day of the next legislative session

This is the move we all knew would come sooner or later. The final elimination of unorganized areas of the state into boroughs. The unorganized areas are by far the largest geographically, the smallest in population, and with the poorest economic potential.

Early on in this state's history it was recognized that basic education, public safety and health needs would have to be met, and that the ability of the vast, sparsely populated areas to pay for those services was slim, and that much of the state's wealth in oil, fisheries, timber and mining were being drawn from the rural areas. Now it seems the Mat-Valley legislators intend to "put the screws" to the rural areas of the state, once more.

It's hard to fathom why that area of the state harbors such resentment for the other, more rural portions of the state and why they resent the subsistence life-style, rural education and public safety.

The other legislators will have to guard against that influence and continue to recognize that the largest portions of the state may continue to need more than they can contribute right now. Economic security will only come to the rural areas of the state with proper development and education of our young. The formation of boroughs will not hasten that happening.

The bill is years premature and light years out in left field as far as intent goes.

Before such a bill gains speed, the state needs to seriously look at how well the REAA's are working, and then determine if boroughs along the same or combined boundaries have any chance of working. And above all, the public in the rural areas needs to be consulted about the concept and its alternatives.

OH... YOU CAN TELL

C'MON,
WHAT DID YOU
KNOW
AND
WHEN DID
YOU
KNOW
IT?



Rerouting U.S. Mail

An open letter to the residents of: Chevak, Hooper Bay & Scammon Bay.

Regarding opposition of rerouting of U.S. Mail.

write to our Senate
ley, Rep. Springer
vernor Cowper for
fit of our local pe
needs would not be
the future.

Remember it is th
Service that had
change without Pub
ion of the 3 villages
and their residents.

A concerned resi
Edgar Hoelscher

Manda
voter direc

Dear Editor:
Voters in gene
candidates to offic
flect the prevailing
the public. In elect
the specific ter
describe this voter c

ESTIMATED VALUE OF REGIONAL EDUCATION ATTENDANCE AREAS

Methodology

The object of this task was to estimate the value of privately owned taxable property in each of the Regional Education Attendance Areas (REAA) in the State. Given the existing time constraints, we believed the best approach to estimating those values was through formula-calculation. The basic procedure we adopted is as follows:

1. Arrange communities by REAA.
2. Develop regional parcel/population ratios (PPR).
3. Apply PPR ratios to populations to estimate total privately owned parcels in REAA's.
4. Develop ratios of tax exempt restricted deeds to Native-owned parcels.
5. Apply ratios to privately owned parcels to estimate taxable parcels.
6. Develop statewide average per parcel full value (APPFV).
7. Apply APPFV to estimated taxable parcels.
8. Add nontypical taxable improvement values (such as cold storage facilities, canneries, mills, etc.) in appropriate communities.
9. Sum by REAA to estimate full taxable value of unorganized borough by REAA.
10. Add pipeline values to appropriate REAA's.

If interested parties have questions or comments in regard to this project, they are invited to contact our office.

