

SB

321-H

HOUSE COMMITTEE REPORT

(12)

Date referred: 2/3/88

FURTHER REFERRALS:

DATE: 2-8-88

The Finance Committee has considered SB 321

"An Act making a supplemental appropriation to the Organization Grant Fund for payment as an organization grant to the Aleutians East Borough; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
 attached amendment(s) a new title
- do pass
 do not pass
 no recommendation
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
 zero fiscal note same as previous zero fiscal note published _____
 zero with analysis

SIGNING DO PASS:

Al Adams
Pat Hunsbatt
Donald J. Turner
Peter Bee
Bob Small
Mark Boyer
Steve King
Steve J. Cook
Kay Wallis
Jan Brown
Mike Dean

SIGNING OTHER RECOMMENDATIONS:

Al Adams

Chairman's signature

Introduced: 1/11/88
Referred: Community and Regional Affairs and
Finance

5-1422A

Funding Information
General Fund \$300,000
Other Funds - 0 -
\$300,000

BY ZHAROFF, STURGULEWSKI,
KERTTULA, KELLY

1 IN THE SENATE

2 SENATE BILL NO. 321

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Organization Grant Fund for payment as an organiza-
8 tion grant to the Aleutians East Borough; and provid-
9 ing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$300,000 is appropriated from the general fund
12 to the organization grant fund (AS 29.05.200) for payment as an organiza-
13 tion grant to the Aleutians East Borough under AS 29.05.190 for the fiscal
14 year ending June 30, 1988.

15 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P.O. BOX 405, KODIAK, ALASKA 99815 (907) 488-5259

DURING SESSION:

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

2 February, 1988

MEMORANDUM:

TO: Representative Al Adams, Chairman
House Finance Committee

FROM: Senator Fred Zharoff *M.T.*

I would like to thank you for your prompt scheduling consideration for SB 321 "An act making a supplemental appropriation to the organization grant fund for payment as an organization grant to the Aleutians East Borough; and providing for an effective date".

Under As 29.05.190 (a) (1), a newly formed borough is entitled to a grant of \$300,000 for the borough's first full or partial fiscal year of incorporation. The Aleutians East Borough was formed during the interim, October 23rd, 1987, and is currently operating on a loan from the community of Sand Point pending receipt of its organizational grant. Prompt scheduling of this measure will help expedite transitional expense funding for the new borough.

Attached you will find back up material relating to this measure, and Michael Thill of my staff will be available to discuss this issue with either yourself or your staff.

Thank you.

Bill Review

SB 321 - "An Act making a supplemental appropriation to the Organization Grant Fund for payment as an organization grant to the Aleutians East Borough; and providing for an effective date."

Review:

Supplemental grants are needed from time to time based upon new borough incorporations. In this case, East Aleutian Borough was formed and its officials elected in the election of 1987.

Section 29.05.200 establishes an organization grant fund whereby supplemental appropriations based on Sec. 29.05.190 funnels transitional grants to any newly incorporated borough.

HB 360 provides for the sum of \$300,000 to be appropriated from the general fund to the organizational grant fund per AS 29.05.200. Payment under AS 29.05.190 prescribed incremental amounts from organization grant fund of:

- (1) \$300,000 for borough's 1st full or partial fiscal year
- (2) \$200,000 for borough's 2nd fiscal year; and
- (3) \$100,000 for borough's 3rd fiscal year.

~~HB~~ ^{SB 321} 360 provides that the Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

