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SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 2/1/91

FURTHER: Finance

Date of 5-Day Notice: 2/7/91
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2/14/91

C&RA Committee considered SB 96

Authorizing compensation for members of the state Local Boundary Commission; efd.

and recommended:

replace with _____ CS _____ same title

attached amendment(s) new title

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) _____
C&RA / 2/13/91

zero fiscal note(s) _____

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

Carlo Stangorli

OTHER RECOMMENDATIONS:

Anna Hylle

do not do pass
Chair: Signature and Recommendation

FISCAL NOTE

No. 1
 Bill Version: SB 96
 (S) Publish Date: 2-19-91

STATE OF ALASKA
 1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: "An Act..compensation for members of the State Local Boundary Comm.." BRU: Local Government Assistance
 Component: Local Boundary Commission
 Sponsor: Senate C&RA
 Requestor: Senate C&RA

COMPONENT SERIAL NO.

0	6	7	4
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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	18.75	18.75	18.75	18.75	18.75	18.75
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	18.75	18.75	18.75	18.75	18.75	18.75

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	18.75	18.75	18.75	18.75	18.75	18.75
FEDERAL FUNDS						
OTHER						
TOTAL	18.75	18.75	18.75	18.75	18.75	18.75

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: No fiscal impact in FY 91

ANALYSIS: (Attach a separate page if necessary.)
 This fiscal note assumes 25 days of meetings per year with compensation at \$150 per day per member (5 members).

Prepared By: Remond Henderson Phone: 465-4708
 Division: Administrative Services Date: 2/13/91
 Approved by Commissioner: EC, 1/14/91
 Agency: Community & Regional Affairs Date: _____

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

Alaska State Legislature

Al Adams
District L



Official Business

WHILE IN SESSION
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3707

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3245

3111 C Street
Anchorage, Alaska 99503
(907) 561-7622

March 4, 1991

The Honorable Walter Hickel
Governor
State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Governor Hickel:

This is to let you know that I share your concern with economic problems that surround the various state boards and commissions and to offer a fix.

I see several issues at hand. One has to do with the sheer number of boards and commissions. Another has to do with their costs. A facet of their costs is the vast disparity in compensation for expenses, time and expertise. This latter notion has become particularly pointed with legislation again before the Seventeenth Legislature to provide salaries or elevated salaries to certain boards. Salary and honorarium has become a matter of some boards convincing legislators that its activities warrant a salary. Amounts range from \$50 to \$400 per meeting. I have enclosed for your review summaries of the various boards and compensation allowances. Clearly, there is no constructive correlation between salary, time involved or expertise required.

Several policy calls need to be made to address these problems. Some boards should be eliminated and some should be joined together. A policy for travel, per diem, salary and honorarium needs to be established. A policy is required on whether state employees or those who work for political subdivisions of the state should take leave without pay for meeting attendance.

I believe a short term task force would be well suited to investigate the possibilities of board elimination and fusion, how to divert "double dipping" of state employees serving on boards and recommend appropriate compensation. Since the establishment of such standards would involve multiple statutory changes it would seem appropriate that the task force could have answers to place before the Second Session of the Seventeenth Legislature.

I hope you find these ideas useful.

Sincerely,

A handwritten signature in cursive script, appearing to read "Al Adams".

Senator Al Adams

BOARDS AND COMMISSIONS WITH COMPENSATION OTHER THAN STANDARD TRAVEL AND PER DIEM

-KAF

Board/Commission Name	# Members	# Meetings	Compensation
Commercial Fisheries Entry Commission	3	120 days	Salaried
Commercial Fishing & Agricultural Bank, Bd. of Directors	7	7 days	\$250/day maximum
Board of Fisheries	7	4-6x; 40-85 days	\$150/day-regular meetings \$100/day-other meetings
Board of Game	7	2x (35-40 days)	\$150/day-regular meetings \$100/day-other meetings
Historical Records Advisory Board, State	9	3 days maximum	Federal funding
Alaska Housing Finance Corporation	7	16 days maximum	\$100/day + necessary expenses
Alaska Industrial Development & Export Authority	5	1x/month; most via telecon.	\$100/day
Medical Indemnity Corporation of Alaska	9	4x (15-30 days)	Necessary expenses
Alaska Municipal Bond Bank Authority	5	5 days total	Actual expenses
Occupational Safety & Health Review Board	3	Approx. 4x/yr.	\$50/day
Oil & Gas Conservation Commission	3	N/A	Salaried
State Board of Parole	5	4x/yr. minimum	Set by Governor
Permanent Fund Corporation, Board of Trustees	6	10+/yr. (40 days)	\$400/day
Board of Pharmacy	7	3x (9 days total)	Actual expenses
Alaska Public Offices Commission	5	5x (15 days max.)	\$50/day
Railroad Corporation, Board of Directors	7	4x/yr. minimum	\$400/day
Teachers' Retirement Board	9-13	2x (approx. 6 days)	Actual expenses
Public Employees Retirement Board	9-13	2x/yr.	4-8 physician members entitled to hourly compensation at rate consistent with their normal hourly earnings
Alaska Public Utilities Commission	5	Continuous	Salaried
Western Interstate Commission for Higher Education	3	2x (10 days max.)	Actual expenses
Alaska Workers' Compensation Board	11	125 days total	\$50/Day

SOURCE: 1991 Boards and Commissions Book, Office of the Governor

Example of ...

u 2 ...

BOARDS AND COMMISSIONS
WITH NO COMPENSATION OTHER THAN TRAVEL AND PER DIEM

BY SENATOR ADAMS

3.01.91

SOURCE: 1991 BOARDS AND COMMISSIONS BOOK

BOARD	MEETING DAYS PER YEAR
PUB ACCOUNTANCY	12 DAYS TOTAL
AG REV. LOAN FUND BOARD	25 DAYS
ALCOHOL BEVERAGE CONTROL	11-14 DAYS
ALCOHOLISM AND DRUG ABUSE	12 DAYS
AMATEUR SPORTS AUTHORITY	AT LEAST QUARTERLY
ARCHITECTS, ENGINEERS, AND LAND SURVEYORS	4 MEETINGS
ALASKA COUNCIL ON THE ARTS	12-15 DAYS MAXIMUM
ASSESSMENT REVIEW BOARD	2-3 DAYS
ATHLETIC COMMISSION	1 MTG/YEAR
BALD EAGLE PRESERVE ADVISORY COUNCIL	7 DAYS
BOARD OF GOVERNORS ALASKA BAR	10 DAYS
BARBERS AND HAIRDRESSERS	"AS OFTEN AS NECESSARY"
BIG GAME COMMERCIAL SERVICES	14 DAYS MAX
BLOCK GRANTS ADVISORY COMMITTEE	4-6 DAYS
PUBLIC BROADCASTING	15 DAYS
CHILDREN AND YOUTH	4 MTGS PER YEAR
CHIROPRACTIC EXAMINERS	6 DAYS MAX
CLEMENCY ADVISORY COMMITTEE	APPROX 4 MEETINGS PER YEAR
CLINICAL SOCIAL WORKERS	1 MEETING PER YEAR
COASTAL POLICY COUNCIL	10 DAYS
COMPENSATION COMMISSION/STATE OFFICERS	EVERY OTHER YEAR
CORRECTIONAL INDUSTRIES COMMISSION	4 MTGS PER YEAR
DENTAL EXAMINERS	4 MTGS PER YEAR

BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

DISPENSING OPTICIANS	4 DAYS
DOMESTIC VIOLENCE AND SEXUAL ASSAULT	16 DAYS MAX
BOARD OF EDUCATION	30 DAYS MAX
ELECTICAL EXAMINERS	1 MTG PER YEAR
EMERGENCY MEDICAL SERVICES	6 DAYS MAXIMUM
EMERGENCY RESPONSE COMMISSION	4 MTGS PER YEAR
EMPLOYMENT OF PEOPLE W/ DISABILITIES	14 DAYS MAX
EMPLOYMENT SECURITY ADVISORY COUNCIL	8 DAYS MAX
ALASKA ENERGY AUTHORITY	12 MTGS PER YEAR/ 48 DAYS MAX
ADVISORY COMMISSION ON FEDERAL AREAS	AT LEAST 2 MTGS PER YEAR
FISHERMENS FUND ADVISORY AND APPEALS COUNCIL	10 DAYS MAX
FORESTRY	8 DAYS
GEOGRAPHIC BOARD	9 DAYS
HANDICAPPED AND GIFTED	15 DAYS
HAZARDOUS SUBSTANCE SPILL TECHNOLOGY	AT CALL OF CHAIR
HEALTH CARE TASK FORCE	AS SCHEDULED W/ DH&SS
HISTORIC SITES ADVISORY COMMITTEE	8 DAYS MAX
HISTORICAL COMMISSION	16 DAYS MAX
HOUSING AUTHORITY	12 DAYS
HUMAN RIGHTS	8-10 DAYS
HUMANITIES FORUM	8-10 DAYS
INCENTIVES AWARD	AS NEC
JOB TRAINING COUNCIL	AS NEC
JUDICIAL CONDUCT	4-6 DAYS
JUDICIAL COUNCIL	4-8 DAYS
JUVENILE JUSTICE AND FAMILY SERVICES	4 DAYS
LABOR RELATIONS AGENCY	15 TO 20 TIMES PER YEAR
LIBRARIES	5-6 DAY MAX
MARINE PILOTS	1 MTG PER YEAR
MECHANICAL EXAMINERS	2-3 MTGS PER YEAR
MEDICAID RATE COMMISSION	10 TIMES PER YEAR
MEDICAL BOARD	4 TIMES PER YEAR

BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

MEDICAL INDEMNITY	15-30 DAY MAXIMUM
MENTAL HEALTH BOARD	12 DAYS
MENTAL HEALTH TRUST	4 MTGS PER YEAR
MINERALS COMMISSION	AS CALLED
MUNICIPAL BOND BANK	5 DAYS
N. PACIFIC AND BERING SEAS FISHERIES	4-5 MTGS PER YEAR
NURSING	4 MTGS PER YEAR
NURSING HOME ADMINISTRATORS	SEMI-ANNUALLY
OLDER ALASKANS COMMISSION	12 DAYS MAXIMUM
OPTOMETRY	4 DAYS
PACIFIC MARINE FISHERIES	6 DAYS MAX
PACIFIC SALMON COMMISSION	3 7-10 DAY MTGS
PERMANENCY PLANNING	2 MTGS PER YEAR
PERSONNEL BOARD	4 DAYS
PHARMACY	9 DAYS
PHYSICAL THERAPY AND OCC THERAPY	2 MTGS PER YEAR
PIONEERS HOMES ADVISORY BOARD	15-16 DAYS
POLICE STANDARDS COUNCIL	8 DAYS MAXIMUM
POST SECONDARY EDUCATION	10 DAYS MAX
PRIVATE INDUSTRY COUNCIL	8 DAYS MAX
PROFESSIONAL TEACHING PRACTICES	3-4 MTGS PER YEAR, 2-5 DAYS EACH
PSYCHOLOGIST AND PSYCHOLOGICAL ASSOCIATE	3 MTGS PER YEAR, 2 DAYS
REAL ESTATE APPRAISERS	AS NEEDED
REAL ESTATE COMMISSION	3-4 TIMES/YEAR, 2 DAYS EACH
RECREATION RIVERS	NO COMP MEET 4-6 TIMES PER YEAR
BOARD OF REGENTS	7 TIMES PER YEAR
RATNET	1-2 MTGS PER YEAR/ 1-2 DAYS EACH
SAFETY ADVISORY COUNCIL	6 DAYS
SCIENCE AND ENGINEERING ADVISORY	AS CALLED
SEAFOOD MARKETING	8-10 DAYS
SENTENCING COMMISSION	AS CALLED
SOIL AND WATER CONSERVATION	4 DAYS MINIMUM

BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

STORAGE TANK ASSISTANCE	3 DAYS
STUDENT LOAN	AT CALL OF CHAIR
SUBSISTENCE RESOURCE COMMISSION	2 MTGS PER YEAR
SUBSISTENCE USE OF FISH AND GAME	NOT YET SET
TELECOMMUNICATIONS INFORMATION COUNCIL	4 TIMES PER YEAR
TOURISM MARKETING COUNCIL	4 MTGS PER YEAR
TRANS-ALASKA PIPELINE LIABILITY FUND	ONCE EVERY 6 MONTHS
VETINARY EXAMINERS	3 TIMES PER YEAR
VIOLENT CRIMES COMPENSATION COMMISSION	4-5 MTGS AND 10 HEARINGS PER EYAR
VOCATIONAL AND CAREER EDUCATION	8 DAYS
WATER AND WASTEWATER WORKS	1-2 TIMES PER YEAR/4-5 DAY MA
WATER RESOURCES	2 TIMES PER YEAR/ 1-3 DAYS EACH
WESTERN INTERSTATE FOR HIGHER ED	10 DAYS MAX
WOMENS COMMISSION	AT CALL
WOOD-TIKCHIK STATE PARK	8 DAYS
YUKON RIVER DELEGATION	2 MTGS PER YEAR

7-LS0593D
Luckhaupt
3/1/91

**CS FOR SENATE BILL NO. 96 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION**

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): **SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing compensation for members of the state Local Boundary Commission;
2 and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * Section 1. AS 44.47.579 is repealed and reenacted to read:

5 Sec. 44.47.579. **COMPENSATION AND EXPENSES.** A member of the Local Boundary
6 Commission is entitled to compensation at a rate of \$150 for each day the member is attending
7 a meeting of the commission. A member who is an employee of the state or a local government
8 is entitled to the \$150 per day compensation only for a day on which the member takes annual
9 leave or leave without pay from the state or local government position. A member is also
10 entitled to receive per diem and travel expenses authorized for members of boards and
11 commissions under AS 39.20.180.

12 * Sec. 2. This Act takes effect July 1, 1991.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, 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

February 26, 1991

POSITION PAPER

RE: Senate Bill 96

SPONSOR: Senate Community and Regional Affairs Committee

Program Effects of Bill

Currently the Alaska Local Boundary Commission receives no compensation for time spent attending Commission meetings. Senate Bill No. 96 will provide compensation at a rate of \$150 to each member for each day the member attends a Commission meeting.