Office of the State Assessor
P.O. Box BH
Juneau, AK 99811
Phone: (907) 465-4730

REVISED
5-26-87

REGIONAL EDUCATION ATTENDANCE AREAS	POP	TOTAL PARCELS	% NATIVE	NATIVE PARCELS	EXEMPT RESTRICTED	TAXABLE PARCELS	APPFV	FULL VALUE	MILL RATE	TAXES EXCLUDING STATE TAXABLE	AS 43.56 STATE TAXABLE FULL VALUE	TOTAL FULL VALUE	TAXES INCLUDING STATE ASSESSED	
							\$70,000							4.00
10	ADAK REGION													
ADAK	NA	0		0	0	0		\$0		\$0	\$0	\$0	\$0	
SHEKVA	NA	0		0	0	0	0	\$0		\$0	\$0	\$0	\$0	
TOTAL....	0	0	67.6%	0	0	0		\$0		\$0	\$0	\$0	\$0	
16	ALASKA GATEWAY													
CHICKEN	37	11		3	1	11		\$739,935		\$2,960	\$0	\$739,935	\$2,960	
DOT LAKE	67	20		6	1	19		\$1,339,882		\$5,360	\$0	\$1,339,882	\$5,360	
EAGLE	194	58		17	3	55		\$8,491,000		\$33,964	\$0	\$8,491,000	\$33,964	
MENTASTA	95	29		8	1	27		\$1,899,833		\$7,599	\$0	\$1,899,833	\$7,599	
NORTHWAY	245	74		22	4	70		\$4,899,569		\$19,598	\$0	\$4,899,569	\$19,598	
TANACKROSS	117	35		10	2	33		\$2,339,794		\$9,359	\$0	\$2,339,794	\$9,359	
TETLIN	107	32		10	2	31		\$2,139,812		\$8,559	\$0	\$2,139,812	\$8,559	
TOKI	1,184	355		106	17	338		\$23,677,917		\$94,712	\$0	\$23,677,917	\$94,712	
TOTAL....	2,046	614	29.6%	183	29	585		\$45,527,741		\$182,111	\$0	\$45,527,741	\$182,111	
8	ALEUTIAN REGION													
AKUTAN	189	57		38	6	51		\$5,539,569		\$22,158	\$0	\$5,539,569	\$22,158	
ATKA	99	30		20	3	26		\$1,854,060		\$7,416	\$0	\$1,854,060	\$7,416	
ATTU	NA	0		0	0	0		\$0		\$0	\$0	\$0	\$0	
BELKOPSKI	60	24		16	3	21		\$1,498,230		\$5,993	\$0	\$1,498,230	\$5,993	
FALSE PASSY	68	20		14	2	18		\$1,273,496		\$5,094	\$0	\$1,273,496	\$5,094	
NELSON LAEDON	58	17		12	2	16		\$1,086,217		\$4,345	\$0	\$1,086,217	\$4,345	
NIKOLSKI	34	10		7	1	9		\$636,748		\$2,547	\$0	\$636,748	\$2,547	
TOTAL....	528	158	67.6%	107	17	141		\$11,888,320		\$47,553	\$0	\$11,888,320	\$47,553	
20	ANNETTE ISLAND													
ANNETTE	NA													
NETLAKATLA	1,439	1439		1439	1439	0		\$0		\$0	\$0	\$0	\$0	
TOTAL....	1,439	1439	100.0%	1439	1439	0		\$0		\$0	\$0	\$0	\$0	
2	BERING STRAIT													
BREVIG MISSION	159	48		45	7	41		\$2,840,020		\$11,360	\$0	\$2,840,020	\$11,360	
COUNCIL	NA	0		0	0	0		\$0		\$0	\$0	\$0	\$0	
DIGHEDET	157	47		44	7	40		\$2,804,296		\$11,217	\$0	\$2,804,296	\$11,217	
ELIHT	249	74		69	11	63		\$4,429,716		\$17,719	\$0	\$4,429,716	\$17,719	
GAMBELL	500	150		140	22	128		\$8,930,880		\$35,724	\$0	\$8,930,880	\$35,724	
GOLOVINT	131	39		37	6	33		\$4,339,691		\$17,360	\$0	\$4,339,691	\$17,360	

