

HCR

27

# HOUSE COMMITTEE REPORT

(7)  
Date Referred: April 17, 1991

FURTHER REFERRALS:

Date of Committee Action: 4-25-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HCR 27

HOUSE CONCURRENT RESOLUTION NO. 27

SUPPORTING YAKUTAT BOROUGH INCORPORATION

Supporting the Yakutat Borough Incorporation Petition.

**RECOMMENDATIONS:**

be replaced with \_\_\_\_\_

CS HCR 27 (CCA)

the same title  
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note DCBA

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Gail Phillips</i>	X				
<i>Betty Davis</i>	X				
<i>Sam Walker</i>	✓				
<i>Sam M.</i>	X				
<i>Cheri Dancy</i>	X				
<i>John C. Duples</i>					

  
CHAIRMAN'S SIGNATURE

REPRESENTATIVE  
JERRY MACKIE

P. O. BOX 73  
CRAIG, ALASKA 99921  
(907) 828-3008 OFFICE  
(907) 828-2930 HOME

CHAIRMAN,  
COMMUNITY & REGIONAL AFFAIRS COMMITTEE

VICE CHAIRMAN,  
TRANSPORTATION COMMITTEE

# Alaska State Legislature



WHILE IN JUNEAU  
P. O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-4925

## House of Representatives

### SPONSOR STATEMENT

#### HCR 27

HCR 27 requests that the Department of Community & Regional Affairs and the Local Boundary Commission expedite the public hearing process for the proposed Yakutat Borough. HCR 27 also recognizes Yakutat's desire to assume self government responsibilities.

The legislature has always supported local government initiatives for borough formation. The proposed formation of the Yakutat borough is consistent with the current efforts to reduce dependency on state government, and increase self sufficiency among local governments.

The creation of the proposed Yakutat borough would provide for enhancement of basic services in the area such as planning and zoning responsibilities, school systems, road maintenance, public safety, health programs, water & sewer services and fishery facilities.

The expansion of local government responsibilities would be paid for by various forms of taxes and revenue opportunities for the new borough. The proposed borough would receive an organizational grant of \$600,000 over a three year period to help offset start up expenses. The most substantial increase in revenue for the proposed borough would come from National Forest Receipts followed by an increase in sales and property taxes.

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## House of Representatives

### BACKGROUND INFORMATION ON THE PETITION FOR THE FORMATION AND INCORPORATION OF THE CITY OF YAKUTAT

#### HCR 27

#### SUPPORT OF THE PETITION FOR THE CITY AND BOROUGH OF YAKUTAT

The City of Yakutat formally petitioned the Local Boundary Commission on October 1, 1990 for the formation and incorporation of a home rule borough. Yakutat's request occurred after a decade of efforts to organize the region as a Coastal Zone Management Unit, a Local Emergency Response District, and a Coastal Resource Service Area in the hopes of gaining local control over matters critical to the welfare of its residents.

The boundaries of the proposed borough are generally the Gulf Coastal region of Alaska from Cape Suckling to Cape Spencer, approximating 7,776 square miles. The area proposed for inclusion in the borough consists of an uninterrupted oceanic coastline, sometimes referred to as "coastal lowland." This area is distinct, geographically from Southeast Alaska and the Prince William Sound region as noted by the Department of Community & Regional Affairs (DC&RA), Municipal and Regional Assistance Division (MARAD), in their review of Yakutat's Coastal Resource Service Area Proposal.

#### HISTORY

The community or "old village" of Yakutat was established in 1889 with the building of a mission, but the Tlingit and Eyak peoples settled this area much, much earlier. The 1880 U.S. Census reported that 500 Indians lived here. Historically and traditionally, Yakutat has been the center of self-government for the areas people since the middle of the 18th century.

### SERVICES

Yakutat is prepared to extend all its services to the outlying areas connected by road. With substantial logging taking place in the region over the past several decades, there exists a network of roads connecting a vast area. These services shall include, but not be limited to the following:

- maintenance of streets and roads not maintained by the State;
- continued operation of the school system currently servicing a substantial student population from outside existing municipal boundaries;
- public safety services, including EMS, fire and police;
- solid waste services;
- operation of parks and recreation services;
- planning services;
- public works services;
- continued operation of a power utility currently servicing residents outside existing municipal boundaries;
- operation of a health clinic;
- fisheries enhancement services; and
- water and sewer utilities.