(4) SB 321

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

January 12, 1988

POSITION PAPER

RE: Senate Bill 321

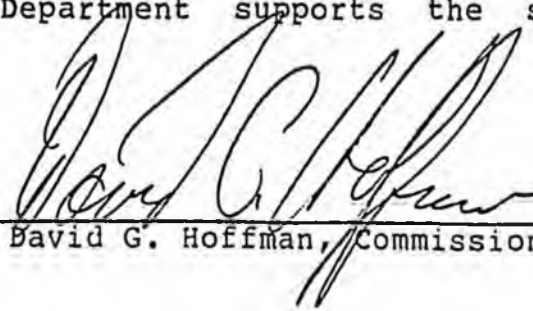
SPONSOR: Zharoff

Program Effects of Bill

The Organization Grant Fund is established in the Department of Community and Regional Affairs under AS 29.05.200. AS 29.05.190 provides that a newly incorporated borough is entitled to receive an organizational grant of \$300,000 for its first year of existence, of \$200,000 for its second year, and of \$100,000 for its third year of existence. On October 6, 1987, the residents of the Aleutians East Borough voted in favor of borough formation. The election was certified on October 23, 1987. This bill would appropriate money to the Organization Grant Fund for the payment of an organization grant to the Aleutians East Borough.

Comments

While a request for this funding will be made in the Governor's supplemental budget request, the borough is in need of these organizational funds. The Department supports the speedy passage of this appropriation.



David G. Hoffman, Commissioner

ALEUTIAN'S EAST BOROUGH

October 23, 1987

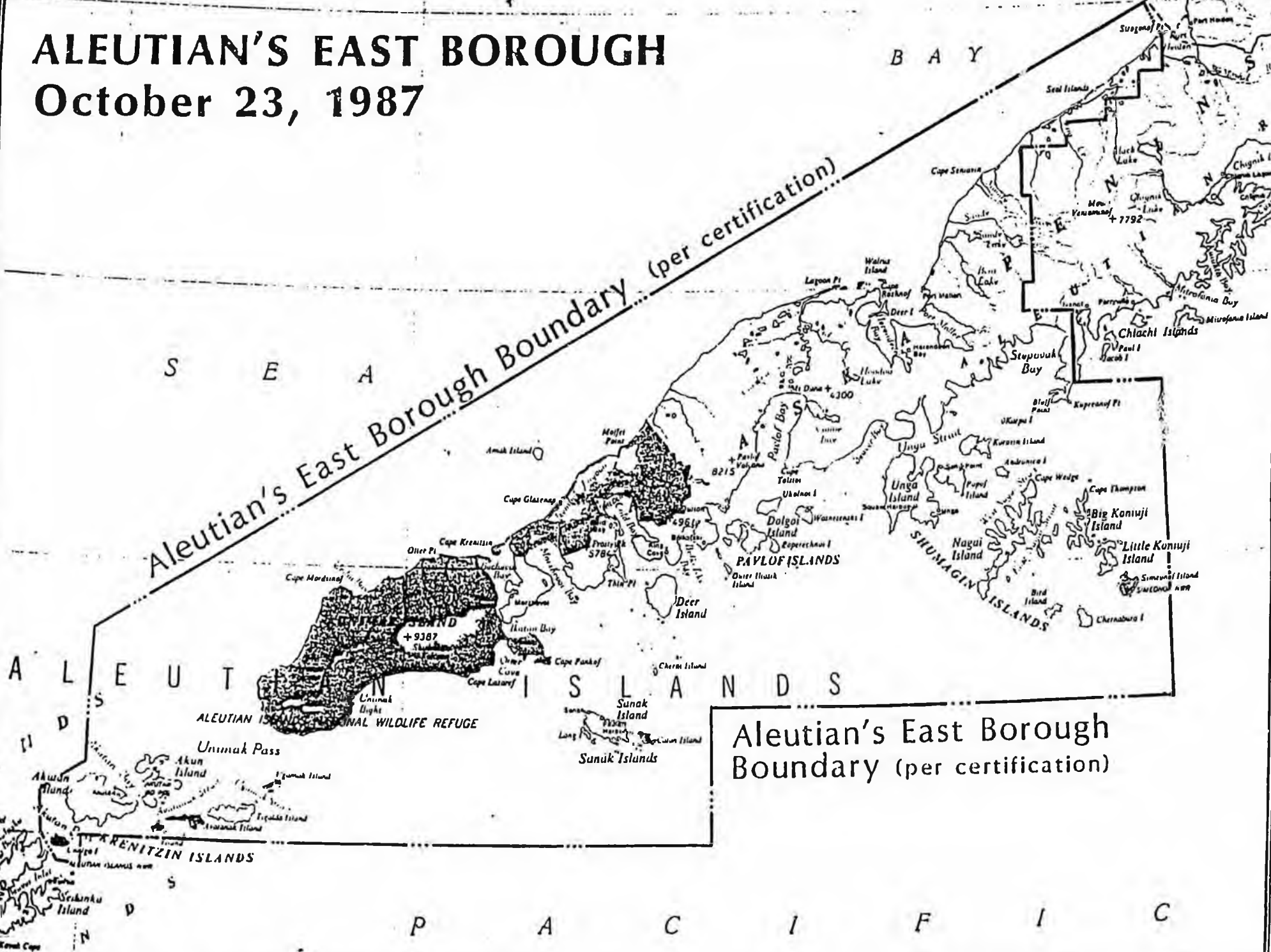
Aleutian's East Borough Boundary (per certification)