KOYUKI	202	61		57	9	52	\$3,608,076	\$14,432	\$0	\$3,608,076	\$14,432
PERKINSVILLE	33	10		9	1	8	\$589,438	\$2,358	\$0	\$589,438	\$2,358
SAINI MICHAELI	299	90		84	13	76	\$5,340,666	\$21,363	\$0	\$5,340,666	\$21,363
SAVONKSA	477	143		134	21	122	\$8,520,060	\$34,080	\$0	\$8,520,060	\$34,080
SHAKTOOLIKI	171	51		48	8	44	\$3,054,361	\$12,217	\$0	\$3,054,361	\$12,217
SHOSHMAFEPI	410	123		115	18	105	\$7,323,322	\$29,293	\$0	\$7,323,322	\$29,293
STEBBINSI	368	110		103	16	94	\$6,573,128	\$26,293	\$0	\$6,573,128	\$26,293
TELLER*	247	74		69	11	63	\$4,411,855	\$17,647	\$0	\$4,411,855	\$17,647
UNALAKLEET							\$20,700,200	\$82,801	\$0	\$20,700,200	\$82,801
NALES*	143	43		40	6	36	\$2,554,232	\$10,217	\$0	\$2,554,232	\$10,217
WHITE MOUNTAIN	158	47		44	7	40	\$2,822,158	\$11,289	\$0	\$2,822,158	\$11,289
TOTAL....	3,703	1,111	93.4%	1,038	166	945	\$88,842,297	\$355,369	\$0	\$88,842,297	\$355,369
18 CHATHAM											
ELFIN COVEY	58	24		13	0	24	\$1,646,457	\$6,586	\$0	\$1,646,457	\$6,586
GUSTAVUS	150	62		34	1	61	\$4,258,079	\$17,032	\$0	\$4,258,079	\$17,032
TENAKEE SPRINGS	142	58		32	1	58	\$4,030,982	\$16,124	\$0	\$4,030,982	\$16,124
TOTAL....	350	144	54.5%	78	2	142	\$9,935,518	\$39,742	\$0	\$9,935,518	\$39,742
21 CRUSACH											
CHENESA	90	33		10	0	33	\$2,281,722	\$9,127	\$0	\$2,281,722	\$9,127
TATITLEK	103	42		17	17	0	\$0	\$0	\$0	\$0	\$0
WHITTIER							\$21,933,400	\$87,734	\$0	\$21,933,400	\$87,734
TOTAL....	183	75	31.1%	27	17	33	\$2,281,722	\$96,860	\$0	\$2,281,722	\$96,860
17 COPPER RIVER									\$1,150,000,000		\$4,600,000
CHRISTOCHINA	60	24		4	1	23	\$1,638,533	\$6,554	\$0	\$1,639,533	\$6,554
CHITINA	63	19		3	0	19	\$1,290,345	\$5,161	\$0	\$1,290,345	\$5,161
COPPER CENTER	174	52		8	1	51	\$3,563,810	\$14,255	\$0	\$3,563,810	\$14,255
GAKONA	87	26		4	1	25	\$1,781,905	\$7,128	\$0	\$1,781,905	\$7,128
BLEKALLET	929	279		43	7	272	\$19,027,466	\$76,110	\$0	\$19,027,466	\$76,110
GULKANA	104	31		5	1	30	\$2,130,093	\$8,520	\$0	\$2,130,093	\$8,520
KENNY LAKE	560	168		26	4	164	\$11,469,732	\$45,879	\$0	\$11,469,732	\$45,879
LOWER TONSINA	40	12		2	0	12	\$819,267	\$3,277	\$0	\$819,267	\$3,277
MC CARTHY	29	9		1	0	8	\$593,968	\$2,376	\$0	\$593,968	\$2,376
FAIGNI	25	8		1	0	7	\$512,042	\$2,048	\$0	\$512,042	\$2,048
SLANA	49	15		2	0	14	\$1,003,602	\$4,014	\$0	\$1,003,602	\$4,014
TAZLINA	104	31		5	1	30	\$2,130,093	\$8,520	\$0	\$2,130,093	\$8,520
TONSINA	135	41		6	1	40	\$2,765,025	\$11,060	\$0	\$2,765,025	\$11,060
TOTAL....	2,379	714	15.4%	110	18	696	\$48,725,880	\$194,904	\$1,150,000,000	\$1,198,725,860	\$4,794,904
15 DELTA/GREELY									\$775,000,000		\$3,100,000
BIS DELTA	285	86	29.8%	25	4	81	\$5,597,635	\$22,799	\$0	\$5,699,635	\$22,799
DELTA JUNCTION							\$32,614,000	\$129,656	\$0	\$32,614,000	\$129,656