The new borough will also be prepared to extend education, tax assessment and land use regulation to the areas not connected to the road system. Yakutat proposes to administer the Icy Bay school by means of a cooperative arrangement with the Chugach REAA for a short time.

As the sponsor of this resolution, I submit to you, the members of this committee, that Yakutat has a long record of exemplary municipal service to its residents. This is a community that has rigorously pursued an opportunity to extend their efforts of local self-government and self-determination. I believe that it should be afforded that opportunity.

### ANTICIPATED REVENUES

The formation of a borough will bring a much needed benefit to the area economically. Initially, the borough will receive an organizational grant of \$300,000 for the first year; \$200,000 for the second year; \$100,000 for the third fiscal year under AS 29.05.190.

National Forest Receipts comprise the bulk of funds that would come into the new borough at the outset. Federal law permits boroughs which contain national forest lands within

their boundaries to receive payments from revenue generated in the forest. The proposed borough contains approximately 1,250,000 acres of national forest land situated in the Tongass National Forest. The proposed borough's share of these revenues would have been as follows:

FY 89	\$378,434
FY 88	23,113
FY 87	-0-
FY 86	36,886
FY 85	3,924
FY 84	76,185
FY 83	100,611
FY 82	405,427
TOTAL	\$1,024,580

The borough would also receive state shared taxes. The borough's share of the Fisheries Business Tax would increase if the value of the product increased or value added processing was established outside the current municipal boundaries. Municipal Assistance is estimated to bring in \$70,000 with Municipal Revenue Sharing contributing approximately \$60,000 for FY 92. Federal and state programs can be expected to bring in \$90,000 the first two years, \$45,000 the third year, and \$20,000 each year thereafter for development and implementation of a borough coastal management program. Additional monies are anticipated from sales tax/use tax (sales occurring within the expanded boundaries), personal property taxes if enacted by ordinance, real property taxes (half the areas current assessed valuation lies outside the cities boundaries), and a bed tax (taxing the tourists that frequent the area's lodges.)

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HCR 27

Revision Date: \_\_\_\_\_ Department Affected: Community & Regional Affairs

Title: Supporting the Yakutat Borough Incorporation Petition. BRU: \_\_\_\_\_

Sponsor: Reps Mackie, Grussendorf & Component: \_\_\_\_\_

Requestor: Zawacki COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Hennison, Director Phone: 465-4708  
 Division: Administrative Services Date: 4/19/91

Approved by Commissioner: Edgar Blatchford  
 Agency: Community & Regional Affairs Date: 4/19/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

April 23, 1991

POSITION PAPER

RE: House Concurrent Resolution 27

SPONSORS: Representatives Mackie, Grussendorf and Zawacki.

Program Effects of Resolution

If adopted, the current resolution would express the wish of both houses that: 1) DCRA act quickly in reviewing the petition for incorporation of the Yakutat Borough, and 2) the Local Boundary Commission (LBC) expedite consideration of the proposal.

Comments

DCRA ACTION TO DATE

DCRA is aware of the petitioners' desire for expeditious consideration of their petition. The record clearly demonstrates that DCRA is attempting to accommodate this desire, while carrying out its duties in a responsible fashion.

The following is a summary of the principal activities to date:

- 11/26/90 In anticipation of the Yakutat petition, DCRA requested AG's opinion on key legal issues concerning the regulatory standards for borough formation.
- 12/26/90 Current petition for incorporation of the Yakutat Borough submitted to the Department.
- 01/07/91 Preliminary review of petition discloses insufficient signatures; petitioners advised.
- 01/11/91 Petitioners submit additional required signatures.
- 01/16/91 DCRA formally notifies petitioners that form and content of the petition are in substantial compliance with state law; DCRA arranged to have notice of the filing of the petition published; DCRA mailed individual notice to more than 150 potentially interested parties; March 12 established as deadline for comments.