ALEUTIAN ISLANDS

ALEUTIAN ISLANDS NATIONAL WILDLIFE REFUGE

Aleutian's East Borough Boundary (per certification)

AKUTAN ISLANDS
Unimak Pass
Unimak Island
Akutan Island
Agassiz Island
Egorka Island
Aradnak Island
Krenitzin Island
Seskenku Island
Krenak Cape



§ 29.05.150

new bonded indebted-
contract, or transfer any
receiving the consent of
ably. There was no limi-
e of contract into which
or special district might
the approval of the bor-
st be obtained. 1963 Op.
9.

lar provision provided a
boroughs to assure that
-districts, public utility dis-
-districts did not incur fi-
-s which were not in the
the borough during the
between the organiza-
-h and date at which the
exercised by the service
-districts were assumed
1963 Op. Att'y Gen. No.

er, similar provision,
assumed powers previ-
y service areas, public
nd school districts, they
assume the following du-
bligations, and liability
her indebtedness. 1963
o. 29.

son may not chal-
in six months after
1985)

estrain enforcement of
upon ground involving
existence of municipal-

ct or prosecuting attor-
on of quo warranto at-
of municipal corpora-
19.

ought to be incorpo-
stitutional statute as a
n. 136 ALR 193.

ck the fixing or exten-
limits or boundary. 13

§ 29.05.180

MUNICIPAL GOVERNMENT

§ 29.05.190

Article 3. Transitional Assistance.

Section

180. Organization grants to cities

190. Organization grants to boroughs

Section

200. Organization grant fund

210. Transitional assistance to boroughs

NOTES TO DECISIONS

A municipal corporation was liable
for reasonable legal expenses in-
curred in its formation. Arctic Slope
Native Ass'n v. Paul, Sup. Ct. Op. No.

2058 (File Nos. 3792, 3793, 3806), 609
P.2d 32 (1980), decided under former, sim-
ilar law.

Sec. 29.05.180. Organization grants to cities. (a) To defray the cost of transition to city government and to provide for interim government operations, each city incorporated after December 31, 1985 is entitled to an organization grant of \$50,000 for the first full or partial fiscal year after incorporation.

(b) To defray the cost of reclassification, each second class city in the unorganized borough incorporated before January 1, 1986 that reclassifies as a first class city or adopts a home rule charter after December 31, 1985 is entitled to an organization grant equal to \$50,000 for the first full or partial fiscal year after reclassification.

(c) The department shall disburse an organization grant under (a) or (b) of this section within 30 days after certification of the incorporation, reclassification, or home rule charter election, or as soon after certification as money is appropriated and available for the purpose.

(d) A city entitled to an organization grant under (a) or (b) of this section is entitled to a second organization grant of \$25,000. The department shall disburse the second organization grant within 30 days after the beginning of the city's second fiscal year after incorporation, reclassification, or adoption of a home rule charter or as soon after that time as money is appropriated and available for the purpose. (§ 4 ch 74 SLA 1985)

Sec. 29.05.190. Organization grants to boroughs. (a) For the purpose of defraying the cost of transition to borough government and to provide for interim governmental operations, each borough incorporated after December 31, 1985, is entitled to organization grants as follows:

- (1) \$300,000 for the borough's first full or partial fiscal year;
- (2) \$200,000 for the borough's second fiscal year; and
- (3) \$100,000 for the borough's third fiscal year.