Comments

In each of the past four years bills have been before the legislature which would have provided compensation to the Commission. The rate of compensation would have been \$150/day for each day any member attended a meeting. Such bills were approved by the Senate in 1988 and 1990. However, the measures failed to gain approval in the House. In 1990, the bill made it through all committees of referral in the House except the Rules Committee.

The Department of Community and Regional Affairs supports SB 96 just as it has supported its predecessors. The justification for a bill of this nature has become increasingly evident to the Department over the many years it has provided staff support to the Commission. The reasons are straightforward and many.

1. One of only four boards established by the Alaska Constitution in 1959, the Local Boundary Commission is one of the oldest and longest standing volunteer bodies in the state today. The Commission has evolved over these years from a body who originally met only three or four times a year to address boundary issues in fewer than 30 municipal governments, to one today who convenes an average of 25 meetings each year and rules on matters in 164 municipalities.

2. The amount of travel required by the Commission is tremendous. Intentionally seeking local input, the Commission meets whenever possible, where proposals originate. For example, during 1990 the Commission held meetings in Fairbanks, Juneau, Palmer, Nenana, Anchorage, Healy, Central, Fort Yukon, Livengood, McGrath, Tanana, Cantwell, McKinley Park and Anderson. It traveled to several of these communities more than once. In total, the Commission met 25 times last year. Anyone familiar with Alaska does not have to be told that this travel frequently occurred under hazardous weather conditions.

3. The volume of decisions and extent of travel alone do not fully account for the demands placed on the Commission today. Procedures which were simple thirty years ago have grown much more complex. For example, during its first fourteen years the Commission operated under only 3 pages of regulations. Today, its regulations consume more than 50 pages in the Alaska Administrative Code. Many of the provisions were mandated by the State Supreme Court. Commission procedures are further complicated by the requirement for U.S. Justice Department review and approval of every municipal boundary change ruled upon by the Commission.

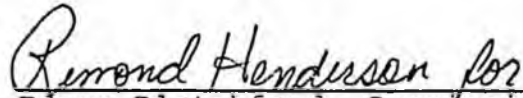
4. Compounding the duties of the Commission is the tendency of the public to litigate disputes. Given the typically controversial nature of the issues before the Commission, it is not surprising that its decisions occasionally end in court. They have in fact, been the subject of six landmark rulings by the State Supreme Court. A host of other Supreme and Superior Court decisions affect each and every action of the Commission.

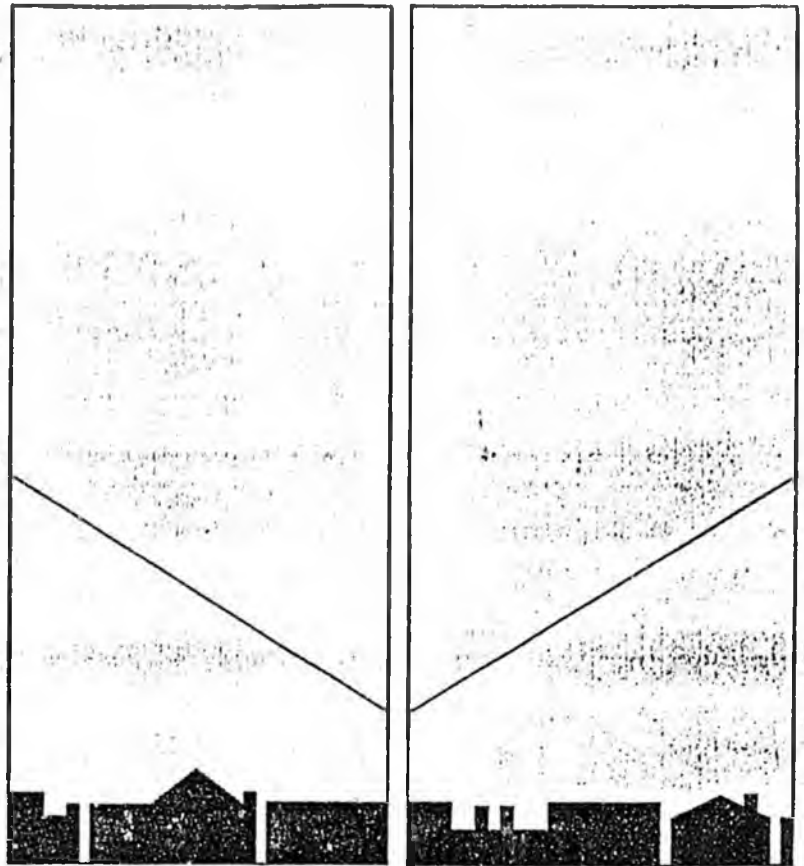
5. All of these circumstances combine to create a very demanding challenge. Today's Commission members must maintain a level of knowledge and energy expected of only the most dedicated. The Commission's rulings have significant implications for residents throughout Alaska. Its decisions frequently determine how fundamental services such as education will be delivered. To carry out their duties responsibly, each member typically spends at least sixteen hours preparing for each meeting.

These volunteers serve five year terms and are typically willing to accept reappointment. In every instance they are professionals able to command premium value for their time and talents. Yet all members forego their pay each day they travel to and from Commission meetings and each day they attend these meetings. Over a year's period this translates into thousands of dollars of lost personal income.

Position Paper - Senate Bill 96
February 26, 1991
Page Three

With these considerations in mind, the Department believes that compensation for Commission members is long overdue. If the State expects to keep qualified citizens who are willing to donate hundreds of hours every year, who are capable of making decisions in the face of intense pressure, who are willing to travel from one end of Alaska to the other under extreme weather conditions, and who can appreciate the significance of their rulings, then the State must recognize their value. Recognizing that it takes time for members of the Commission to develop expertise in this complex field, it is in the State's interest to recognize the importance of this Commission. The Department finds that SB 96 is a good effort toward this recognition.


Edgar Blatchford, Commissioner



ALASKA LOCAL BOUNDARY COMMISSION
ANNUAL REPORT 1990

Prepared with assistance from
The State of Alaska
Department of Community and Regional Affairs

**ALASKA LOCAL BOUNDARY COMMISSION
1990 ANNUAL REPORT TO**

THE STATE LEGISLATURE

**State of Alaska
Walter J. Hickel, Governor**

**Department of Community and Regional Affairs
Edgar Blatchford, Commissioner**

**Municipal and Regional Assistance Division
Marty K. Rutherford, Director**

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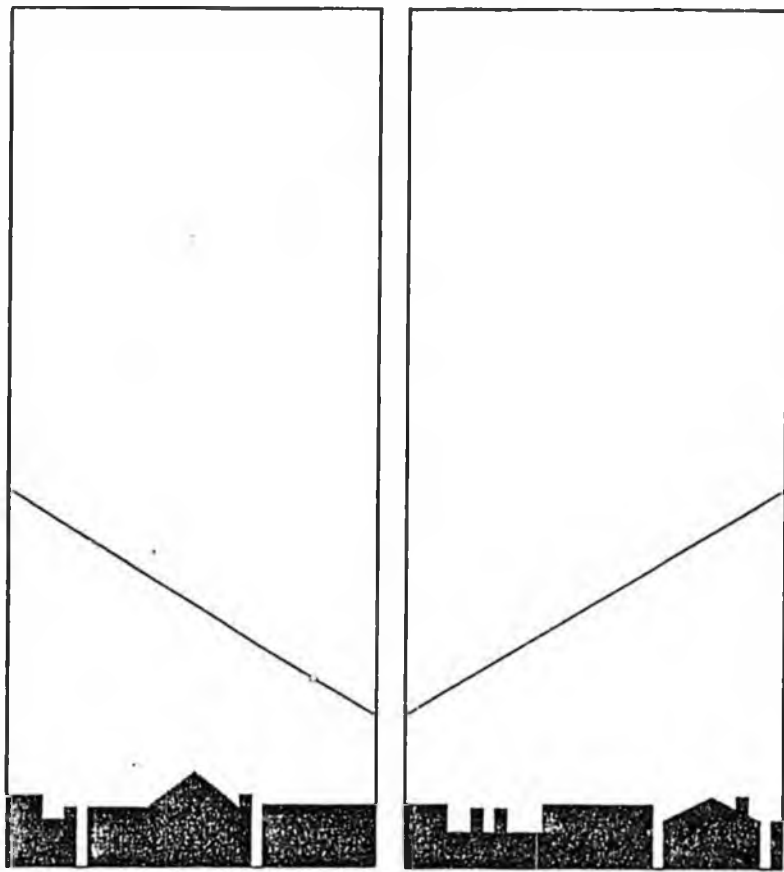
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Chapter 1

The Commission

The Alaska Local Boundary Commission (LBC or Commission) has played a pivotal role in the life of Alaska's local governments since statehood. In 1955, the delegates to the State's Constitutional Convention recognized that the creation and revision of municipal boundaries should be the responsibility of the State. To execute these duties, the delegates allowed that:

A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local government boundary change . . . (Article X, Section 12, Alaska Constitution)

Shortly after statehood, the Alaska Supreme Court summed up the issues which led the Convention delegates to their position. The Court wrote:

An examination of the relevant minutes of [a series of 31 meetings of the Committee on Local Government at the Constitutional Convention] shows clearly the concept that was in mind when the local boundary commission section was being considered: that local political decisions do not usually create proper boundaries and that boundaries should be established at the state level. The advantage of the method proposed, in the words of the committee -- "lies in placing the process at a level where areawide or statewide needs can be taken into account. By placing authority in this third-party, arguments for and against boundary change can be analyzed objectively." (Fairview Public Utility District No. 1 v. City of Anchorage; 368 P.2d 540)

Thus, it is the Alaska Local Boundary Commission who represents the collective interests of the state's residents in local government boundary decisions. Specifically, the Commission rules on proposals for municipal incorporation, dissolution, annexation, detachment, merger and consolidation. It also has the express authority to study local government boundary problems.

Commission Members

Members of the Commission are appointed by the Governor on the basis of their interest in public affairs, good judgment, knowledge and ability. Their selection insures statewide representation since one member is appointed from each of the four Alaska Judicial Districts. The Chair is chosen from the state at-large. The Vice-Chair is elected from and by Commission members. All Commissioners serve on a strictly voluntary basis while fulfilling five year overlapping terms.

C.B. Bettisworth; Chair. Mr. Bettisworth joined the Commission in 1980. As a consequence, he has served under the administrations of four Governors. In 1987 he was appointed to the Chair. He owns and manages an architecture, planning and project development firm in Fairbanks. His term with the Commission expires January 31, 1992.

Shelley Dugan; Vice-Chair. Ms. Dugan was appointed to the Commission in 1987 serving from the Fourth Judicial District. Reappointed in 1990, her term expires January 31, 1995. She is the Clerk/Treasurer for the City of North Pole and she lives in Fairbanks.

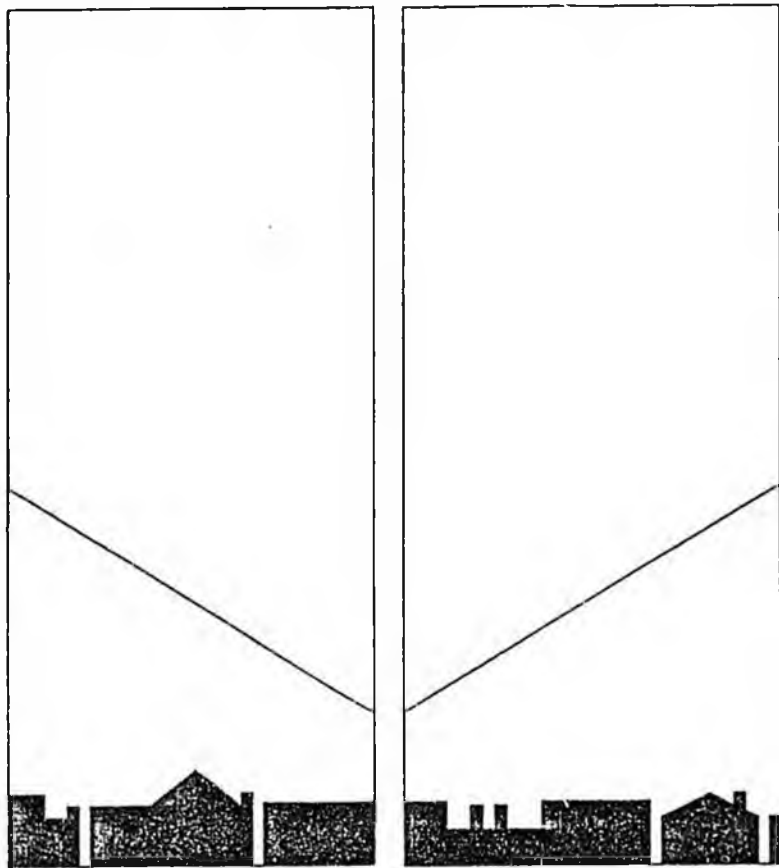
Jo Anderson. A resident of Wrangell, Mrs. Anderson has been a member of the Commission representing the First Judicial District since 1975. As a result, her term with the Commission has spanned the administrations of four Governors. She is an employee of the Alaska Department of Health and Social Services and her term with the Commission ends January 31, 1991.

Lamar Cotten. Mr. Cotten was appointed to the Commission in 1988 serving from the Third Judicial District. He is the Administrator for the Aleutians East Borough with his residence in Anchorage. His term with the Commission expires January 31, 1993.

Jeff Smith. A resident of Kotzebue and the Second Judicial District, Mr. Smith was appointed to the Commission in 1990. He sits on the Assembly of the Northwest Arctic Borough and he owns and manages a consulting business serving governmental and business clients. His term on the Commission expires January 31, 1994.