- 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

- 02/15/91 AG's Office advises DCRA that regulatory standards are legal and must be enforced (see attachment). This raises significant doubt that Yakutat petition could be approved under existing regulations which require a minimum of two communities and 1,000 persons. LBC agrees to consider amendments to regulatory standards for borough formation in the course of other changes to its regulations. Debate on these proposed changes begins in earnest.
- 02/25/91 Contract issued by DCRA to provide expert legal services in drafting changes to regulations of the LBC.
- 03/01/91 LBC meets with contractor to discuss proposed changes in regulations.
- 03/08/91 LBC Regulations Committee meets to review proposed changes in regulations. LBC agrees to extend deadline for comments on Yakutat petition given pending proposed changes in the regulatory standards for borough formation. LBC indicates that it may attempt to expedite changes in borough incorporation standards to accommodate pending Yakutat proposal.
- 03/20/91 LBC Regulations Committee meets again to review proposed changes in regulations.
- 04/16/91 Draft of proposed changes to regulations substantially complete.
- 04/26/91 Entire LBC scheduled to meet to review proposed revisions to regulations.

The above summary of proceedings makes it clear that DCRA has acted quickly and responsibly in all matters relating to the Yakutat proposal. Once issues concerning the standards for borough formation are addressed, DCRA expects to move forward on this matter. The following is the anticipated schedule following resolution of the regulations issues:

- 14 days Additional comment period on the Yakutat proposal.
- 30 days Preparation of draft report and recommendation by DCRA concerning the Yakutat petition and model borough boundaries in the Prince William Sound, Yakutat and Cross Sound/Icy Straits areas.
- 30 days Opportunity for public comment on DCRA's draft report.

- 15 days      Completion of DCRA's final report and recommendation.
- 25 days      LBC begins hearings on the petition and model boundaries. Hearings likely to be held in Yakutat, Cordova, Valdez, Whittier and Gustavus. Hearings will be scheduled to promote maximum local participation.
- 90 days      The LBC may take up to 90 days to reach a decision following its last hearing.
- 30 days      If the LBC approves the petition, the Director of the Division of Elections will schedule an election within 30 days of notification of LBC action.
- 90 days      The election will be held at least 30 and no more than 90 days following the order of the election.
- 21 days      If a majority of the voters support borough formation, DCRA certifies the incorporation following the reporting of the election results and documentation of preclearance under the federal Voting Rights Act.

LBC SHOULD BE PERMITTED TO ADDRESS THIS ISSUE

The Local Boundary Commission (LBC) is independent of DCRA. The LBC is responsible for the adoption of regulations concerning formation of boroughs and is also responsible for judging the merits of the Yakutat proposal.

While the effect of the resolution is simply to request expeditious action, its title (A Resolution Supporting the Yakutat Borough Incorporation Petition) and preamble (lines 3 - 12) suggest legislative support specifically for the Yakutat proposal. The Department is aware that there are significant policy issues relating to the Yakutat proposal.

Given these circumstances, DCRA strongly encourages the Committee to postpone action on the proposed resolution until the LBC has had the opportunity to review and comment on the matter. The LBC is scheduled to meet on April 26 and the department will ask the Commission to comment on the proposed resolution at that time.

  
Edgar Blatchford, Commissioner

Attachment: February 15, 1991 memorandum from Assistant Attorney General Marjorie Odland.

A M E N D M E N T

OFFERED IN C&RA COMMITTEE

BY REP. MACKIE, sponsor

Page 1, line 9,

DELETE

Page 1, line 10,

DELETE

Page 1, line 9 and 10,

INSERT "WHEREAS the people of the region have historically constituted a culturally and economically cohesive group; and"

This amendment is offered in the hopes of eliminating any confusion or possibility of the legislature becoming involved in the establishment of boundaries, a responsibility that this body has relegated to the Local Boundary Commission.