(b) The department shall disburse the first organization grant to a borough within 30 days after certification of the incorporation election favoring incorporation of a borough, or as soon after that as money is appropriated and available for the purpose. The second grant shall be

CITY OF KING COVE

P.O. Box 37 • King Cove, Alaska 99612 • (907) 497-2340

FEB 27 1987

February 23, 1987

Honorable Fred Zharoff
Alaska State Senate
Pouch V
Juneau, Alaska 99811

RE: Aleutians East Borough Formation

Dear Senator Zharoff:

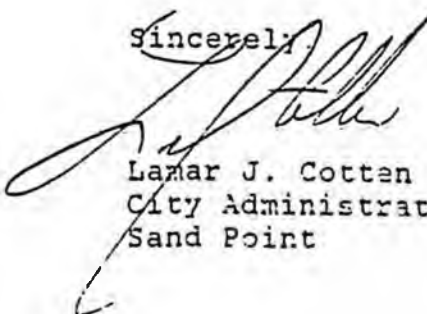
The communities of the Aleutians East region are pursuing incorporation of a borough government. As we have discussed, the region needs your support and action on two funding issues to accomplish borough incorporation. These actions are:

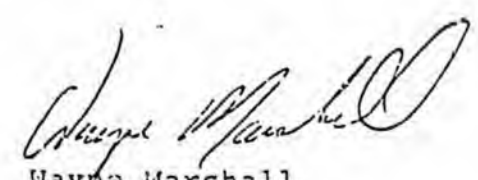
o A legislative appropriation of \$30,000 to assist the Aleutians East region in its present efforts to organize a borough government. The region has also been working with the Department of Community and Regional Affairs to obtain funds for this effort.

o A legislative appropriation of \$300,000 in the FY 88 budget for the first year organizational grant for the newly incorporated Aleutians East Borough. The award of this organizational grant is stipulated in AS 29.05.190.

The attached position papers provide supplemental information on these requests. The communities of the Aleutians East region request your support and assistance in obtaining those funds.

Sincerely,


Lamar J. Cotten
City Administrator
Sand Point


Wayne Marshall
City Manager
King Cove

1689 'C' Street
Anchorage, Alaska 99501

attachments

INCORPORATION GRANT TO THE ALEUTIANS EAST BOROUGH

Request: A Legislative appropriation of \$300,000 in the FY 88 budget for the first year organizational grant for the Aleutians East Borough. The region needs assistance from its Legislators and the Department of Community and Regional Affairs to ensure this request is included in the FY 88 budget.

Background: Residents of the Aleutians East region have decided to pursue incorporation of a borough government, and are working toward a Fall 1987 vote on this issue. If this vote is positive, the borough would be operational around January 1, 1988. AS 29.05.190 stipulates that newly incorporated borough governments shall receive a first year organizational grant of \$300,000 from the State. The Department of Community and Regional Affairs is responsible for disbursing these grant funds.

Need for and use of \$300,000 Grant: The Borough will use the \$300,000 it is stipulated to receive by Alaska Statutes to meet initial year operating costs of the Borough. The monies will be needed around January 1, 1988, so they must be requested in the State FY 88 budget.

In addition, AS 29.05.190 stipulates a second year organization grant of \$200,000, and a third year organizational grant of \$100,000. These monies will be needed in the State FY 89 and FY 90 budgets respectively.

ORGANIZATION OF THE ALEUTIANS EAST BOROUGH

REQUEST:

Award of \$30,000 to assist the communities of Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, and Sand Point in their present efforts to organize a borough government for the Aleutians East region. The region requests a legislative appropriation or funds from the Department of Community and Regional Affairs for this purpose.

BACKGROUND:

Over the last 2-3 years, residents of the Aleutians East region have examined and analyzed establishing a borough government as a way to enhance local control and service delivery, particularly because of the anticipated decline in state and federal monies to the region. At a February 3, 1987 meeting in Anchorage, leaders from each of the region's six communities (at least three representatives from each community) decided to pursue forming a borough. The region is preparing the required petition that states its intent to establish a borough and working toward a Fall 1987 vote on this issue.