Technical Support

The Alaska Department of Community and Regional Affairs, Municipal and Regional Assistance Division (DCRA or the Department), provides technical and administrative support to the Commission. Its major responsibilities are to analyze proposed actions and prepare written reports and recommendations to the Commission; to review petitions for compliance with laws and regulations; to conduct informational meetings; to assist the LBC in conducting hearings; to aid local governments and others in bringing actions before the Commission; to prepare and maintain legal records of the Commission's proceedings; and to research and prepare studies and reports as directed by the Commission.



Chapter 2

The Year

1990

Competing Petitions for Boundary Action

The year 1990 was an active one for the Commission. A new city was voted into existence, while another one was formally dissolved. Voters approved the creation of the state's fifteenth borough. Several annexations were proposed and the majority approved by the Commission. Nine potential detachments surfaced, but no proposals were submitted. Several first class and home rule cities in the unorganized borough inquired about reclassifying to second class status, while two second class cities showed interest in reclassifying to first class status.

In 1990, the Commission was presented with a situation unique to local boundary deliberations. It had before it three simultaneous petitions for significant boundary actions on essentially the same territory. These competing petitions affected the area from the northern boundary of the Matanuska-Susitna Borough to and including the City of Nenana.

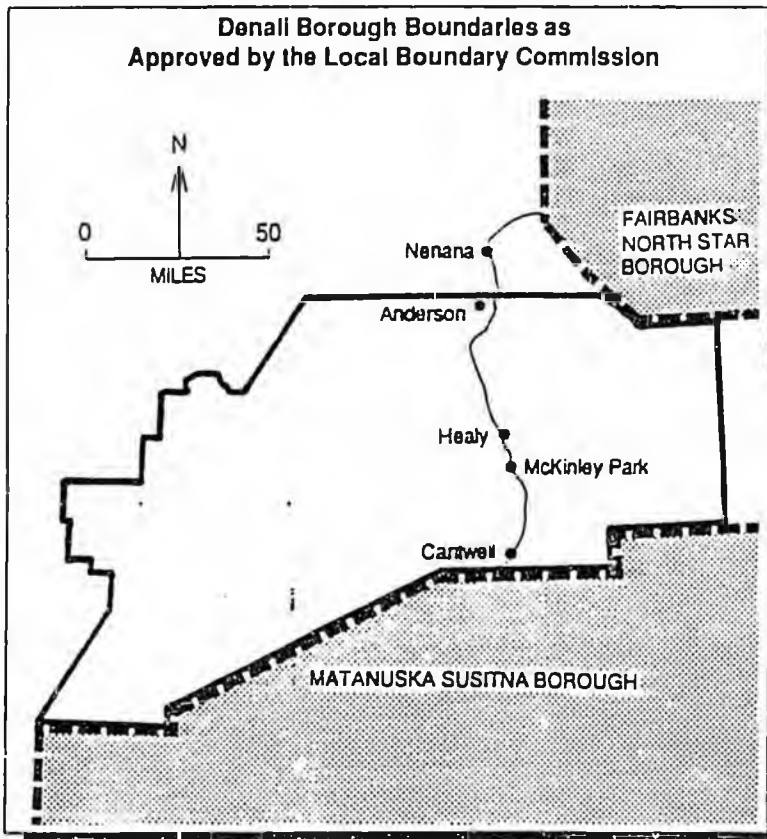
Matanuska-Susitna Borough (Mat-Su Borough). In May, 1989, the Mat-Su Borough formally petitioned for annexation of approximately 9,844 square miles north of its northern boundary. The territory included that part of the Denali National Park presently outside the Borough's boundaries and contained an estimated 1,000 residents in Cantwell, McKinley Park and Healy.

Denali Borough. The following October, a petition for incorporation of the 'Denali Borough' was filed with the Commission. The proposed boundaries included much of the area within the Railbelt Regional Educational Attendance Area (REAA) plus Mount McKinley. Not coincidentally, the area overlapped most of the area proposed for annexation by the Mat-Su Borough. The boundaries differed significantly though since the 'Denali Borough' proposal included the community of Anderson.

Valleys Borough. Later that same October, a petition for incorporation of the 'Valleys Borough' was filed. The boundaries encompassed that area from Cantwell to Nenana, most of the area petitioned for annexation by the Mat-Su Borough, and the majority of the area petitioned for incorporation as the 'Denali Borough'. The Valleys Borough proposal was different from the Denali proposal in that it included the community of Nenana.

Because of the competing status of these three actions, the Department and the Commission conducted extensive meetings in the region. Following release of its report on the three proposals, the Department held informational meetings in Healy, Nenana, Anderson, McKinley Park and Cantwell. A month later, the Commission gathered testimony at public hearings in Palmer, Anderson, McKinley Park, Fairbanks, Cantwell, Healy and Nenana.

On April 21, 1990, the Commission held a decisional meeting to rule on the competing petitions. It denied the petition for annexation by the Mat-Su Borough and it denied the petition for incorporation of the Valleys Borough. The Commission then amended the boundaries of the proposed Denali Borough (see following map) and approved the incorporation initiative conditioned upon voter approval of a 4% bed tax.



Placed before the voters on November 6, 1990, the incorporation measure was approved. Thus, the Denali Borough became the state's fifteenth regional government upon certification of the election results on December 7, 1990.

Municipal Incorporations

Beyond the Commission's decisions on the Denali and Valleys Boroughs, there was one successful city incorporation. In addition, two petitions for city incorporations and one petition for borough incorporation are pending before the Commission.

False Pass. Residents of False Pass petitioned for second class city incorporation in mid-1989. Following release of the Department's required report, staff conducted an informational meeting in the community in April, 1990. On June 1, 1990, the Commission held a public hearing on the proposal. Following testimony, the Commission amended the boundaries of the proposed city to encompass 66 square miles rather than the 186 square miles originally proposed. It then approved the incorporation conditioned upon voter approval of a 2% sales and use tax. The matter was put before the voters on October 2. The incorporation initiative and the 2% sales and use tax passed. Thus, False Pass became the state's one-hundred and sixty-third municipality on October 19, 1990.

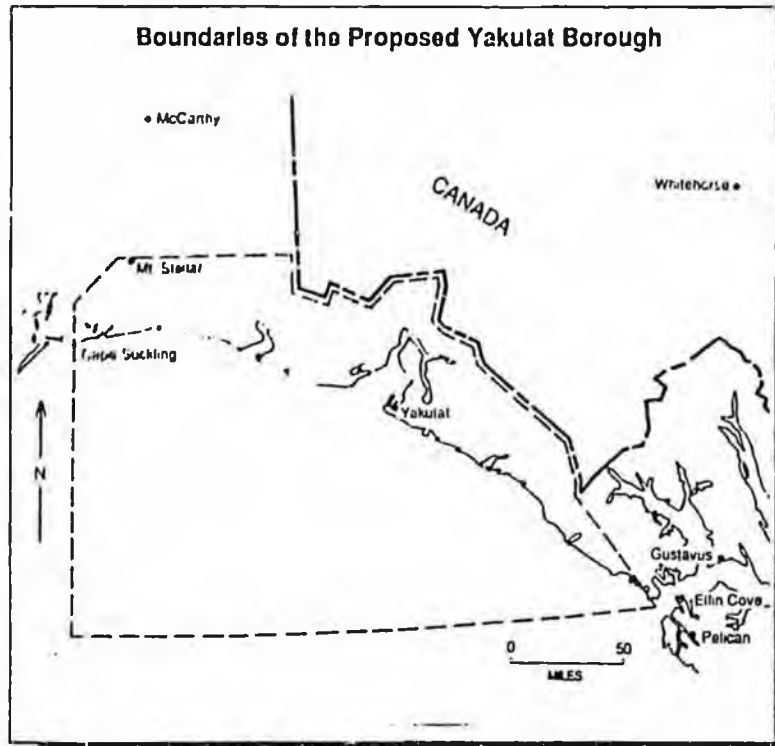
Egegik. The community of Egegik also petitioned for second class city incorporation in mid-1989. Following release of the Department's draft report, an informational meeting was conducted in the community. The Commission expects to hear public testimony on the petition in March, 1991. If approved, a local election will be scheduled.

Pilot Point. On October 31, 1990, residents of the community of Pilot Point submitted a petition for incorporation as a second class city. Currently before the Commission, a hearing will be held in the early part of 1991. A decision will follow shortly afterward.

Yakutat Borough. In December, 1990, a petition for incorporation of the "City and Borough of Yakutat" was filed with the Commission. The proposal includes concurrent dissolution of the City of Yakutat and incorporation of the Borough. The boundaries of the borough would extend from Cape Suckling to Cape Spencer as shown on the map at the top of the next page.

This petition raises a number of policy issues for the Commission. Chief among these are the possibility of a single-community borough with a relatively small population and competing land management interests in the area.

The Commission is expected to deliberate the proposal and rule on the petition by July, 1991.



During the year, the LBC considered eight municipal annexation proposals. Six of these were approved; two were denied. Among those denied was the petition for annexation by the Mat-Su Borough. Additionally, an annexation that had been ruled on by the Commission in 1989, was legislatively approved in early 1990.

Municipal Annexations

Fairbanks North Star Borough (FNSB). In May, 1989, the FNSB petitioned for annexation of approximately 216 square miles of territory north of its northern border. Included within the area was sixteen miles of the trans-Alaska pipeline and one pump station (#7).

In May, 1990, the Commission held a series of hearings throughout Interior Alaska to take public testimony on the proposed annexation. At the same time it gathered public comments on the 'ideal' boundaries of the FNSB and adjacent regions. These boundaries are discussed later in this chapter as part of the report on the Commission's model boundaries project. See pages 16 through 20.

While the hearings were conducted on-site in Fort Yukon, Tanana, McGrath, Livengood, Central and Fairbanks, it was arranged for all communities * in the Yukon Flats, Yukon-Koyukuk and the Iditarod REA A's to be connected by teleconference. However, due to either technical difficulties or the absence of site coordinators, eight** of the twenty-eight communities were not connected.

On July 14, 1990, the Commission held a decisional session to rule on the 'ideal' boundaries of the FNSB and the proposed annexation. It adopted the boundaries of a 4,918 square mile area as the 'ideal' northern and western boundaries of the FNSB. Included within these 'ideal' boundaries are the communities of Livengood, Central and Circle Hot Springs; the White Mountains National Recreation Area and the Steese National Conservation Area; and the 216 square mile area petitioned for annexation by the FNSB.

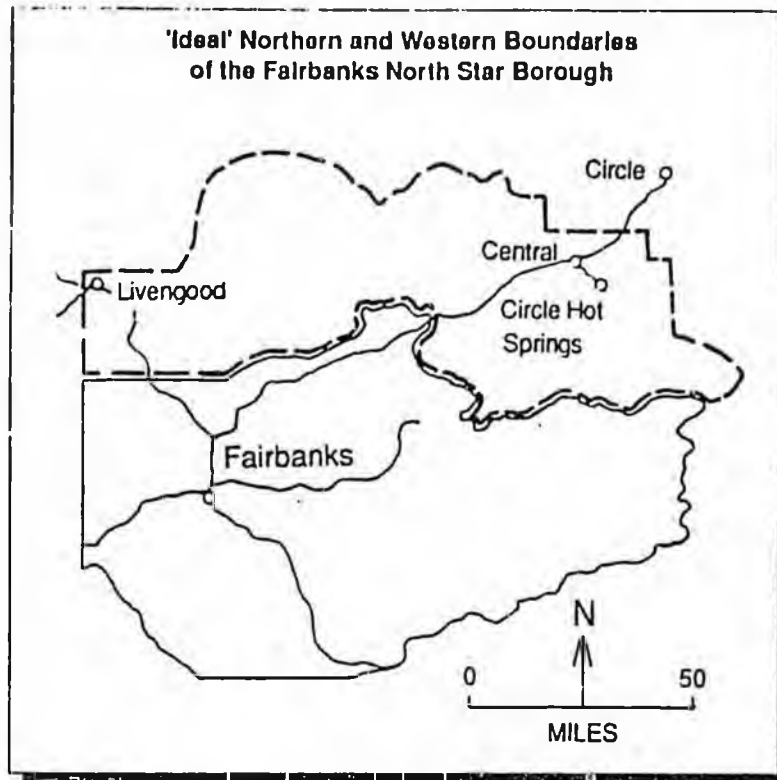
At that same meeting, the Commission denied the proposed annexation. Upon its own motion, it agreed to reconsider this decision. So, on September 6, 1990, the LBC met in Fairbanks to, among other things, further examine the annexation. Following public comment and testimony on the issue, the Commission again voted. The annexation was denied once more.

On October 8, 1990, the Commission adopted its Statement of Decision denying the proposed annexation and presenting the 'ideal' northern and western boundaries of the FNSB. A map of these boundaries is displayed on the following page.

City and Borough of Juneau (CBJ). In June, 1989, the CBJ petitioned for annexation of a portion of Admiralty Island which included the Greens Creek Mine. This uninhabited territory en-

*Nikolai, Takotna, Lime Village, Telida, Holy Cross, Anvik, Shageluk, Grayling, Nenana, Minto, Manley Hot Springs, Galena, Ruby, Kaltag, Nulato, Koyukuk, Huslia, Hughes, Allakaket, Bettles, Rampart, Stevens Village, Circle, Birch Creek, Beaver, Chalkyitsik, Venetie and Arctic Village.