TOTAL....						\$38,113,635	\$152,455	\$775,000,000	\$813,113,635	\$3,252,455		
11	IDITAROD AREA											
	ANVIK	114	34	25	4	30	\$2,114,435	\$8,458	\$0	\$2,114,435	\$8,458	
	HOLY CROSS	238	71	52	8	63	\$4,414,347	\$17,657	\$0	\$4,414,347	\$17,657	
	LIME VILLAGE	37	11	8	1	10	\$686,264	\$2,745	\$0	\$686,264	\$2,745	
	M. EFATH	510	153	112	18	135	\$9,459,316	\$37,837	\$0	\$9,459,316	\$37,837	
	NINCLAI	121	36	26	4	32	\$2,244,269	\$8,977	\$0	\$2,244,269	\$8,977	
	SHASELUK	144	43	32	5	38	\$2,670,866	\$10,683	\$0	\$2,670,866	\$10,683	
	TALOTNA	76	23	17	3	20	\$1,409,624	\$5,638	\$0	\$1,409,624	\$5,638	
	TELIDA	26	8	6	1	7	\$482,240	\$1,929	\$0	\$482,240	\$1,929	
	TOTAL....	1,266	380	73.0%	277	44	335	\$23,481,360	\$93,925	\$0	\$23,481,360	\$93,925
22	KASHOONAUT											
	CHEVAK	531	159	95.6%	152	24	135	\$9,445,343	\$37,781	\$0	\$9,445,343	\$37,781
5	KUSFOK											
	ANIPAK	475	143	93	15	128	\$8,932,683	\$35,731	\$0	\$8,932,683	\$35,731	
	CHOUTAGALUK	123	37	24	4	33	\$2,313,095	\$9,252	\$0	\$2,313,095	\$9,252	
	TROOD CREEK	119	36	23	4	32	\$2,237,872	\$8,951	\$0	\$2,237,872	\$8,951	
	RED DEVIL	36	11	7	1	10	\$677,093	\$2,708	\$0	\$677,093	\$2,708	
	SLEETHUTE	107	32	21	3	29	\$2,012,204	\$8,049	\$0	\$2,012,204	\$8,049	
	STONEY RIVER	62	19	12	2	17	\$1,165,950	\$4,664	\$0	\$1,165,950	\$4,664	
	UPPER KALSUKS	133	40	26	4	36	\$2,501,151	\$10,005	\$0	\$2,501,151	\$10,005	
	TOTAL....	1,055	317	65.3%	207	33	283	\$19,839,960	\$79,360	\$0	\$19,839,960	\$79,360
7	LAKE & PENINSULA											
	CHISNIK	132	40	31	5	35	\$4,428,372	\$17,713	\$0	\$4,428,372	\$17,713	
	CHITENIA LAGOON	55	17	13	2	14	\$1,011,822	\$4,047	\$0	\$1,011,822	\$4,047	
	CHITENIA LAKE	161	48	37	6	42	\$2,961,878	\$11,848	\$0	\$2,961,878	\$11,848	
	EGESINAT	96	29	22	4	25	\$3,766,089	\$15,064	\$0	\$3,766,089	\$15,064	
	IGIUSIGI	33	10	8	1	9	\$607,093	\$2,428	\$0	\$607,093	\$2,428	
	ILIAMAI	118	35	27	4	31	\$2,170,917	\$8,683	\$0	\$2,170,917	\$8,683	
	IVANGOF BAY	50	15	12	2	13	\$919,836	\$3,679	\$0	\$919,836	\$3,679	
	KACHANOKI	132	40	31	5	35	\$2,428,372	\$9,713	\$0	\$2,428,372	\$9,713	
	NEWHALENT	163	49	38	6	43	\$2,998,671	\$11,995	\$0	\$2,998,671	\$11,995	
	NEADALTONI	231	69	54	9	61	\$4,249,651	\$16,999	\$0	\$4,249,651	\$16,999	
	PEDRO BAY	67	20	16	2	18	\$1,232,583	\$4,930	\$0	\$1,232,583	\$4,930	
	FERRYVILLE	111	33	26	4	29	\$2,042,040	\$8,168	\$0	\$2,042,040	\$8,168	
	PILE BAY	NA	0	0	0	0	\$0	\$0	\$0	\$0	\$0	
	PILOT POINT	NA	0	0	0	0	\$0	\$0	\$0	\$0	\$0	
	FORT HEIDEN	94	28	22	3	25	\$1,729,295	\$6,917	\$0	\$1,729,295	\$6,917	
	USASHIKI	NA	0	0	0	0	\$0	\$0	\$0	\$0	\$0	
	TOTAL....	1,443	433	77.5%	335	54	379	\$30,546,520	\$122,186	\$0	\$30,546,520	\$122,186