Community leaders have decided to pursue forming a borough. These leaders have identified the need to establish a committee of one representative from each community to travel to each of the region's communities. This travel will give the representatives an opportunity to describe their decision, demonstrate that it is a region-wide harmonious decision, and respond to questions. The committee would like to start its travel in March, and needs funds to accomplish this effort.

In addition, Alaska Statutes dictate a complex process to establish a borough government. A petition must be submitted, the petition is analyzed and acted upon by the State Local Boundary Commission, meetings must be held and finally there is a local vote on if a borough should be established. This process will take 6-9 months and funds to accomplish.

Thus, the \$30,000 requested would be used to:

- o enable travel of the borough organizing committee to each community;

- o prepare and submit the required organizing petition:
- o conduct public information meetings in the communities on borough incorporation;
- o prepare public information materials; and
- o respond to questions of the Local Boundary Commission on incorporating the borough.

The Aleutians East Coastal Resource Service Area (CRSA) would be the best organization to administer these funds.

1	DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS (CONT.)		APPROPRIATION	APPROPRIATION	FUND SOURCES	2
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	3
4	ORGANIZATIONAL GRANTS	100,000				4
5	IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT					5
6	REQUEST A SUPPLEMENTAL APPROPRIATION SHOULD ANY NEW CITY					6
7	AND/OR BOROUCHS FORM DURING FISCAL YEAR 1988.					7
8	DESIGNATED GRANTS	1,685,200				8
9	LOCAL GOVERNMENT ASSISTANCE		4,600,000	2,789,600	1,810,400	9
10	TRAINING AND DEVELOPMENT (34 POSITIONS)	1,784,700				10
11	STATE ASSESSOR (6 POSITIONS)	194,900				11
12	LOCAL BOUNDARY COMMISSION (2 POSITIONS)	115,300				12
13	GRANTS ADMINISTRATION (10 POSITIONS)	451,900				13
14	STATEWIDE ASSISTANCE (8 POSITIONS)	2,053,200				14
15	ENERGY PROGRAMS		2,027,700	623,100	1,404,600	15
16	ENERGY CONSERVATION (8 POSITIONS)	1,672,900				16
17	WEATHERIZATION CIP (5 POSITIONS)	354,800				17
18	IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT					18
19	ESTABLISH A CONSUMER ADVISORY BOARD TO PROVIDE OVERSIGHT					19
20	AND RECOMMENDATIONS AS THE DEPARTMENT PREPARES FY89					20
21	RECOMMENDATIONS FOR USE OF THE EXXON AND/OR STRIPPER					21
22	WELL SETTLEMENT FUNDS. THE CONSUMER ADVISORY BOARD					22
23	SHOULD HAVE REPRESENTATIVES OF CONSUMERS, ENERGY					23
24	PROFESSIONALS, AND LOCAL GOVERNMENT. THE BOARD'S					24
25	RECOMMENDATIONS SHOULD BE FORWARDED TO THE LEGISLATURE					25
26	WITH THE DEPARTMENT'S FY89 BUDGET REQUEST. THE BOARD					26
27	SHOULD PROVIDE ITS OVERSIGHT AND RECOMMENDATIONS					27

Chapter 95

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EXHIBIT

1	DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS (CONT.)		APPROPRIATION	APPROPRIATION	FUND SOURCES	2
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	3
4	PRIMARILY THROUGH WRITTEN COMMUNICATIONS AND					4
5	TELECONFERENCES. IT IS NOT THE INTENT OF THE					5
6	LEGISLATURE TO CREATE A BOARD THAT INCURS TRAVEL,					6
7	MEETING OR OTHER EXPENSES.					7
8	RURAL DEVELOPMENT		749,900	749,900		8
9	AHCSA PLAN OF SURVEY (8 POSITIONS)	491,700				9
10	MUNICIPAL LANDS TRUSTEE (9 POSITIONS)	258,200				10
11	BLOCK GRANTS CIP (1 POSITION)		71,700		71,700	11

68-18-01-07-00 (21-72-3-05-05-00)

STATE OF ALASKA -- COMPONENT BUDGET SUMMARY

SALSFRHA 15:48 12/29/87

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
 CATEGORY: DEVELOPMENT

PROGRAM: COMMUNITY ASSISTANCE GRANTS
 SUB-PROGRAM: ORGANIZATIONAL GRANTS

LEG. FIN.