**SPONSOR SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION NO. 27**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVES MACKIE, Grussendorf, Zawacki**

**Introduced:**

**Referred:**

**A RESOLUTION**

**1 Supporting the Yakutat Borough Incorporation Petition.**

**2 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

**3 WHEREAS** it is in the best interest of the state that its citizens achieve maximum self  
**4 government; and**

**5 WHEREAS** the citizens of the Yakutat and Yakataga area have expressed a desire to form an  
**6 organized borough; and**

**7 WHEREAS** recently the trend has been to transfer more and more responsibility for providing  
**8 government services from the federal and state governments to local government; and**

**9 WHEREAS** the people of this region have historically constituted a culturally and economically  
**10 cohesive group; and**

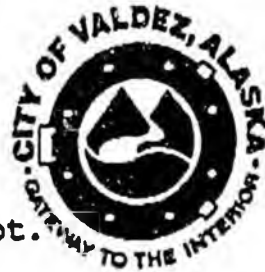
**11 WHEREAS** the legislature encourages communities in the state to assume local government  
**12 powers wherever feasible and desired by the residents;**

**13 BE IT RESOLVED** by the Alaska State Legislature that the Department of Community and  
**14 Regional Affairs is urged to act with dispatch in reviewing the incorporation petition for the proposed**  
**15 Yakutat Borough and in making its recommendations regarding the petition to the Local Boundary**  
**16 Commission; and be it**

**17 FURTHER RESOLVED** that the Local Boundary Commission is urged to expeditiously hold

1 a public hearing in the area proposed to be incorporated and to give full consideration to the desire  
2 expressed by the people in the area for self government as provided for under state law.

3       **COPIES** of this resolution shall be sent to the Honorable Edgar Blatchford, Commissioner of  
4 Community and Regional Affairs; and to the Honorable Charles Bettisworth, Chair, Local Boundary  
5 Commission.



RECEIVED

FEB 27 1991

Community Development Dept.  
February 20, 1991

CITY OF YAKUTAT  
CITY CLERK

Local Boundary Commission  
949 East 36th Avenue, Room 405  
Anchorage, Alaska 99508

Dear Commissioners:

This letter is in response to the City of Yakutat's petition to incorporate the City and Borough of Yakutat and dissolve the City of Yakutat.

The City of Valdez fully supports the City of Yakutat's position that they should be allowed to form a single city borough. The City agrees with the City of Yakutat's contention that the statutory standards do not include a requirement that there be two separate communities or a population of 1,000 person. These regulations were developed by the Department of Community & Regional Affairs and they are regulations only not statutory requirements.

Article 10, Section 3 of the Constitution of the State of Alaska discusses borough government. It says that a borough shall embrace an area in population with common interests to the maximum degree possible. In the case of Yakutat as well as perhaps other communities, there are not neighboring communities with common interests. Based on the regulations, either a very large unwheeling regional government is formed or areas of the state remain outside of local government control.

Again, the City of Valdez supports the City of Yakutat's petition to form the City & Borough of Yakutat and dissolve the City of Yakutat.

Thank you for providing the City of Valdez with the opportunity to review and comment on the petition submitted by the City of Yakutat.

Sincerely,  
*David Dengel*  
David Dengel  
Director of Community Development

cc: Doug Griffin, City Manager  
City of Cordova Mayor  
City of Yakutat Mayor

Post-It™ brand fax transmittal memo 7871		# of pages	1
To	John Hecklund Jim Brennan	From	Beth McMillan
Co.	HFB&C	Co.	City of Yakutat
Dept.		Phone #	
Fax #	270-0277	Fax #	784 3281