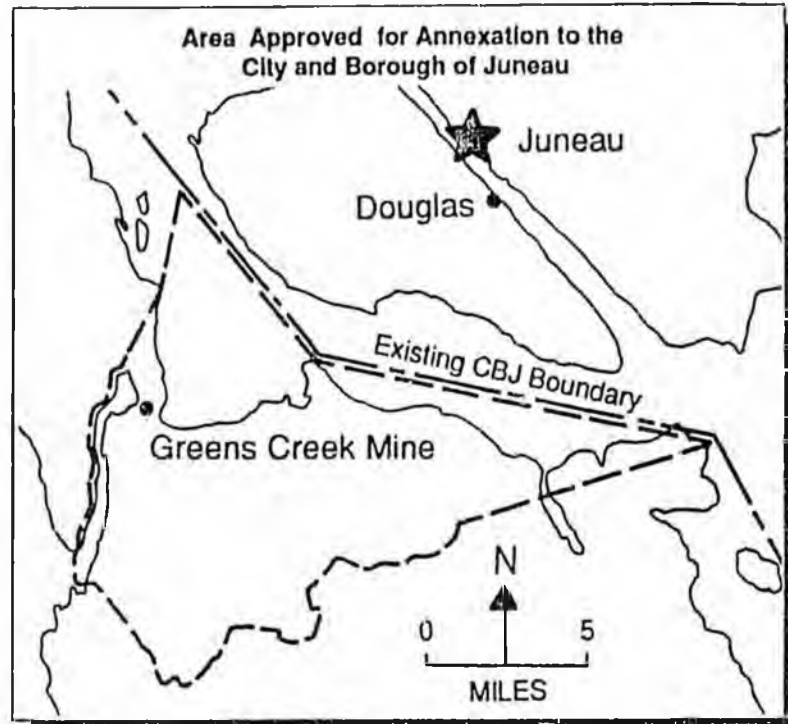
**Nikolai, Shageluk, Huslia, Minto, Koyukuk, Circle and Chalkyitsik. Stevens Village was also not connected, but residents were later able to share their comments with the Commission.



compassed an estimated 140 square miles. On June 22, 1990, the Department issued its report and recommendation to the Commission.

In July, 1990, the Commission conducted a public hearing on the issue. Following consideration of testimony, it approved annexation of the 140 square mile area originally requested (see map of approved boundaries on the following page). However, following this decision, the Commission received a request for deferral of the effective date of the annexation. The request was considered and denied. This placed the effective date of annexation in early 1991.

After the Commission adopted its Statement of Decision on this matter, it heard testimony requesting reconsideration of the effective date of the action. On November 10, the LBC agreed to reconsider the annexation's effective date. Thus, the Commission will take up the matter once again in mid-May, 1991. Since this annexation will require the tacit approval of the state legislature, the Commission's reconsideration postpones legislative review of the proposal until 1992.



Fairbanks. The City of Fairbanks submitted two petitions for annexation of territory in the Riverside Park Subdivision. Ordinance No. 4878 annexed approximately .25 acres and Ordinance No. 4922 annexed approximately 2.14 acres. The Commission approved the first annexation on February 13, 1990, and the second on June 18, 1990. Concerned about the City's irregular boundaries, the Commission obtained a commitment from Fairbanks that it would develop a comprehensive approach to future annexations.

Ketchikan. On May 19, 1990, the Commission approved two annexation petitions from the City of Ketchikan. Ordinance No. 90-1180 annexed a 52 acre parcel and Ordinance No. 90-1185 annexed a 1.3 acre parcel.

North Pole. In 1989, the City of North Pole petitioned for annexation of a 1.3 mile segment of the Richardson Highway right-of-way adjacent to the city limits. Following a public hearing in the latter part of the year, the Commission approved the action.

A recommendation for annexation was presented to the Alaska Legislature in January, 1990. Tacitly approved, the annexation took effect March 3, 1990.

Palmer. On February 28, 1990, the City of Palmer petitioned for annexation of 60.23 acres of uninhabited territory under the process which requires tacit legislative approval. Following release of the Department's required report, the Commission convened a public hearing in Palmer on December 1, 1990. Following the hearing, the annexation was approved by the Commission. The LBC met on January 4, 1991, to adopt its Statement of Decision on the matter. Under separate cover, a recommendation has been presented for tacit approval by the 1991 Alaska Legislature in accordance with Article X, Section 12 of the State Constitution.

The year witnessed the first city dissolution under newly adopted regulatory standards, one pending dissolution petition, and six cities who inquired about dissolving. This brings the total number of communities showing interest in dissolution to sixteen. The Commission believes they are the most likely petitioners of future city dissolutions. In addition, there is a total of four cities whose entire councils have resigned in an effort to dissolve their local governments.

Akiachak. Residents of the City of Akiachak petitioned for dissolution in February, 1989. The following June, the Commission unanimously approved the petition upon the condition that a minor debt be paid. By October, 1989, the petitioner had satisfied the condition and an election for dissolution of the city was conducted on January 16, 1990. The dissolution was approved by a vote of 122 to 7 with 63.5% of the number of registered voters in the community casting ballots. This exceeded the number required for passage. Thus, the City of Akiachak was dissolved upon certification of the election results on January 31, 1990.

Napakiak. Residents of the City of Napakiak formally petitioned for dissolution on September 13, 1990. By year's end, the petition had been reviewed by the Department. Finding a number of deficiencies, it was returned to the petitioners. The Department is currently working with the community and a revised petition is expected in early 1991.

Municipal Dissolutions

Petitions for Dissolution

Abandoned City Councils

Since 1986, a small number of communities in the unorganized borough have abandoned their city governments. Most recently, Kasigluk, Atmautluak, Tununak and Newtok have notified the Department that they have walked away from their municipal governments. While the City of Chefomak advised the Department of its inactive city council in March of 1990, five individuals later took office pending formal city dissolution. The status of all these communities had not changed by the end of 1990.

Possible Dissolutions

In recent years a number of communities have expressed interest in city dissolution. In addition to those previously noted, Tuluksak, Fort Yukon, Aleknagik, Nightmute, Toksook Bay, Platinum, Quinhagak and Togiak have had city officials or residents inquire about dissolution. In 1990 an additional six communities showed similar interest. These were Kwethluk, Goodnews Bay, Eck, Akiak, Mekoryuk and Nunapitchuk. To date, no formal proposals have been submitted.

Municipal Detachments

With one exception, interest in detaching from existing governments was confined to Southcentral Alaska this year. Ten communities showed serious interest in the action. Of these, nine inquired about possible detachment from boroughs.

Kenai Peninsula Borough (KPB). At various times throughout the year officials of the Village of Tyonek requested information about detaching their community from the Kenai Peninsula Borough. They cited dissatisfaction with Borough service delivery as the reason. Reports at year's end suggested that officials of the Borough and the community had reconciled their differences. Thus, it appears unlikely that Tyonek will petition for detachment in the immediate future.

Earlier in the year, staff at the North Pacific Rim asked for detachment information on behalf of Port Graham and English Bay. Both communities appeared interested in detaching from the KPB. This request was followed by a similar inquiry from a resident of Clam Gulch. No formal actions have occurred.

Mat-Su Borough. In January, 1990, the Cities of Palmer and Wasilla reportedly appropriated \$20,000 to partially fund a study of

detaching the 'urban core' from the Mat-Su Borough. No further information was received by the Department or the Commission on what future action will be taken.

Residents of the communities of Talkeetna and Chase contacted the Department this year to inquire about detaching the area outside the urban core from the Mat-Su Borough. Dissatisfied with the Borough, residents are exploring a range of options. Should the communities petition for detachment, they would seek annexation to the newly created Denali Borough or incorporation of a new borough.

Haines Borough. A number of residents of Excursion Inlet have shown interest in detaching their area from the Haines Borough. No formal action was taken this year. However, residents in territory adjacent to the Inlet have stated that if they are ever forced into their own borough, Excursion Inlet should be part of it.

City of Wasilla. The owner of a 15 lot subdivision within the boundaries of the City of Wasilla is considering detachment of the property from the city. The property owner has requested road maintenance from the city. However, the city reports that in order to provide the service, its crew must drive 1.5 miles outside the city limits to reach the subdivision. Therefore delivery of this service is impractical.

Although the Commission plays no formal role in the reclassification of cities, it is important for the legislature to be aware of recent developments. In this instance, two second class cities in the unorganized borough have asked about reclassifying to first class status. The communities of Togiak and McGrath have noted a number of reasons for their interest in this action. They see it offering increased local control of schools, local ability to address special needs in education services and funding of more school facilities. No formal proposal to reclassify had been initiated by year's end.

Conversely, owing largely to the disparity in treatment under the school education foundation formula, two first class and one home

Municipal Reclassifications

rule city in the unorganized borough expressed interest in reclassifying to second class status. They are Galena, Hoonah and Nenana. This reclassification would eliminate the current obligations of these cities to operate their own school districts. See Chapter 3 for a more complete discussion of these circumstances.

Municipal Consolidations

Kodiak Island Borough. In January, 1990, the Assembly called for a special election in May to address preliminary questions on the consolidation of the Kodiak Island Borough with the City of Kodiak. The election, conducted on May 1, 1990, failed to secure the necessary votes to establish a charter commission. The matter has not been carried beyond this point.

Commission Regulations

In July of 1989, the Commission adopted amendments to its regulations modifying standards for dissolution of cities, ensuring a schedule of proceedings which allows extensive public input, establishing the effective date of a Commission decision, and creating a formal process for reconsideration. The Department of Law filed the regulations with the Lieutenant Governor's Office and they took effect April 21, 1990.

Litigation

Appeal of the Valleys Borough Decision. Following the Commission's denial of the Valleys Borough incorporation in April, 1990, the 'Valleys Borough Support Committee' filed an eleven count "complaint for declaratory and injunctive relief" against the Local Boundary Commission in State Superior Court. The complaint was followed by a formal appeal of the Commission's decision. Upon the motion of the Attorney General's Office, the Alaska Superior Court consolidated the complaint and appeal into one appeal which is now before the Court.

The lawsuit is based upon the belief of the appellant that the Commission's decision to accept the Denali Borough petition and deny the Valleys Borough petition was procedurally flawed. Supported by eleven counts, the appellant claims that the Commission's rejection of the Valleys Borough petition is void; it is an unconstitutional usurpation of power, and the Commission's actions are an unconstitutional infringement upon residents' right to petition and

vote upon a charter of their own choosing. Further, it is claimed that the exclusion of the Nenana area from the approved 'Denali Borough' denies the residents of the Nenana area forever the right to select a charter of their own choosing; and the exclusion of this same area constitutes a violation of the Federal Voting Rights Act.

Fairbanks North Star Borough v. the Alaska Local Boundary Commission. In October, 1990, the FNSB initiated an appeal of the Commission's decision denying the proposed annexation of the 216 square mile area. The appellant claims that, among other points, the Commission's decision is arbitrary, capricious and an abuse of discretion; the Commission's decision had no reasonable basis; and the Commission has treated the application of the FNSB differently from similarly situated applications.

Nushagak Villages v. the Alaska Local Boundary Commission. In February, 1989, eleven parties filed a complaint for declaratory and injunctive relief against the Commission regarding the approval of the petition for incorporation of the Lake and Peninsula Borough. Since then, there has been no movement of the case. The Attorney General's Office has indicated that it will file a motion for the Court to dismiss this case.

The Commission has noted many times this past year that interest in borough government is mounting. Since 1986 there have been no fewer than twelve petitions either to incorporate boroughs or to significantly change borough boundaries. These formal actions have affected more than 100,000 square miles of territory or 20% of Alaska's unorganized borough.

There are a number of reasons for this new interest in boroughs. As a result of the 1990 Federal Census the state will face legislative reapportionment. It is likely that residents of the unorganized borough will lose representation in the process. Borough incorporation would restore a measure of the local control threatened by the loss of representation.

State budget cuts have impacted residents of the unorganized borough as well. With borough incorporation there would be a local means for generating revenue lost through these cuts.

Model Boundaries Determination

Residents too, are feeling the push from the state legislature for borough formation. Since 1987 there has been at least one proposal each session promoting the formation of boroughs in areas with adequate financial bases. To this point, each proposal has failed to garner the necessary votes for passage. It may be just a matter of time before one becomes law. Therefore, rather than allowing the legislature to dictate the boundaries of their local government, some residents have taken the initiative to propose their own borough with locally determined boundaries.

Not only have there been an unprecedented number of actions involving borough boundaries during these years, but they have been complicated by conflicting boundary proposals. Until recently, boundary adjustments have been of interest only to those directly affected by the action. However, more and more frequently petitions for changes to existing borough boundaries have been met with competing petitions for separate borough formation of the same territory.

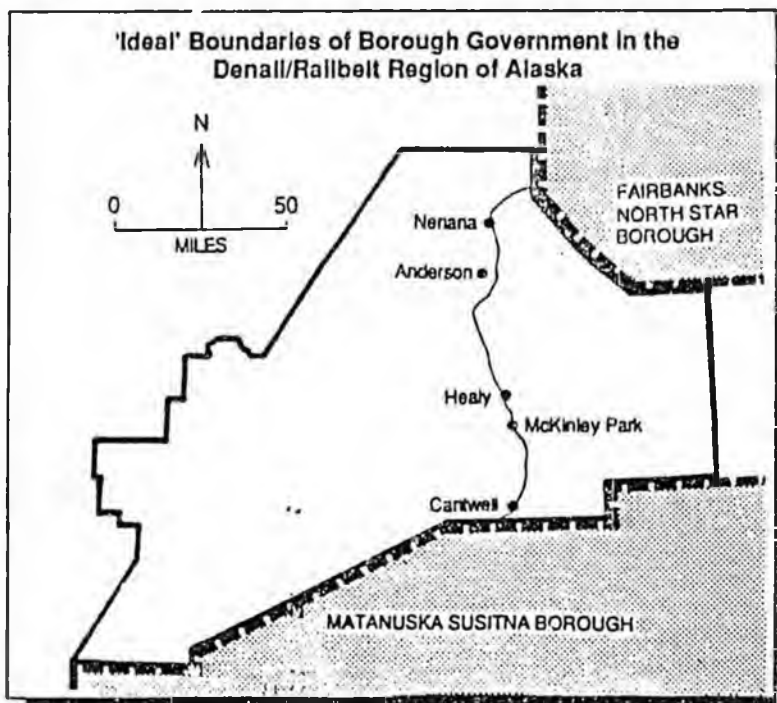
Thus, the Commission is becoming more frequently involved in decisions concerning the location of borough boundaries when competing interests are at stake. Fully aware that these decisions significantly affect people and their lives, the Commission has concluded it can no longer make decisions based solely upon isolated requests. Rather, determination and adoption of 'ideal' or 'model' boundaries considering broader interests will be the Commission's guide for the boundaries of future organized boroughs. A complete copy of the project's "statement of purpose" is appended to the report as Exhibit A.