EXPENDITURES & FUNDING	FISCAL YEAR 1989												
	(01) FY87 ACT	(19) FY88 CC	(03) COL 03	(04) COL 04	(02) FY88 ATII	(06) COL 06	(20) FY89 AGY	(02) FY89 GOV	(09) HOUSE	(10) SENATE	(11) C. C.	(12) BILLS	(13) LEG.REC.
01 PERS. SERV.													
02 TRAVEL													
03 CONTRACTUAL													
04 COMMODITIES													
05 EQUIPMENT													
06 LANDS/BLDGS													
07 GRANTS, CLMS	200.0	100.0			100.0		200.0	200.0					
08 MISC.													
MM TOTAL EXPEND	200.0	100.0			100.0		200.0	200.0					
09 I-A TRANSFER													
1004 GEN FUND	200.0	100.0			100.0		200.0	200.0					
15 FULL TIME													
16 PART TIME													
17 TEMPORARY													
18 STAFF MONTHS													

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
 CATEGORY: DEVELOPMENT

PROGRAM: COMMUNITY ASSISTANCE GRANTS
 SUB-PROGRAM: ORGANIZATIONAL GRANTS

LEG. FIN.

*** FY89 GOVERNOR (OMB NOTES) ***

DETAIL DESCRIPTION OF VETOS, TRANSFERS, INCREMENTS, & DECREMENTS

CHANGES FROM FY88 AUTHORIZED TO FY89 GOVERNOR

REF# DESCRIPTION		AGENCY / GOVERNOR				LINE ITEM IMPACT							
WHO:	PFT	PPT	TOTAL	GEN FUND	OTHER	100	200	300	400	500	600	700	800
2220 DELETE ONE-TIME ITEMS													
AGY:	0.0	0.0	-100.0	-100.0	0.0								
GOV:	0.0	0.0	-100.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0	0.0
3010 GRANT TO ALEUTIAN'S EAST BOROUGH													
AGY:	0.0	0.0	200.0	200.0	0.0								
GOV:	0.0	0.0	200.0	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	200.0	0.0

 *** PROGRAM DESCRIPTION & PRIOR YEAR INFORMATION ***

FY88 INTENT: IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT REQUEST A SUPPLEMENTAL APPROPRIATION SHOULD ANY NEW CITY AND/OR BOROUGHNS FORM DURING FISCAL YEAR 1988.

AGENCY RESPONSE: ONLY ONE MUNICIPAL GOVERNMENT, THE ALEUTIANS EAST BOROUGH, HAS FORMED TO DATE DURING FY88. THE BOROUGH WAS INCORPORATED ON OCTOBER 23, 1987. THAT BOROUGH IS ENTITLED TO \$300,000 IN ORGANIZATIONAL GRANT FUNDS FOR THIS FISCAL YEAR, \$200,000 THE SECOND YEAR, AND \$100,000 THE THIRD YEAR. ON OCTOBER 30, 1987, COMMISSIONER HOFFMAN REQUESTED THAT GOVERNOR COWPER INCLUDE \$300,000 FOR THIS GRANT IN THE GOVERNOR'S SUPPLEMENTAL BUDGET REQUEST FOR FY88. THE COMMUNITY OF ATKA PETITIONED TO INCORPORATE AS A SECOND CLASS CITY. PURSUANT TO AS 29.05.180, AN INCORPORATING COMMUNITY IS ENTITLED TO A \$50,000 ORGANIZATIONAL GRANT IN THE FISCAL YEAR IT IS FORMED, AND \$25,000 THE FOLLOWING YEAR.