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JAN 21 1991

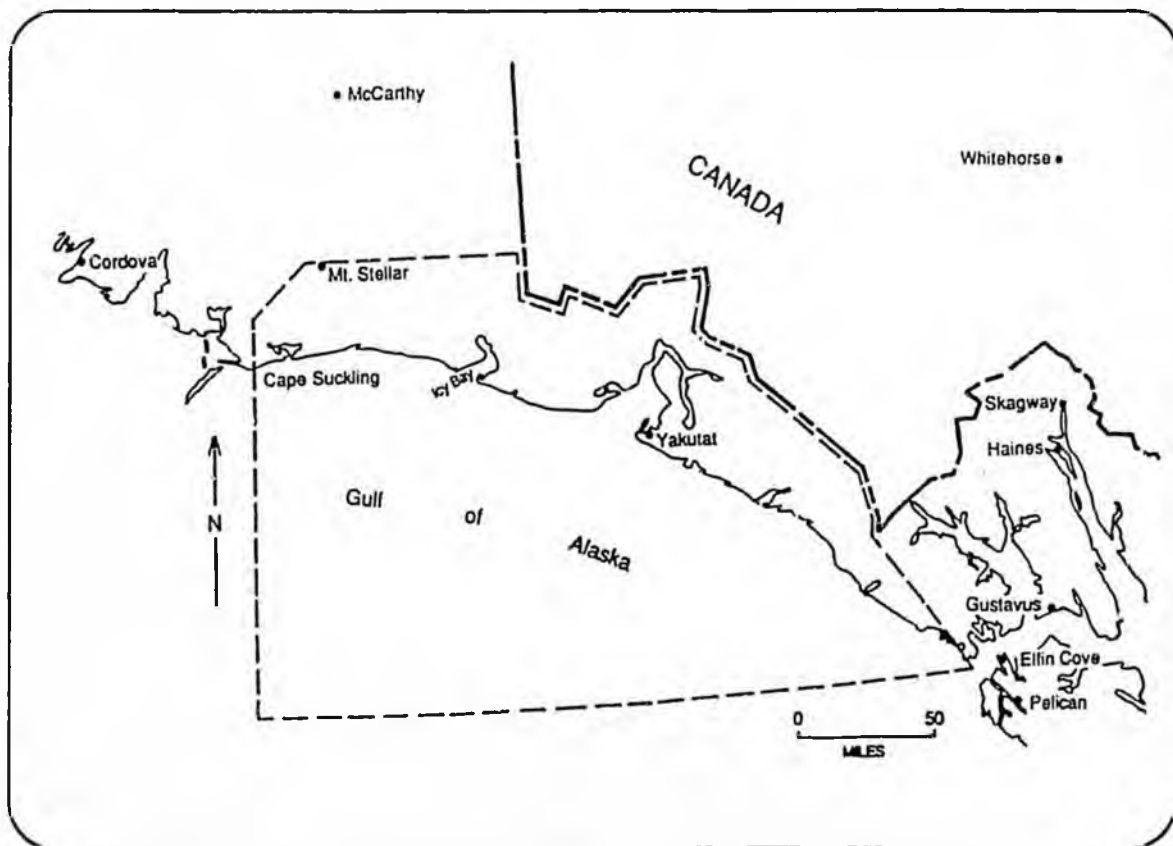
**NOTICE OF PROPOSAL TO  
INCORPORATE THE "CITY AND BOROUGH OF YAKUTAT"  
AND DISSOLVE THE CITY OF YAKUTAT**

Voters of the Gulf Coastal region from Cape Suckling to Cape Spencer have petitioned the State of Alaska to incorporate a home rule borough under AS 29.05.031 and to dissolve the City of Yakutat under AS 29.06.450(c). A copy of the petition, brief and proposed borough charter is available for public review at the following locations:

Yakutat City Hall (telephone: 784-3323)  
DCRA Southeast Regional Office in Juneau (tel. 465-4814)  
Local Boundary Commission staff in Anchorage (tel. 563-1073)

Copies of the petition have also been provided to the City of Valdez, City of Cordova, City of Whittier, Haines Borough and the Chatham School District.

**BOUNDARIES:** The area proposed for incorporation encompasses an estimated 7,776 square miles of land, plus offshore waters. The map which appears below shows the approximate boundaries of the proposed borough.



**TAXES:** The petition anticipates that the borough would levy a 1% raw fish tax, a 3% general sales tax and real property taxes amounting to 12.3 mills in the area connected by road to Yakutat and 9 mills in all other parts of the borough. The taxes would be in lieu of taxes currently levied by the City of Yakutat.

**OPPORTUNITY FOR COMMENT:** Individuals may file answering briefs under 19 AAC 10.390 or written comments concerning this matter. Answering briefs and written comments must be received at the following address no later than March 12, 1991:

Local Boundary Commission  
949 East 36th Avenue, Room 405  
Anchorage, Alaska 99508  
telefax: 563-1734/telephone: 563-1073

**FURTHER INFORMATION:** Individuals wishing further information concerning this matter (including future notice of meetings and hearings, copies of reports, etc.)