Project Design

In November, 1989, the Commission began its determination of 'ideal' borough boundaries for all of the state's unorganized borough. The program elements and their sequence were the same for each of the ten identified regions. That is, an informational tabloid about the project was first prepared and distributed. Readers were asked to provide input on 'ideal' boundaries. The Department then investigated the region in light of boundary setting standards. A draft report was released and suggestions regarding 'ideal' boundaries were again invited. Following consideration of comments, a final report and recommendation was made. The Commission then conducted extensive hearings in the region to gather public com-

ment on 'ideal' borough boundaries. Following this comment period, the Commission deliberated the issues and adopted 'ideal' boundaries.

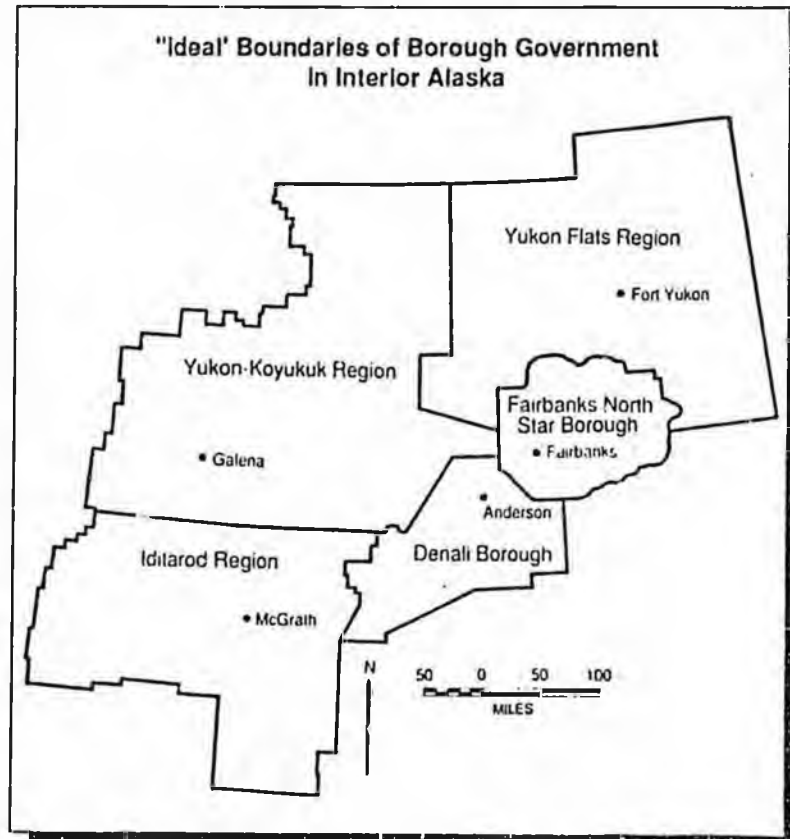
Denali/Railbelt. As discussed on pages 5 and 6, this region (the subject of three competing boundary actions) extended from the northern boundary of the Mat-Su Borough to and including Nenana. In March, 1990, the Department issued a final report that recommended 'ideal' boundaries for a borough government conforming to the Railbelt REAA boundary on the east; the Mat-Su Borough boundary on the south; the state Election District 17/Denali Park boundary on the west; and the Election District 17 boundary on the north. The Commission formally adopted these 'ideal' borough boundaries in its Statement of Decision issued September 22, 1990. A map of this configuration is shown here.



Northern and Central Southeast Alaska. As discussed on pages 9 and 10, the CBJ had filed a petition for annexation of Green's Creek Mine in 1989. While the Commission considered 'ideal' boundaries of the CBJ and adjacent potential boroughs at the same time, it has yet to adopt 'ideal' boundaries for any area, including the CBJ. Having completed a series of public hearings teleconferenced

to thirteen communities* in the region, the Commission may hold additional hearings before adopting boundaries in 1991.

Fairbanks/Interior Alaska. This region contained the Iditarod, Yukon-Koyukuk and the Yukon Flats REAA's, including the area petitioned for annexation by the FNSB as discussed earlier in the report. Following extensive hearings throughout Interior Alaska (see page 9 for a listing) the Commission convened a decisional session in July, 1990, to decide boundaries issues. At that time it denied the proposed annexation and adopted the 'ideal' northern and western boundaries of the FNSB. With minor deviations, it also adopted the existing REAA boundaries in the region as 'ideal' boundaries for future boroughs. The Commission met on October 8, and formally identified the 'ideal' borough boundaries of Interior Alaska as displayed below.



*Gustavus, Haines, Skagway, Yakutat, Tenakee Springs, Pelican, Sitka, Elfin Cove, Port Alexander, Angoon, Hoonah, Kake and Cube Cove.

Prince William Sound/Yakutat. In August, 1990, the Department issued a draft report on the 'ideal' boundaries of the Prince William Sound and Yakutat Region. Prior to the release of this document, the City of Yakutat had indicated that it would file a petition for incorporation of a borough whose boundaries stretched from Cape Spencer to Cape Suckling.

In its draft report, the Department concluded that the precedent established by allowing a single-community borough is contrary to the intent of the state constitution. The Department found also that the 'ideal' boundaries of a future borough in this region would extend from the eastern borders of the Kenai Peninsula Borough and the Municipality of Anchorage to Cape Fairweather. Among other findings, it was concluded that these 'ideal' boundaries may not preempt the formation of a smaller 'Yakutat Borough' if circumstances change so that the area someday meets the standards for borough government.

Following release of these findings, numerous comments were received from the Cities of Yakutat, Valdez and Cordova as well as from Chugach Alaska Corporation and the University of Alaska. A petition for incorporation of a Yakutat Borough was also submitted to the Commission. Its status is discussed on pages 7 and 8.

Recognizing the significance of the conflicts over this region, the Department is examining the issues again. It is expected that a final report on ideal boundaries, including a report on the proposed Yakutat Borough, will be released in the early part of 1991. The Commission will conduct public hearings in communities throughout Prince William Sound and in Yakutat following release of the report. 'Ideal' boundaries will be adopted at the completion of the public comment process.

Southeast Island/Ketchikan and Delta-Greely/Alaska Gateway/Copper River. The informational tabloids for these regions have been distributed for public comment. It is expected that the draft reports will be issued in the early part of 1991.

Bering Straits, Yukon/Kuskokwim, Bristol Bay and Aleutians West. Initial project tasks have not yet begun on these regions. The Commission expects to determine ideal boundaries by the end of June, 1992.

Chapter 3

Special Issues

Status of Regional Government in the State of Alaska

This chapter briefly raises those issues which the Commission feels should receive special consideration by this year's legislature. In this case, they are limited to two; the status of regional government in Alaska and the provision of compensation to the Commission.

From all indications, the current structure of regional government in the State of Alaska is undergoing a shake-up. Economic and political pressures to extend borough government to parts of the unorganized borough are playing havoc with the status quo. Organized boroughs, which have long been critical of disparities in state funding for local services, are turning to annexation in some cases to increase their tax bases. To counter annexation proposals, as well as to offset cutbacks in state aid which they too are experiencing, residents of some regions in the unorganized borough have initiated borough incorporation proposals of their own.

On the community level, first class cities in the unorganized borough, are for the first time in recent years, considering reclassification to second class status. They too are suffering the effects of inequities in state funding programs. They cite the state's education foundation formula as a primary example. Because of their first class status, they do not rely exclusively upon the state to deliver education services. Rather, they operate their own school district and fund their own services on the same basis as organized boroughs. Thus, they must provide a local contribution.

However, second class cities and unincorporated communities in the unorganized borough, face no local contribution requirement since the state provides education through the REAA's. In the current climate of reduced state and federal aid to local governments, there is little wonder that first class cities are turning to reclassification. It offers an attractive, if simplistic, solution; eliminate the local contribution without reducing the service.

While the Commission can appreciate the interest in reclassification, it does not believe this to be the answer to anyone's problem. State residents have clearly told the Commission the important alternative solutions. For many, reclassification, borough incorporation and borough annexation are simply not desirable. While residents of the unorganized borough 'don't want more government', most

agree that some change is inevitable. These Alaskans, who sometimes benefit most from the inequities in funding for schools and other services, readily admit the shortcomings of the system.

There are no easy answers to the problems associated with the current system of regional service delivery in Alaska. This is witnessed by the rather haphazard evolution of regional government in Alaska during 32 years of statehood. And while many residents of the unorganized borough may express a preference to pay taxes in support of their schools rather than form boroughs, a method of taxation which is easy to administer, efficient, equitable and capable of generating a suitable contribution may be elusive.

Thus, it is time that political leaders and public policy makers carefully examine the current system of service delivery. System inequities have stood for decades in Alaska. This is understandable when one considers that funding formulae in place today were designed for regional governments that were formed 25-30 years ago. Political and economic changes have occurred during this time which require that the formulae be re-examined by local and state officials. The Commission has witnessed the gradual awakening of the public to the current dilemma. In response, it has passed a resolution calling for a comprehensive examination of state funding formulae to promote equity among regions and to eliminate disincentives for borough incorporation and annexation. A copy is appended to this report as Exhibit B. The Commission would like to see the current legislature begin dealing with the situation.

In each of the past four legislative sessions, bills have been introduced which would have provided compensation to the Commission at the rate of \$150 per day for each day the member attends a meeting. Compensation bills were approved by the Senate in 1988 and 1990, however, the measures lagged in committees in the House. In 1990, the bill died in House Rules.

It is evident from the activities profiled in this report, that the Local Boundary Commission is an extremely active volunteer body. It is quite different from the original Commission who first gathered shortly after statehood. In fact, the state of Alaska was quite different then. When the Commission was first formed, there were

Compensation
for the
Commission

only about 30 municipal governments. Understandably, the Commission met only a few times each year and then made only a few decisions. By contrast, there are 164 municipalities today. The current Commission typically meets 25 times a year, and renders many more decisions. When it was first formed, the Commission traveled little. Today, as this report shows, the Commission can be found in any community from Barrow to Ketchikan. Frequently this travel occurs under hazardous weather conditions.

The increase in the number of municipal governments and the number of meetings or extent of travel alone do not fully account for the additional demands placed on the Commission. Procedures which were simple thirty years ago have grown much more complex. For example, the Commission operated without regulations until it was directed to create them by a ruling of the State Supreme Court in 1971. Today, the Commission's regulations take up more than 50 pages in the Alaska Administrative Code. Procedural responsibilities have further increased with the relatively recent requirement that the U.S. Justice Department review and approve every municipal boundary change. This includes incorporations, dissolutions and annexations.

Compounding the duties of the Commission is the tendency of the American public to litigate disputes. Given the typically controversial nature of the issues brought before the Commission, it is not surprising that decisions of the Commission are often challenged in court. They have in fact been the subject of six landmark rulings by the State Supreme Court. A host of other Supreme and Superior Court decisions affect each and every action of the Commission. The ever present threat of legal challenge demands that Commission members spend many days preparing for a single meeting. For example, the material considered by the LBC in the competing boundary actions (Denali Borough and Valleys Borough incorporations and Mat-Su Borough annexation) consisted of nearly 1,200 pages of text and weighed over four pounds.

Obviously, today's Commission members must maintain a level of expertise and perseverance beyond that to be expected of volunteers. Financial compensation is a modest request. In fact, the fiscal impact of the most recently proposed compensation would be minimal. Based upon 25 one-day meetings per year with compensation of \$150 per day, the total compensation to the Commission would amount to \$18,750.

With these considerations in mind, the Commission believes that it is reasonable and responsible to raise the issue of compensation once again. If the State of Alaska expects to draw five-year commitments from qualified citizens who donate hundreds of hours every year (often at considerable loss of personal income), the State must recognize their value. Keep in mind that some members of the Commission have served without compensation for as long as fifteen years. Given the demands of time, travel and political pressures, it may grow increasingly difficult to attract members who are willing to serve without compensation.

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Exhibit A

MODEL BOROUGH BOUNDARIES PROJECT:

STATEMENT OF PURPOSE

The goal of the Local Boundary Commission's "model borough boundaries" project is to perform a thorough, methodical, technical examination of the entire unorganized borough. The point of this process is to determine which areas would be 'ideally' included within the boundaries of existing boroughs and which would be 'ideally' reserved for future borough formation.

There are four elements which comprise the 'mission' of this project. They are as follows.

1. The examination is limited to the state's unorganized borough. It includes existing boroughs only to the extent that areas of the unorganized borough might be found to be within the 'ideal' boundaries of existing boroughs.
2. The map of 'ideal' boundaries resulting from this project will be an advisory tool for use by petitioners proposing a boundary action and for use by Commissioners who will rule on the proposed action.
3. Model boundaries do not necessarily insulate a region against future annexation by an existing borough.
4. Once model boundaries are established, no borough will be compelled to annex an area to conform to those boundaries, just as no area of the unorganized borough will be compelled to incorporate.

The project is confined to an examination of the state's unorganized borough. Existing boroughs will be considered only to the extent that areas of the unorganized borough might be found to belong within their 'ideal' boundaries. The focus is on the ideal boundaries of future boroughs, not current boroughs.

The resulting map of 'ideal' borough boundaries will assist petitioners and the Commission alike. It will help guide those who petition for specific boundary actions in proposing boundaries deemed best for the area. It will help guide the Commission in determining the suitability of the proposed boundaries. It will be the "yardstick" against which proposed boundaries will be measured. Should territory be requested in a petition beyond that which is included in the relevant 'ideal' boundary, the burden of justifying the boundary will be upon the petitioner. Good cause must be shown for such deviations.

There may be a perception on the part of some residents of the unorganized borough that model boundaries might provide absolute assurance that certain areas will be reserved for a future borough. They may believe that their area might therefore, rest outside the realm of annexation by existing boroughs. While this may be true to a very limited extent, the Commission intends for the project to provide no guarantee that an area will not be approved for annexation if it is shown there is sufficient cause for the action. Any other position would likely serve as a significant deterrent to future borough formation.