4 LOWER KUSKOKWIM

AKIAK	250	75	64	10	65	\$4,530,590	\$18,122	\$0	\$4,530,590	\$18,122	
ATHAUTLUAK	234	70	60	10	61	\$4,240,632	\$16,963	\$0	\$4,240,632	\$16,963	
BETHEL	3681	1104	946	151	953	\$66,708,407	\$266,834	\$0	\$66,708,407	\$266,834	
CHEFOSNAK	275	83	71	11	71	\$4,983,649	\$19,935	\$0	\$4,983,649	\$19,935	
EEL	259	78	67	11	67	\$4,693,691	\$18,775	\$0	\$4,693,691	\$18,775	
GOODNEWS BAY	238	71	61	10	62	\$4,313,122	\$17,252	\$0	\$4,313,122	\$17,252	
KASIGLUK	397	119	102	16	103	\$7,194,577	\$28,778	\$0	\$7,194,577	\$28,778	
KIPRUK	455	137	117	19	118	\$8,245,674	\$32,983	\$0	\$8,245,674	\$32,983	
KONGIGIAR	233	70	60	10	60	\$4,222,510	\$16,890	\$0	\$4,222,510	\$16,890	
KWETHLUK	507	152	130	21	131	\$11,188,036	\$44,752	\$0	\$11,188,036	\$44,752	
KWIGILLINGOK	323	97	83	13	84	\$5,853,522	\$23,414	\$0	\$5,853,522	\$23,414	
KENDRUK	152	46	39	6	39	\$2,754,599	\$11,018	\$0	\$2,754,599	\$11,018	
KAPRIAK	323	97	83	13	84	\$5,853,522	\$23,414	\$0	\$5,853,522	\$23,414	
KAFARIK	291	87	75	12	75	\$5,273,607	\$21,094	\$0	\$5,273,607	\$21,094	
KENTOK	205	62	53	8	53	\$3,715,084	\$14,860	\$0	\$3,715,084	\$14,860	
NIGHTHUTE	145	44	37	6	38	\$2,627,742	\$10,511	\$0	\$2,627,742	\$10,511	
NUNAPITCHUK (AKLNIUT)	356	107	91	15	92	\$6,451,560	\$25,806	\$0	\$6,451,560	\$25,806	
OSCARVILLE	56	17	14	2	14	\$1,014,852	\$4,059	\$0	\$1,014,852	\$4,059	
PLATIKUR	59	18	15	2	15	\$1,069,219	\$4,277	\$0	\$1,069,219	\$4,277	
QUINHAAN	451	135	116	19	117	\$10,173,184	\$40,693	\$0	\$10,173,184	\$40,693	
YOKSOK BAY	366	110	95	15	95	\$6,669,028	\$26,676	\$0	\$6,669,028	\$26,676	
TULUKSAK	321	96	82	13	83	\$5,817,278	\$23,269	\$0	\$5,817,278	\$23,269	
TUNTUTULIAK	274	82	70	11	71	\$4,965,527	\$19,862	\$0	\$4,965,527	\$19,862	
TUNLAK	317	95	81	13	82	\$5,744,788	\$22,979	\$0	\$5,744,788	\$22,979	
TOTAL....	10,170	3,051	85.6%	2,613	418	2,633	\$188,304,400	\$753,218	\$0	\$188,304,400	\$753,218

3 LOWER YUKON

SMONAKI	641	192	184	29	163	\$13,404,759	\$53,619	\$0	\$13,404,759	\$53,619	
FORTUNA LEDGE (MARSHALL)	260	84	80	13	71	\$4,981,798	\$19,927	\$0	\$4,981,798	\$19,927	
HOPPER BAY	690	204	195	31	173	\$12,098,652	\$49,395	\$0	\$12,098,652	\$49,395	
KOTLIK	414	124	119	19	105	\$7,365,944	\$29,464	\$0	\$7,365,944	\$29,464	
LOWER KALSAG	291	84	80	13	71	\$4,999,590	\$19,998	\$0	\$4,999,590	\$19,998	
MOUNTAIN VILLAGE	666	200	191	31	169	\$11,849,562	\$47,398	\$0	\$11,849,562	\$47,398	
PILOT STATION	419	126	120	19	106	\$7,454,905	\$29,820	\$0	\$7,454,905	\$29,820	
PITKAS PT.	92	28	26	4	23	\$1,636,876	\$6,548	\$0	\$1,636,876	\$6,548	
RUSSIAN MISSION	231	69	66	11	59	\$4,109,983	\$16,440	\$0	\$4,109,983	\$16,440	
SCANNON BAY	363	91	87	14	77	\$5,391,017	\$21,564	\$0	\$5,391,017	\$21,564	
SHELTON POINT	123	37	35	6	31	\$2,168,433	\$8,754	\$0	\$2,168,433	\$8,754	
TOTAL....	4,130	1,239	95.5%	1,183	189	1,050	\$75,481,520	\$301,926	\$0	\$75,481,520	\$301,926

9 FRIGIDLOF

SAINT PAUL	595	179	156	25	153	\$10,727,554	\$42,910	\$0	\$10,727,554	\$42,910	
SAINT GEORGE	190	57	50	8	49	\$3,425,606	\$13,702	\$0	\$3,425,606	\$13,702	
TOTAL....	765	236	88.4%	208	33	202	\$14,153,160	\$56,613	\$0	\$14,153,160	\$56,613