CERTIFICATE

I, DAVID G. HOFFMAN, COMMISSIONER OF THE ALASKA DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS, HEREBY CERTIFY THAT THE ALEUTIANS EAST BOROUGH HAS BEEN DULY INCORPORATED UNDER THE LAWS OF THE STATE OF ALASKA AS DESCRIBED HEREIN EFFECTIVE THE 23rd DAY OF OCTOBER, 1987.

CLASS. The Aleutians East Borough is incorporated as a borough of the second class.

COMPOSITION, APPORTIONMENT AND FORM OF REPRESENTATION OF THE BOROUGH ASSEMBLY. The borough assembly is composed of seven members elected from districts by voters of each district. District 1, encompassing Sand Point, is apportioned three seats on the assembly. District 2, encompassing King Cove, is apportioned two seats on the assembly. District 3, encompassing Cold Bay, is apportioned one seat on the assembly. District 4, encompassing Akutan, False Pass, Port Moller and Nelson Lagoon, is apportioned one seat on the assembly. The composition, apportionment and form of representation shall continue in the fashion described until it is changed in accordance with local, state and federal law.

POWERS. The Aleutians East Borough may exercise all powers and must perform all duties which state law provides generally for municipal governments and specifically for boroughs of the second class. In addition, having received approval from the voters on October 6, 1987, the borough may levy a sales and use tax not to exceed two percent on sales and/or importation of raw fish within the boundaries of the borough.

JURISDICTIONAL BOUNDARIES. The jurisdictional boundaries of the Aleutians East Borough are as follows:

All of that territory along the Alaska Peninsula and the Aleutian Chain lying:

- 1) west of a line beginning at the point of intersection of 57° 00' North Latitude and the extension of a line due north from the NW corner T38S, R60W, Seward Meridian (SM); thence due south to the NW corner T40S, R60W, SM; thence west to the NW corner T40S, R61W, SM; thence south to the SW corner T40S, R61W, SM; thence west to the NW corner T41S, R63W, SM; thence south to the NW corner T42S, R63W, SM; thence west to the NW corner T42S, R65W, SM; thence south to the NW corner T43S, R65W, SM; thence west to the NW corner T43S, R67W, SM; thence south to the SW corner T44S, R67W, SM; thence east to the NW corner T45S, R67W, SM; thence south along the line separating R67W and 68W, SM to the SW corner of T48S, R67W, SM; thence west to the NW corner of T49S, R68W, SM; thence south to the NE corner of T50S, R69W, SM; thence east to the NE corner of T50S, R67W, SM; thence south along the line separating R66W and R67W, SM, to the

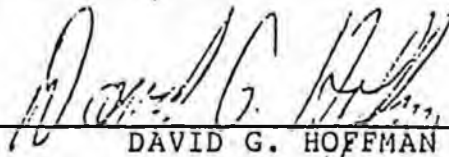
00' West Longitude; thence southerly along 159° 00' West Longitude to 54° 00' North Latitude; and

2) east of a line mid-channel through Unalga Pass, extending northerly mid-line between Unalga and Unalaska Islands and extending southerly mid-line between Unalga and Sedanka Islands;

With respect to the water areas, the boundaries of the Aleutians East Borough extend to the limits of the State's jurisdiction under AS 44.03.010. The territory described above contains 15,405 square miles, more or less, all in the Third Judicial District, State of Alaska.

These boundaries shall remain as described until changed in accordance with law.

SIGNED THIS 23rd DAY OF OCTOBER, 1987

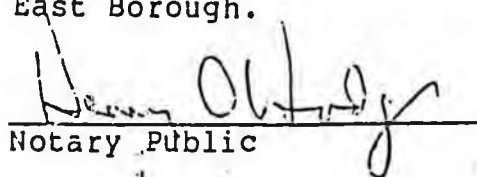


DAVID G. HOFFMAN

ACKNOWLEDGMENT

STATE OF ALASKA)
) SS.
)

This is to certify that on the 23 day of October, 1987, before me, the undersigned, a Notary Public, duly commissioned and sworn as such, personally came David G. Hoffman, to me known to be the Commissioner of the Alaska Department of Community & Regional Affairs, who signed this foregoing Certificate of Incorporation of the Aleutians East Borough.



Notary Public

My commission expires: 12/9/1987