Creation of ideal borough boundaries will not compel the annexation of areas currently outside organized boroughs which are found to be within the 'ideal' boundaries of these boroughs. Just as the Commission is not intending to promote the mandatory incorporation of new boroughs along 'ideal' boundary lines, it is not requiring that 'ideal' boundaries result in annexation. Further, if an organized borough seeks to annex a portion of the territory within its ideal boundaries, it will not be compelled to expand the area to encompass all of the territory within its ideal boundaries. To implement the model boundaries in such an incremental fashion would be unjust. Compelling annexation in this fashion is analogous to compelling incorporation of areas of the unorganized borough which have the financial capacity to support a borough.

Exhibit A

**STATEMENT OF
PURPOSE
(continued)**

Exhibit B

A Resolution Supporting Changes in the Education Foundation Formula and other Measures to Encourage Borough Incorporation and Annexation

WHEREAS, Section 1 of Chapter 52, Session Laws of Alaska 1963, (the act under which most boroughs in Alaska were organized) provides that "[T]he incorporation of organized boroughs by this Act does not necessarily relieve the state of present service burdens. No area incorporated as an organized borough shall be deprived of state services, revenues or assistance or be otherwise penalized because of incorporation"; and

WHEREAS, the cost of education is typically the single greatest expenditure by boroughs, far surpassing the cost of other services; and

WHEREAS, the formula under which the State of Alaska provides funding for operation and construction of schools imposes significant penalties upon organized boroughs, thus discouraging the formation of new boroughs; and

WHEREAS, the education funding formula also discourages annexation by existing organized boroughs; and

WHEREAS, the State Board of Education has reportedly expressed interest in the examination of education funding formulas to reduce or eliminate disincentives for borough incorporation and annexation;

NOW, THEREFORE, BE IT RESOLVED, that the Alaska Local Boundary Commission strongly supports the examination of the education funding formulas in order to reduce or eliminate disincentives for borough incorporation and annexation.

BE IT FURTHER RESOLVED, that the Commission hereby encourages the Governor to call for the examination of other state funding formulas to promote equity among regions and to eliminate disincentives for borough incorporation and annexation. Additionally, alternative municipal options should be considered as a means to promote borough incorporation. These may include the ability to incorporate unified municipalities and to form a class of borough other than that currently permitted by statute.

ADOPTED AT A DULY CONVENED MEETING OF THE ALASKA LOCAL BOUNDARY COMMISSION THIS 13TH DAY OF JULY, 1990.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

February 26, 1991

POSITION PAPER

RE: Senate Bill 96

SPONSOR: Senate Community and Regional Affairs Committee

Program Effects of Bill

Currently the Alaska Local Boundary Commission receives no compensation for time spent attending Commission meetings. Senate Bill No. 96 will provide compensation at a rate of \$150 to each member for each day the member attends a Commission meeting.

Comments

In each of the past four years bills have been before the legislature which would have provided compensation to the Commission. The rate of compensation would have been \$150/day for each day any member attended a meeting. Such bills were approved by the Senate in 1988 and 1990. However, the measures failed to gain approval in the House. In 1990, the bill made it through all committees of referral in the House except the Rules Committee.

The Department of Community and Regional Affairs supports SB 96 just as it has supported its predecessors. The justification for a bill of this nature has become increasingly evident to the Department over the many years it has provided staff support to the Commission. The reasons are straightforward and many.

1. One of only four boards established by the Alaska Constitution in 1959, the Local Boundary Commission is one of the oldest and longest standing volunteer bodies in the state today. The Commission has evolved over these years from a body who originally met only three or four times a year to address boundary issues in fewer than 30 municipal governments, to one today who convenes an average of 25 meetings each year and rules on matters in 164 municipalities.

2. The amount of travel required by the Commission is tremendous. Intentionally seeking local input, the Commission meets whenever possible, where proposals originate. For example, during 1990 the Commission held meetings in Fairbanks, Juneau, Palmer, Nenana, Anchorage, Healy, Central, Fort Yukon, Livengood, McGrath, Tanana, Cantwell, McKinley Park and Anderson. It traveled to several of these communities more than once. In total, the Commission met 25 times last year. Anyone familiar with Alaska does not have to be told that this travel frequently occurred under hazardous weather conditions.

3. The volume of decisions and extent of travel alone do not fully account for the demands placed on the Commission today. Procedures which were simple thirty years ago have grown much more complex. For example, during its first fourteen years the Commission operated under only 3 pages of regulations. Today, its regulations consume more than 50 pages in the Alaska Administrative Code. Many of the provisions were mandated by the State Supreme Court. Commission procedures are further complicated by the requirement for U.S. Justice Department review and approval of every municipal boundary change ruled upon by the Commission.

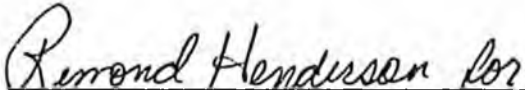
4. Compounding the duties of the Commission is the tendency of the public to litigate disputes. Given the typically controversial nature of the issues before the Commission, it is not surprising that its decisions occasionally end in court. They have in fact, been the subject of six landmark rulings by the State Supreme Court. A host of other Supreme and Superior Court decisions affect each and every action of the Commission.

5. All of these circumstances combine to create a very demanding challenge. Today's Commission members must maintain a level of knowledge and energy expected of only the most dedicated. The Commission's rulings have significant implications for residents throughout Alaska. Its decisions frequently determine how fundamental services such as education will be delivered. To carry out their duties responsibly, each member typically spends at least sixteen hours preparing for each meeting.

These volunteers serve five year terms and are typically willing to accept reappointment. In every instance they are professionals able to command premium value for their time and talents. Yet all members forego their pay each day they travel to and from Commission meetings and each day they attend these meetings. Over a year's period this translates into thousands of dollars of lost personal income.

Position Paper - Senate Bill 96
February 26, 1991
Page Three

With these considerations in mind, the Department believes that compensation for Commission members is long overdue. If the State expects to keep qualified citizens who are willing to donate hundreds of hours every year, who are capable of making decisions in the face of intense pressure, who are willing to travel from one end of Alaska to the other under extreme weather conditions, and who can appreciate the significance of their rulings, then the State must recognize their value. Recognizing that it takes time for members of the Commission to develop expertise in this complex field, it is in the State's interest to recognize the importance of this Commission. The Department finds that SB 96 is a good effort toward this recognition.


Edgar Blatchford, Commissioner

Post-It™ brand fax transmittal memo 7671		* of pages *	
To	DAVID SKIDMORE	From	DAN BOGISHWIST
Co	Senator Frank's Office	Co	DCRA
Dept		Phone #	563-1073
Fax #	465-4714	Fax #	563-1734

COMPENSATION TO STATE BOARDS AND COMMISSIONS

The State of Alaska Boards and Commissions Book published by the Governor's Office in March, 1989 lists 116 "statutorily established boards and commissions that are currently functioning in state government". An examination of this publication shows that certain of these boards and commissions receive compensation as follows:

<u>BOARD OR COMMISSION</u>	<u>COMPENSATION</u>
Commercial Fisheries Entry Commission:	Salaried
Commercial Fisheries and Agricultural Bank - Board of Directors	Not to exceed \$250/day
Public Employees" and Teachers' Disability Review Board	Hourly Compensation "consistent with normal hourly earnings" for 2 members who are physicians
Board of Fisheries	\$150 - \$100/day
Board of Game	\$150 - \$100/day
Alaska Housing Finance Corporation	\$100/day
Alaska Industrial Development and Export Authority	\$100/day
Occupational Safety and Health Review Board	\$50/day
State Board of Parole	"Set by Governor"
Alaska Permanent Fund Corporation Board of Directors	\$400/day
Professional Teaching Practices Commission	"administrative leave; state reimburses for more than 15 days"
Public Offices Commission	\$50/day
Board of Directors of the Alaska Railroad Corporation	\$400/day
Alaska Science and Technology Foundation - Board of Directors	\$200/day
Alaska Public Utilities Commission	Salaried
Alaska Workers' Compensation Board	\$50/day

To: David Skidmore
Aide to Senator Frank
Telefax number: 465-4714

From: Dan Bockhorst *DB*
Staff to the Local Boundary Commission
Telephone: 563-1073
Fax number: 563-1734

Subject: Local Boundary Commission Compensation

Date: January 30, 1991

Charles Bettisworth, Chairman of the Alaska Local Boundary Commission, has asked me to provide you with information concerning the issue of compensation to the Local Boundary Commission.

Attached is a copy of CS for Senate Bill No. 11 (Finance), providing compensation to the LBC, which was approved by the Senate last year. This same bill made it through all committees of referral in the House except the Rules Committee.

Pages 22 and 23 of the Commission's 1990 Annual Report to the legislature provides a statement by the Commission concerning the need for compensation. I understand from Mr. Bettisworth that you have read the report (copy sent to Senator Frank on January 25). If you need any additional information concerning this matter, please call me at the telephone number listed above.

STATE OF ALASKA

LOCAL BOUNDARY COMMISSION

WALTER J. HICKEL, GOVERNOR

949 EAST 36TH AVENUE, SUITE 404
ANCHORAGE, ALASKA 99508
PHONE (907) 561 8586

456-5780 Fairbanks

January 25, 1991

The Honorable Steve Frank
Chair
Senate Community and Regional Affairs Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Frank:

On behalf of the Alaska Local Boundary Commission, I am very pleased to present this report of our activities for the calendar year, 1990.

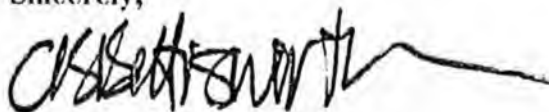
As you will find, it was a busy year for the Commission. We travelled from Interior Alaska to the Panhandle. We conducted 32 separate meetings along the way, dealing with all facets of municipal boundary change.

Our deliberations and rulings addressed the controversial and the non-controversial. Some actions were complex, others simple and straightforward. In all however, we welcomed the opportunity to serve the people of Alaska.

We encourage you to pay particular attention to the concerns expressed in our report on the status of regional government in Alaska (pages 21 - 22). The Commission's "Model Borough Boundaries Project", also discussed in the report, will clearly play a critical role in resolving many of these concerns. Therefore, we urge you to support our endeavors.

As noted in my December 31, 1990, letter to you, the Commission wishes to meet with the Senate Committee on Community and Regional Affairs in the early weeks of this legislative session. As with all past meetings, we look forward to discussing our year with you.

Sincerely,



Charles B. Bettisworth
Chair

BOARDS AND COMMISSIONS WITH COMPENSATION OTHER THAN STANDARD TRAVEL AND PER DIEM

Board/Commission Name	# Members	# Meetings	Compensation
Commercial Fisheries Entry Commission	3	120 days	Salaried
Commercial Fishing & Agricultural Bank, Bd. of Directors	7	7 days	\$250/day maximum
Board of Fisheries	7	4-6x; 40-85 days	\$150/day-regular meetings \$100/day-other meetings
Board of Game	7	2x (35-40 days)	\$150/day-regular meetings \$100/day-other meetings
Historical Records Advisory Board, State	9	3 days maximum	Federal funding
Alaska Housing Finance Corporation	7	16 days maximum	\$100/day + necessary expenses
Alaska Industrial Development & Export Authority	5	1x/month; most via telecon.	\$100/day
Medical Indemnity Corporation of Alaska	9	4x (15-30 days)	Necessary expenses
Alaska Municipal Bond Bank Authority	5	5 days total	Actual expenses
Occupational Safety & Health Review Board	3	Approx. 4x/yr.	\$50/day
Oil & Gas Conservation Commission	3	N/A	Salaried
State Board of Parole	5	4x/yr. minimum	Set by Governor
Permanent Fund Corporation, Board of Trustees	6	10+/yr. (40 days)	\$400/day
Board of Pharmacy	7	3x (9 days total)	Actual expenses
Alaska Public Offices Commission	5	5x (15 days max.)	\$50/day
Railroad Corporation, Board of Directors	7	4x/yr. minimum	\$400/day
Teachers' Retirement Board	9-13	2x (approx. 6 days)	Actual expenses
Public Employees Retirement Board	9-13	2x/yr.	4-8 physician members entitled to hourly compensation at rate consistent with their normal hourly earnings
Alaska Public Utilities Commission	5	Continuous	Salaried
Western Interstate Commission for Higher Education	3	2x (10 days max.)	Actual expenses
Alaska Workers' Compensation Board	11	125 days total	\$50/Day

SOURCE: 1991 Boards and Commissions Book, Office of the Governor

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Alaska Municipal Bond Bank Authority	5	5 days total	Actual expenses
Occupational Safety & Health Review Board	3	Approx. 4x/yr.	\$50/day
Oil & Gas Conservation Commission	3	N/A	Salaried
State Board of Parole	5	4x/yr. minimum	Set by Governor
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Occupational Safety & Health Review Board	3	Approx. 4x/yr.	\$50/day
Oil & Gas Conservation Commission	3	N/A	Salaried
State Board of Parole	5	4x/yr. minimum	Set by Governor
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SOURCE: 1991 Boards and Commissions Book, Office of the Governor

STEVE FRANK
DISTRICT K
SEAT A

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701

While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709
Capitol Rm. 514

Alaska State Legislature




Senate

MEMBER
Finance Committee
Resources Committee
Legislative Council
Special Committee on Banking &
Economic Development

VICE-CHAIR
Community & Regional
Affairs Committee

TO: The Senate Community and Regional Affairs
Committee

FROM:  Senator Steve Frank

RE: Proposed Senate Bill "An act authorizing
compensation for members of the state Local
Boundary Commission, and providing for an
effective date."

DATE: January 30, 1991

The Local Boundary Commission is an agency whose activities have greatly expanded since its formation shortly after statehood. Its five members meet approximately 25 times a year, travel to remote locations, and donate much time to prepare for these meetings and for court litigation. However, the commission members do not receive any compensation beyond per diem and travel expenses.