14 RAILBELT

ANDERSON	521	156	15	2	154	\$10,768,342	\$43,073	\$0	\$10,768,342	\$43,073	
CANTWELL	241	72	7	1	71	\$4,981,133	\$19,925	\$0	\$4,981,133	\$19,925	
HEALY LAKE	NA	0	0	0	0	\$0	\$0	\$0	\$0	\$0	
HEALY	522	157	15	2	154	\$10,789,011	\$43,156	\$0	\$10,789,011	\$43,156	
McKINLEY PARK	120	36	4	1	35	\$2,480,232	\$9,921	\$0	\$2,480,232	\$9,921	
SOUTHRANAI	56	17	2	0	17	\$1,157,442	\$4,630	\$0	\$1,157,442	\$4,630	
USTRELLIT	NA	0	0	0	0	\$0	\$0	\$0	\$0	\$0	
TOTAL....	1,460	438	9.9%	43	7	431	\$30,176,160	\$120,705	\$0	\$30,176,160	\$120,705

19 SOUTHEAST ISLAND

CAFE POLE	29	12	5	0	12	\$825,237	\$3,301	\$0	\$825,237	\$3,301	
CLOVER PASS	451	185	78	2	183	\$12,833,857	\$51,335	\$0	\$12,833,857	\$51,335	
COFFMAN COVE	174	71	30	1	71	\$4,951,421	\$19,806	\$0	\$4,951,421	\$19,806	
EDNA BAY	68	28	12	0	28	\$1,935,038	\$7,740	\$0	\$1,935,038	\$7,740	
HYDER	93	38	16	0	38	\$2,646,449	\$10,586	\$0	\$2,646,449	\$10,586	
KASHAN	62	34	14	0	33	\$2,333,428	\$9,334	\$0	\$2,333,428	\$9,334	
KUPREANOF	41	17	7	0	17	\$1,166,714	\$4,667	\$0	\$1,166,714	\$4,667	
MEYERS CHUCK	50	21	9	0	20	\$1,422,822	\$5,691	\$0	\$1,422,822	\$5,691	
NORTH WHALE PASS	90	37	16	0	37	\$2,561,080	\$10,244	\$0	\$2,561,080	\$10,244	
PORT ALEXANDER	96	39	17	0	39	\$2,731,819	\$10,927	\$0	\$2,731,819	\$10,927	
FT. BAKER	49	20	9	0	20	\$1,394,366	\$5,577	\$0	\$1,394,366	\$5,577	
THORNE BAY	393	161	68	1	160	\$11,183,383	\$44,734	\$0	\$11,183,383	\$44,734	
TOTAL....	1,223	501	42.4%	213	4	497	\$34,802,232	\$183,942	\$0	\$34,802,232	\$183,942

6 SOUTHWEST REGIONAL

ALAKANAK	555	167	154	25	142	\$9,933,272	\$39,733	\$0	\$9,933,272	\$39,733	
ALEXANDER	232	70	64	10	59	\$4,152,287	\$16,609	\$0	\$4,152,287	\$16,609	
ALLANAKET	199	56	52	8	48	\$3,364,784	\$13,459	\$0	\$3,364,784	\$13,459	
CLARK'S POINT	90	24	22	4	20	\$1,431,823	\$5,727	\$0	\$1,431,823	\$5,727	
EKHOX	107	32	30	5	27	\$1,915,063	\$7,660	\$0	\$1,915,063	\$7,660	
KALAKANAK	NA	0	0	0	0	\$0	\$0	\$0	\$0	\$0	
KOLIGANEK	99	30	27	4	25	\$1,771,881	\$7,088	\$0	\$1,771,881	\$7,088	
LEVELOCKY	123	37	34	5	31	\$2,201,428	\$8,806	\$0	\$2,201,428	\$8,806	
MANOBTAK	299	90	33	13	76	\$5,351,439	\$21,406	\$0	\$5,351,439	\$21,406	
NEW STUYANOK	337	101	93	15	86	\$6,031,554	\$24,126	\$0	\$6,031,554	\$24,126	
PORTAGE CREEK	48	14	13	2	12	\$859,094	\$3,436	\$0	\$859,094	\$3,436	
TOSIAK	966	167	154	25	142	\$11,951,170	\$47,805	\$0	\$11,951,170	\$47,805	
TWIN HILLS	61	18	17	3	16	\$1,091,765	\$4,367	\$0	\$1,091,765	\$4,367	
TOTAL....	2,625	806	92.3%	744	119	667	\$50,055,560	\$200,222	\$0	\$50,055,560	\$200,222

15 TOWN FLATS

\$1,000,000,000 \$4,000,000

ARCTIC VILLAGES	144	43	33	5	38	\$2,656,020	\$10,624	\$0	\$2,656,020	\$10,624
BEAVER	102	31	23	4	27	\$1,881,347	\$7,525	\$0	\$1,881,347	\$7,525

BIRCH CREEK	50	15		11	2	13	\$922,229	\$3,689	\$0	\$922,229	\$3,689
CENTRAL	36	11		8	1	9	\$664,005	\$2,656	\$0	\$664,005	\$2,656
CHARLYITSIK	100	30		23	4	26	\$1,844,458	\$7,378	\$0	\$1,844,458	\$7,378
CIRCLE	119	36		27	4	31	\$2,194,905	\$8,780	\$0	\$2,194,905	\$8,780
DUNBAR	50	15		11	2	13	\$922,229	\$3,689	\$0	\$922,229	\$3,689
EVANSVILLE	28	8		6	1	7	\$516,448	\$2,066	\$0	\$516,448	\$2,066
FORT YUKON	641	192		146	23	169	\$11,822,976	\$47,292	\$0	\$11,822,976	\$47,292
GRAYLING	217	65		50	8	57	\$4,002,474	\$16,010	\$0	\$4,002,474	\$16,010
RAMPART	48	14		11	2	13	\$885,340	\$3,541	\$0	\$885,340	\$3,541
STEVEN'S VILLAGE	110	33		25	4	29	\$2,028,904	\$8,116	\$0	\$2,028,904	\$8,116
TATALINA	46	14		10	2	12	\$848,451	\$3,354	\$0	\$848,451	\$3,354
VENETIE	230	69		52	8	61	\$4,242,254	\$16,969	\$0	\$4,242,254	\$16,969
TOTAL....	1,921	576	76.1%	438	70	506	\$35,432,040	\$141,728	\$1,000,000,000	\$1,035,432,040	\$4,141,728

12 KODJAK \$850,000,000 \$3,400,000

BETTLES	60	18		15	2	16	\$1,095,820	\$4,383	\$0	\$1,095,820	\$4,383
CAMPION STA.	62	19		15	2	16	\$1,132,348	\$4,529	\$0	\$1,132,348	\$4,529
HOOPER	91	27		22	4	24	\$1,661,994	\$6,648	\$0	\$1,661,994	\$6,648
MUSLIA	283	85		59	11	74	\$5,168,619	\$20,674	\$0	\$5,168,619	\$20,674
INDIAN MT.	27	8		7	1	7	\$493,119	\$1,972	\$0	\$493,119	\$1,972
ALTAZ	278	83		68	11	73	\$5,077,300	\$20,309	\$0	\$5,077,300	\$20,309
KODJAK	140	42		34	5	37	\$2,556,914	\$10,228	\$0	\$2,556,914	\$10,228
MANLEY HOT SPRINGS	104	31		25	4	27	\$1,899,422	\$7,598	\$0	\$1,899,422	\$7,598
NINTO	231	69		56	9	60	\$4,218,908	\$16,876	\$0	\$4,218,908	\$16,876
NULATO	382	115		93	15	100	\$6,976,722	\$27,907	\$0	\$6,976,722	\$27,907
RUBY	233	70		57	9	61	\$4,255,435	\$17,022	\$0	\$4,255,435	\$17,022
TOTAL....	1,891	597	81.4%	462	74	493	\$34,536,600	\$138,146	\$850,000,000	\$884,536,600	\$3,538,146

23 YUPIK

AKTACAK	451	135	90.4%	122	20	116	\$8,101,115	\$32,404	\$0	\$8,101,115	\$32,404
BETHEL							\$191,411,600	\$765,646	\$0	\$191,411,600	\$765,646
TOTAL....							\$199,512,715	\$798,051	\$0	\$199,512,715	\$798,051

FULL VALUE	TAXES EXCLUDING STATE TAXABLE	AS 43.56 STATE TAXABLE FULL VALUE	TOTAL FULL VALUE	TOTAL TAXES INCLUDING STATE ASSESSED
\$991,082,684	\$4,096,798	\$3,775,000,000	\$4,766,082,684	\$19,196,798