Bills have been introduced in each of the past four legislative sessions to provide compensation to the commission members. Compensation bills were approved in the Senate in both 1988 and 1990, but the proposals were stalled in the House.

I am planning to re-introduce this proposal as a Community and Regional Affairs bill during this session, and I would welcome your comments.

The financial impact of such legislation is minimal. With 25 one-day meetings in 1990 with a compensation of \$150 per member per day, the total cost of the proposal would equal \$18,750.



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: The Senate Community and Regional Affairs
Committee

FROM: *Steve Frank* Senator Steve Frank, Chair

SUBJECT: Proposed Senate Bill 96 "An act
authorizing compensation for members of
the state Local Boundary Commission, and
providing for an effective date."

DATE: February 14, 1991

Since Alaska achieved statehood, the number of its municipalities has increased more than fourfold (from about 30 to 164), and as a result the tasks of the Local Boundary Commission have expanded accordingly. This commission now meets approximately 25 times per year, often in remote locations throughout the state, and its members spend much time preparing for these meetings and for related court litigation. However, these members receive no compensation beyond per diem and travel expenses.

Members of boards and commissions with similar degrees of responsibility often receive compensation for their work. In fact, bills have been introduced in each of the past four legislative sessions to provide compensation to the LBC members. Such bills were approved in the Senate in both 1988 and 1990, but the proposals were stalled in the House.

The members of the LBC are very active and dedicated. However, given the extent of the commission's increased workload, compensation should be provided in order to ensure that qualified individuals continue to be attracted in the future.

The financial impact of such legislation is minimal. With 25 one-day meetings the average each year, a compensation of \$150 per member per day would bring the total cost to \$18,750.

WORK ORDER REQUEST FORM

W.O. [17] LS-0593

KEYWORDS: BOARDS AND COMMISSIONS ASSIGNED: Luckhaupt

BOUNDARIES

SALARIES/ALLOWANCES

REQUEST FOR: New Bill TAKEN BY: Imbsen

SUBJECT: Compensation for Local Boundary Com. Members

REQUESTED FOR: SC SCRA BY: Dave Skidmore PHONE: 465-3709

DELIVER TO: Sen. Frank, Cap 417

INSTRUCTIONS: Reintroduce CSSB 11(Fin) - 16th legislature, authorizing compensation for members of the state Local Boundary Commission. Change effective date.

OBTAIN	SPECIAL DRAFTING INSTRUCTIONS ATTACHED [] AUTHORIZED TO CONFER WITH _____ _____ RETURN _____ _____ TO REQUESTOR APPROVED: <input checked="" type="checkbox"/> DIRECTOR, LEGAL SERVICES
--------	---

REVIEWED _____ IN <u>01/29/91</u> DUE _____ TYPED: Draft _____ Date _____ Final _____ Date _____ PROOFED _____ DELIVERED _____
--

SPECIAL INSTRUCTIONS to TYPING/PROOFING _____ _____ Request for FINAL
--

April 26, 1990

Testimony of Charles Bettisworth, Chairman
Local Boundary Commission

To: House Standing Committee on Community and
Regional Affairs
Chairman Eileen MacLean

I'd like to first thank you for the opportunity to provide my comments regarding Senate Bill 11 "An Act Authorizing Compensation for Members of the Local Boundary Commission".

The Commission supports this legislation for the following reasons:

The duties and responsibilities of the Commission have increased since the creation of the Local Boundary Commission 33 years ago. At that time, there were only 30 Municipal governments in the State and today there are 163 Boroughs and Cities.

The Commission, at the time of its creation, met a few times a year. Presently, we meet 15-20 times a year - often in remote communities under hazardous weather conditions.

The additional number of meetings do not account for the additional demands placed upon the Commission. Procedures which were simple years ago have become increasingly complex. With revisions adopted last year, Local Boundary Commission regulations make up more than 50 pages of the State code. Actions which used to be processed in 60 days, now may take as long as 9 months.

All of this means that substantially more time is required for Local Boundary Commission members to appropriately act on issues before it.

As an example of the increased workload which the Commission is currently enduring, we have recently completed evaluations of the various petitions for incorporation of the region north of Matanuska-Susitna and south of Fairbanks North Star Borough (Matanuska-Susitna Borough Annexation petition, Denali Borough Incorporation Petition, and the Valley's Borough Incorporation Petition). The Commission reviewed over 700 pages of documents. These documents included the original petitions, the Departmental reports and draft reports and hearing supplements. Additionally, the Commission held 6 sets of hearings in 6 communities over the period of four days. Finally, on a separate weekend, conducted a decisional meeting in Healy. We are looking at similar levels of activity for petitions submitted by the Fairbanks North Star Borough and the City and Borough of Juneau, all of which require action this year.

Post-It™ brand fax transmittal memo 7671 # of pages 2

To	Dena	From	CB Bettisworth
Co.		Co.	AKU LBC
Dept.		Phone #	275 5574
Fax #	405-2718	Fax #	275 7100

The Local Boundary Commission is a quasi-judicial commission. The issues before it are often controversial, over the years the decisions of the Commission have been challenged in court. As an example, the Alaska Supreme Court has rendered 9 decisions regarding the actions of the Commission. It is incumbent upon the Commission to act with care and thoroughness.

The Local Boundary Commission, along with the University of Alaska Board of Regents, is the only constitutionally-mandated State commission. Our duties and responsibilities are commensurate with those of many of the other State boards and commission which are compensated. It seems only appropriate that the Local Boundary Commission be compensated.

Finally, the impact of this bill is minimal. The current fiscal note attached provides for \$150/day per member for an estimated 25 meetings a year, equaling \$18,750 annual appropriation.

We very strongly urge you to approve Senate Bill 11 and we thank you for your consideration.

Sincerely,



Charles Bettisworth
Chairman

CBB.emk



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: The Senate Community and Regional Affairs
Committee

FROM: Senator Steve Frank, Chair

RE: Proposed Senate Bill 96 "An act authorizing
compensation for members of the state Local
Boundary Commission, and providing for an
effective date."

DATE: February 8, 1991

Since Alaska achieved statehood, the number of its municipalities has increased more than fourfold (from about 30 to 164), and as a result the tasks of the Local Boundary Commission have expanded accordingly. This commission now meets approximately 25 times per year, often in remote locations throughout the state, and its members spend much time preparing for these meetings and for related court litigation. However, these members receive no compensation beyond per diem and travel expenses.

Members of boards and commissions with similar degrees of responsibility often receive compensation for their work. In fact, bills have been introduced in each of the past four legislative sessions to provide compensation to the LBC members. Such bills were approved in the Senate in both 1988 and 1990, but the proposals were stalled in the House.

The members of the LBC are very active and dedicated. However, given the extent of the commission's increased workload, compensation should be provided in order to ensure that qualified individuals continue to be attracted in the future.

The financial impact of such legislation is minimal. With 25 one-day meetings the average each year, a compensation of \$150 per member per day would bring the total cost to \$18,750.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
P.O. BOX WF
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: February 28, 1991

TO: Senator Pat Pourchot, Co-Chair
Senate Finance Committee

FROM: Karen Rehfeld
Fiscal Analyst 

SUBJ: Leave for State Employees serving on Boards/Commissions

During the committee's review of SB 96 authorizing compensation for members of the Local Boundary Commission, there was discussion concerning state employees serving on state boards and commissions and whether they would be eligible to receive compensation in addition to their salary. According to the Division of Personnel, a state employee away from work for any activity not related to the performance of their job is required to take leave. Leave Rules are found in Title 2, Chapter 8 of the Alaska Administrative Code.

There are no rules, policies or statutes that address the specific concern of employee leave and compensation for serving on state boards and commissions. Alaska Statutes 39.20, *Compensation and Allowances*, includes travel, per diem and leave requirements for state employees including a prohibition from receiving per diem when meeting in their home community (AS 39.20.185). If there is interest in including language prohibiting state employees who serve on boards and commissions from receiving compensation in addition to their salary, the committee may want to address this under the broader statutes in Title 39 as well as under the Local Boundary Commission.

Alaska Statute 44.47.565 establishes the Local Boundary Commission of five members appointed by the governor; one from each judicial district and one from the state at large. Additional qualifications for Local Boundary Commission members are listed in AS 39.05.060.

STATE OF ALASKA

LOCAL BOUNDARY COMMISSION

WALTER J. HICKEL, GOVERNOR

949 EAST 36TH AVENUE, SUITE 404
ANCHORAGE, ALASKA 99508
PHONE: (907) 531-8586

February 14, 1991

The Honorable Steve Frank
Chairman
Senate Community and
Regional Affairs Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Frank:

We respectfully request that you consider our comments on Senate Bill 96.

The Alaska Local Boundary Commission is a volunteer body dealing with numerous controversial and complex issues on a frequent basis. Typically, the Commission meets 25 times per year, and renders numerous decisions. Many of the Commission's meetings involve public hearings in remote locations, often under personally inconvenient and arduous circumstances.

As you know, the Commission is responsible for every municipal boundary change, incorporation and dissolution. Today, the Commission's regulations comprise nearly 50 pages of the Alaska Administrative Code. Given the controversial nature of issues brought before the Commission, decisions of the Commission are often challenged in court. The ever present threat of legal challenge demands that Commission members spend many days preparing for a single meeting.

Obviously, today's Commission members must sustain a level of expertise, commitment and sacrifice beyond that which may be reasonably expected of volunteers. Commission members ten suffer financial consequences as a result of their service, also. Members are often compelled to take unpaid leave from their livelihoods to participate in Commission activities.

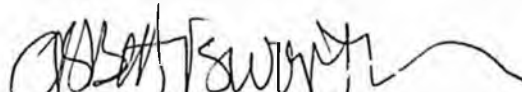
Last year, legislation which would have provided compensation for members of the Local Boundary Commission at a rate of \$150 per day died in the House Rules Committee at the end of the session. We hope that the issue is given more attention this year.

The Honorable Steve Frank
February 14, 1991
Page Two

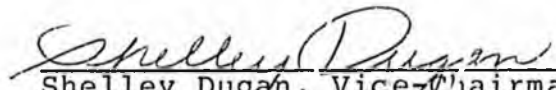
I respectfully urge the Committee to take favorable action on
SB 96.

Sincerely,

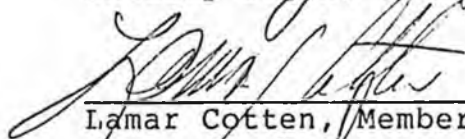
ALASKA LOCAL BOUNDARY COMMISSION



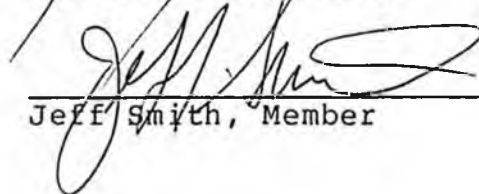
C.B. Bettisworth, Chairman



Shelley Dugan, Vice-Chairman



Lamar Cotten, Member



Jeff Smith, Member

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 96

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: "An Act..compensation for members of the State Local Boundary Comm.." BRU: Local Government Assistance
 Component: Local Boundary Commission
 Sponsor: Senate C&RA
 Requestor: Senate C&RA 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	18.75	18.75	18.75	18.75	18.75	18.75
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	18.75	18.75	18.75	18.75	18.75	18.75

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	18.75	18.75	18.75	18.75	18.75	18.75
FEDERAL FUNDS						
OTHER						
TOTAL	18.75	18.75	18.75	18.75	18.75	18.75

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: No fiscal impact in FY 91

ANALYSIS: (Attach a separate page if necessary.)

This fiscal note assumes 25 days of meetings per year with compensation at \$150 per day per member (5 members).

Prepared By: Remond Hendriksen Phone: 465-4708
 Division: Administrative Services Date: 2/13/91
 Approved Commissioner: EC, Wally
 Agency: Community & Regional Affairs Date: _____

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

**CS FOR SENATE BILL NO. 96 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION**

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

**1 "An Act authorizing compensation for members of the state Local Boundary Commission;
2 and providing for an effective date."**

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

4 * Section 1. AS 44.47.579 is repealed and reenacted to read:

**5 Sec. 44.47.579. COMPENSATION AND EXPENSES. A member of the Local Boundary
6 Commission is entitled to compensation at a rate of \$150 for each day the member is attending
7 a meeting of the commission. A member who is an employee of the state or a local government
8 is entitled to the \$150 per day compensation only for a day on which the member takes annual
9 leave or leave without pay from the state or local government position. A member is also
10 entitled to receive per diem and travel expenses authorized for members of boards and
11 commissions under AS 39.20.180.**

12 * Sec. 2. This Act takes effect July 1, 1991.

Alaska State Legislature

Al Adams
District L



Official Business

WHILE IN SESSION
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3707

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3245

3111 C Street
Anchorage, Alaska 99503
(907) 561-7622

March 4, 1991

The Honorable Walter Hickel
Governor
State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Governor Hickel:

This is to let you know that I share your concern with economic problems that surround the various state boards and commissions and to offer a fix.


I see several issues at hand. One has to do with the sheer number of boards and commissions. Another has to do with their costs. A facet of their costs is the vast disparity in compensation for expenses, time and expertise. This latter notion has become particularly pointed with legislation again before the Seventeenth Legislature to provide salaries or elevated salaries to certain boards. Salary and honorarium has become a matter of some boards convincing legislators that its activities warrant a salary. Amounts range from \$50 to \$400 per meeting. I have enclosed for your review summaries of the various boards and compensation allowances. Clearly, there is no constructive correlation between salary, time involved or expertise required.

Several policy calls need to be made to address these problems. Some boards should be eliminated and some should be joined together. A policy for travel, per diem, salary and honorarium needs to be established. A policy is required on whether state employees or those who work for political subdivisions of the state should take leave without pay for meeting attendance.

I believe a short term task force would be well suited to investigate the possibilities of board elimination and fusion, how to divert "double dipping" of state employees serving on boards and recommend appropriate compensation. Since the establishment of such standards would involve multiple statutory changes it would seem appropriate that the task force could have answers to place before the Second Session of the Seventeenth Legislature.

I hope you find these ideas useful.

Sincerely,


Senator Al Adams

BOARDS AND COMMISSIONS WITH COMPENSATION OTHER THAN STANDARD TRAVEL AND PER DIEM

-10/1/82

Board/Commission Name	# Members	# Meetings	Compensation
Commercial Fisheries Entry Commission	3	120 days	Salaried
Commercial Fishing & Agricultural Bank, Bd. of Directors	7	7 days	\$250/day maximum
Board of Fisheries	7	4-6x; 40-85 days	\$150/day-regular meetings \$100/day-other meetings
Board of Game	7	2x (35-40 days)	\$150/day-regular meetings \$100/day-other meetings
Historical Records Advisory Board, State	9	3 days maximum	Federal funding
Alaska Housing Finance Corporation	7	16 days maximum	\$100/day + necessary expenses
Alaska Industrial Development & Export Authority	5	1x/month; most via telecon.	\$100/day
Medical Indemnity Corporation of Alaska	9	4x (15-30 days)	Necessary expenses
Alaska Municipal Bond Bank Authority	5	5 days total	Actual expenses
Occupational Safety & Health Review Board	3	Approx. 4x/yr.	\$50/day
Oil & Gas Conservation Commission	3	N/A	Salaried
State Board of Parole	5	4x/yr. minimum	Set by Governor
Permanent Fund Corporation, Board of Trustees	6	10+/yr. (40 days)	\$400/day
Board of Pharmacy	7	3x (9 days total)	Actual expenses
Alaska Public Offices Commission	5	5x (15 days max.)	\$50/day
Railroad Corporation, Board of Directors	7	4x/yr. minimum	\$400/day
Teachers' Retirement Board	9-13	2x (approx. 6 days)	Actual expenses
Public Employees Retirement Board	9-13	2x/yr.	4-8 physician members entitled to hourly compensation at rate consistent with their normal hourly earnings
Alaska Public Utilities Commission	5	Continuous	Salaried
Western Interstate Commission for Higher Education	3	2x (10 days max.)	Actual expenses
Alaska Workers' Compensation Board	11	125 days total	\$50/Day

SOURCE: 1991 Boards and Commissions Book, Office of the Governor

270/1000 11/1/82

11-200-1000

BOARDS AND COMMISSIONS
WITH NO COMPENSATION OTHER THAN TRAVEL AND PER DIEM

BY SENATOR ADAMS

3.01.91

SOURCE: 1991 BOARDS AND COMMISSIONS BOOK

BOARD	MEETING DAYS PER YEAR
PUB ACCOUNTANCY	12 DAYS TOTAL
AG REV. LOAN FUND BOARD	25 DAYS
ALCOHOL BEVERAGE CONTROL	11-14 DAYS
ALCOHOLISM AND DRUG ABUSE	12 DAYS
AMATEUR SPORTS AUTHORITY	AT LEAST QUARTERLY
ARCHITECTS, ENGINEERS, AND LAND SURVEYORS	4 MEETINGS
ALASKA COUNCIL ON THE ARTS	12-15 DAYS MAXIMUM
ASSESSMENT REVIEW BOARD	2-3 DAYS
ATHLETIC COMMISSION	1 MTG/YEAR
BALD EAGLE PRESERVE ADVISORY COUNCIL	7 DAYS
BOARD OF GOVERNORS ALASKA BAR	10 DAYS
BARBERS AND HAIRDRESSERS	"AS OFTEN AS NECESSARY"
BIG GAME COMMERCIAL SERVICES	14 DAYS MAX
BLOCK GRANTS ADVISORY COMMITTEE	4-6 DAYS
PUBLIC BROADCASTING	15 DAYS
CHILDREN AND YOUTH	4 MTGS PER YEAR
CHIROPRACTIC EXAMINERS	6 DAYS MAX
CLEMENCY ADVISORY COMMITTEE	APPROX 4 MEETINGS PER YEAR
CLINICAL SOCIAL WORKERS	1 MEETING PER YEAR
COASTAL POLICY COUNCIL	10 DAYS
COMPENSATION COMMISSION/STATE OFFICERS	EVERY OTHER YEAR
CORRECTIONAL INDUSTRIES COMMISSION	4 MTGS PER YEAR
DENTAL EXAMINERS	4 MTGS PER YEAR

BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

DISPENSING OPTICIANS	4 DAYS
DOMESTIC VIOLENCE AND SEXUAL ASSAULT	16 DAYS MAX
BOARD OF EDUCATION	30 DAYS MAX
ELECTICAL EXAMINERS	1 MTG PER YEAR
EMERGENCY MEDICAL SERVICES	6 DAYS MAXIMUM
EMERGENCY RESPONSE COMMISSION	4 MTGS PER YEAR
EMPLOYMENT OF PEOPLE W/ DISABILITIES	14 DAYS MAX
EMPLOYMENT SECURITY ADVISORY COUNCIL	8 DAYS MAX
ALASKA ENERGY AUTHORITY	12 MTGS PER YEAR/ 48 DAYS MAX
ADVISORY COMMISSION ON FEDERAL AREAS	AT LEAST 2 MTGS PER YEAR
FISHERMENS FUND ADVISORY AND APPEALS COUNCIL	10 DAYS MAX
FORESTRY	8 DAYS
GEOGRAPHIC BOARD	9 DAYS
HANDICAPPED AND GIFTED	15 DAYS
HAZARDOUS SUBSTANCE SPILL TECHNOLOGY	AT CALL OF CHAIR
HEALTH CARE TASK FORCE	AS SCHEDULED W/ DH&SS
HISTORIC SITES ADVISORY COMMITTEE	8 DAYS MAX
HISTORICAL COMMISSION	16 DAYS MAX
HOUSING AUTHORITY	12 DAYS
HUMAN RIGHTS	8-10 DAYS
HUMANITIES FORUM	8-10 DAYS
INCENTIVES AWARD	AS NEC
JOB TRAINING CCUNCIL	AS NEC
JUDICIAL CONDUCT	4-6 DAYS
JUDICIAL COUNCIL	4-8 DAYS
JUVENILE JUSTICE AND FAMILY SERVICES	4 DAYS
LABOR RELATIONS AGENCY	15 TO 20 TIMES PER YEAR
LIBRARIES	5-6 DAY MAX
MARINE PILOTS	1 MTG PER YEAR
MECHANICAL EXAMINERS	2-3 MTGS PER YEAR
MEDICAID RATE COMMISSION	10 TIMES PER YEAR
MEDICAL BOARD	4 TIMES PER YEAR

BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

MEDICAL INDEMNITY	15-30 DAY MAXIMUM
MENTAL HEALTH BOARD	12 DAYS
MENTAL HEALTH TRUST	4 MTGS PER YEAR
MINERALS COMMISSION	AS CALLED
MUNICIPAL BOND BANK	5 DAYS
N. PACIFIC AND BERING SEAS FISHERIES	4-5 MTGS PER YEAR
NURSING	4 MTGS PER YEAR
NURSING HOME ADMINISTRATORS	SEMI-ANNUALLY
OLDER ALASKANS COMMISSION	12 DAYS MAXIMUM
OPTOMETRY	4 DAYS
PACIFIC MARINE FISHERIES	6 DAYS MAX
PACIFIC SALMON COMMISSION	3 7-10 DAY MTGS
PERMANENCY PLANNING	2 MTGS PER YEAR
PERSONNEL BOARD	4 DAYS
PHARMACY	9 DAYS
PHYSICAL THERAPY AND OCC THERAPY	2 MTGS PER YEAR
PIONEERS HOMES ADVISORY BOARD	15-16 DAYS
POLICE STANDARDS COUNCIL	8 DAYS MAXIMUM
POST SECONDARY EDUCATION	10 DAYS MAX
PRIVATE INDUSTRY COUNCIL	8 DAYS MAX
PROFESSIONAL TEACHING PRACTICES	3-4 MTGS PER YEAR, 2-5 DAYS EACH
PSYCHOLOGIST AND PSYCHOLOGICAL ASSOCIATE	3 MTGS PER YEAR, 2 DAYS
REAL ESTATE APPRAISERS	AS NEEDED
REAL ESTATE COMMISSION	3-4 TIMES/YEAR, 2 DAYS EACH
RECREATION RIVERS	NO COMP MEET 4-6 TIMES PER YEAR
BOARD OF REGENTS	7 TIMES PER YEAR
RATNET	1-2 MTGS PER YEAR/ 1-2 DAYS EACH
SAFETY ADVISORY COUNCIL	6 DAYS
SCIENCE AND ENGINEERING ADVISORY	AS CALLED
SEAFOOD MARKETING	8-10 DAYS
SENTENCING COMMISSION	AS CALLED
SOIL AND WATER CONSERVATION	4 DAYS MINIMUM

BOARDS AND COMMISSIONS WITH NO COMPENSATION OTHER THAN TRAVEL/PER DIEM

STORAGE TANK ASSISTANCE	3 DAYS
STUDENT LOAN	AT CALL OF CHAIR
SUBSISTENCE RESOURCE COMMISSION	2 MTGS PER YEAR
SUBSISTENCE USE OF FISH AND GAME	NOT YET SET
TELECOMMUNICATIONS INFORMATION COUNCIL	4 TIMES PER YEAR
TOURISM MARKETING COUNCIL	4 MTGS PER YEAR
TRANS-ALASKA PIPELINE LIABILITY FUND	ONCE EVERY 6 MONTHS
VETINARY EXAMINERS	3 TIMES PER YEAR
VIOLENT CRIMES COMPENSATION COMMISSION	4-5 MTGS AND 10 HEARINGS PER EYAR
VOCATIONAL AND CAREER EDUCATION	8 DAYS
WATER AND WASTEWATER WORKS	1-2 TIMES PER YEAR/4-5 DAY MA
WATER RESOURCES	2 TIMES PER YEAR/ 1-3 DAYS EACH
WESTERN INTERSTATE FOR HIGHER ED	10 DAYS MAX
WOMENS COMMISSION	AT CALL
WOOD-TIKCHIK STATE PARK	8 DAYS
YUKON RIVER DELEGATION	2 MTGS PER YEAR

agree that some change is inevitable. These Alaskans, who sometimes benefit most from the inequities in funding for schools and other services, readily admit the shortcomings of the system.

There are no easy answers to the problems associated with the current system of regional service delivery in Alaska. This is witnessed by the rather haphazard evolution of regional government in Alaska during 32 years of statehood. And while many residents of the unorganized borough may express a preference to pay taxes in support of their schools rather than form boroughs, a method of taxation which is easy to administer, efficient, equitable and capable of generating a suitable contribution may be elusive.

Thus, it is time that political leaders and public policy makers carefully examine the current system of service delivery. System inequities have stood for decades in Alaska. This is understandable when one considers that funding formulae in place today were designed for regional governments that were formed 25-30 years ago. Political and economic changes have occurred during this time which require that the formulae be re-examined by local and state officials. The Commission has witnessed the gradual awakening of the public to the current dilemma. In response, it has passed a resolution calling for a comprehensive examination of state funding formulae to promote equity among regions and to eliminate disincentives for borough incorporation and annexation. A copy is appended to this report as Exhibit B. The Commission would like to see the current legislature begin dealing with the situation.

In each of the past four legislative sessions, bills have been introduced which would have provided compensation to the Commission at the rate of \$150 per day for each day the member attends a meeting. Compensation bills were approved by the Senate in 1988 and 1990, however, the measures lagged in committees in the House. In 1990, the bill died in House Rules.

It is evident from the activities profiled in this report that the Local Boundary Commission is an extremely active volunteer body. It is quite different from the original Commission who first gathered shortly after statehood. In fact, the state of Alaska was quite different then. When the Commission was first formed, there were

*from Alaska Local
Boundary Commission
Annual Report 1990*

**Compensation
for the
Commission**

only about 30 municipal governments. Understandably, the Commission met only a few times each year and then made only a few decisions. By contrast, there are 164 municipalities today. The current Commission typically meets 25 times a year, and renders many more decisions. When it was first formed, the Commission traveled little. Today, as this report shows, the Commission can be found in any community from Barrow to Ketchikan. Frequently this travel occurs under hazardous weather conditions.

The increase in the number of municipal governments and the number of meetings or extent of travel alone do not fully account for the additional demands placed on the Commission. Procedures which were simple thirty years ago have grown much more complex. For example, the Commission operated without regulations until it was directed to create them by a ruling of the State Supreme Court in 1971. Today, the Commission's regulations take up more than 50 pages in the Alaska Administrative Code. Procedural responsibilities have further increased with the relatively recent requirement that the U.S. Justice Department review and approve every municipal boundary change. This includes incorporations, dissolutions and annexations.

Compounding the duties of the Commission is the tendency of the American public to litigate disputes. Given the typically controversial nature of the issues brought before the Commission, it is not surprising that decisions of the Commission are often challenged in court. They have in fact been the subject of six landmark rulings by the State Supreme Court. A host of other Supreme and Superior Court decisions affect each and every action of the Commission. The ever present threat of legal challenge demands that Commission members spend many days preparing for a single meeting. For example, the material considered by the LBC in the competing boundary actions (Denali Borough and Valleys Borough incorporations and Mat-Su Borough annexation) consisted of nearly 1,200 pages of text and weighed over four pounds.

Obviously, today's Commission members must maintain a level of expertise and perseverance beyond that to be expected of volunteers. Financial compensation is a modest request. In fact, the fiscal impact of the most recently proposed compensation would be minimal. Based upon 25 one-day meetings per year with compensation of \$150 per day, the total compensation to the Commission would amount to \$18,750.

With these considerations in mind, the Commission believes that it is reasonable and responsible to raise the issue of compensation once again. If the State of Alaska expects to draw five-year commitments from qualified citizens who donate hundreds of hours every year (often at considerable loss of personal income), the State must recognize their value. Keep in mind that some members of the Commission have served without compensation for as long as fifteen years. Given the demands of time, travel and political pressures, it may grow increasingly difficult to attract members who are willing to serve without compensation.
