

SB

110

Alaska State Legislature

DURING SESSION
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REPRESENTATIVE CON BUNDE

District 18

VICE-CHAIR: HOUSE FINANCE COMMITTEE
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

SPONSOR STATEMENT

CSSSHB 13 (JUP)

" An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas."

Alaska's Constitution provides for maximum local self-government (Art. X sec. 1) and for the creation, alteration, or abolishment of service areas subject to the provisions of law (Art. X sec. 5).

AS 29.35.450 codifies these Constitutional provisions and establishes the mechanism by which service areas are created, altered, and abolished.

Alaska has approximately 200 service areas; in these areas the local residents use private contractors for necessary services and assess themselves to pay for a desired level of service.

HB 133 amends, AS 29.35.450 to support local control by clearly identifying whom should vote on the abolishment and alteration of a service area under three scenarios:

1. **Abolishment of a service area.**
Subject to approval by the majority of the voters residing in the service area.
2. **Abolishment and replacement of a service area.**
Must be approved separately by a majority of voters inside an existing service area and by a majority of the voters residing in the proposed service area BUT OUTSIDE the existing service area.
3. **Alteration of service area or combining it with another service area.**
Must be approved, separately, by a majority of the voters who vote on the question and who reside in each of the service areas or in a proposed service area affected by the proposal.

This proposed legislation would settle a long time debate about who is entitled to vote during the creation, alteration or abolishment of a service area. This legislation has support throughout service areas in Alaska and I urge the favorable consideration of this committee.

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REPRESENTATIVE CON BUNDE District 18

E-MAIL
Representative_Con_Bunde@legis.state.ak.us

CHAIR: HOUSE SPECIAL COMMITTEE ON EDUCATION
VICE-CHAIR: HOUSE FINANCE COMMITTEE

Sectional Analysis CSSSHB 13 (JUD)

“An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas.”

Sec. 1. This adds AS 29.35.450 to the list of statutes that apply as limitations on the power to home rule municipalities. The result of this is to require home rule municipalities to adhere to AS 29.10.450, which now applies only to general law municipalities.

Sec. 2. This addresses service areas in unified municipalities and contains a cross-reference to subsection (c), added in this draft. There are three unified municipalities in the state: Anchorage, Juneau, and Sitka.

Sec. 3. This adds subsection (c) to AS 29.10.450 which requires, before a service area is expanded, a separate vote to be held in the area of the existing service area and in the area proposed to be added. A separate vote is also required when a service area is altered or combined with another service area. Before the service area change may occur it must be approved in each of the areas that votes separately on the question. This section does not apply to a proposed change to a service area that provides fire protection services that would result in increasing the number of parcels of land in the service area or successor service area if the increase is no more than six percent.

Sec. 4. Adds a new subsection to AS 29.35.470, which is not a home rule limitation. This allows borough assemblies to set up differential tax zones in service areas, so that different rates of taxes may be levied in different portions of a service area. Under existing law, only cities set up differential tax zones.

2001 Officers

Pres. Deborah Luper 694-7700
V. Pres. Charles Horsman 694-6502
Sec. Jim Yeargan 694-2571
Treas. Brian Fay 694-3293



2001 Directors

Carl Waters 696-8886
Dave Sellie 694-3283
Floyd Gori 694-6088

**EAGLE RIVER COMMUNITY COUNCIL
P.O. BOX 773952
EAGLE RIVER, ALASKA 99577**

14 February, 2001

Dear Representative Bunde,

Eagle River Community held its last meeting on February 8, 2001. At this meeting, HB 13 and SB 75, was reviewed and discussed by the council directors and members present. As a result, Eagle River Community Council passed a resolution to support the goals and intention to protect the autonomy of service areas including (but not limited to) road service areas, parks and recreation service areas, and fire protection service areas as set forth in HB 13 & SB 75.

Thank you for your efforts in sponsoring this bill. We are confident that you will be successful in passing this bill with enough votes to override any potential veto by the governor.

Respectfully,

Charles Horsman
Vice-President, Eagle River Community Council

cc: Representative Dyson
Representative Kohring
Representative Halerc
Representative Fate
Representative Coghill

CLERK'S OFFICE

APPROVED

Date: 1-30-01

NOTICE OF RECONSIDERATION WAS
GIVEN BY MS. CLEMENTSON 1-31-01

Submitted by: Assemblymembers ABNEY, Tesche
Prepared by: Assembly Office
For reading: JANUARY 30, 2001

*Reconsideration
Failed 2-06-01*

ANCHORAGE, ALASKA
AR NO. 2001- 26

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A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING HOUSE BILL
13, "AN ACT RELATING TO MUNICIPAL SERVICE AREAS AND PROVIDING FOR VOTER
APPROVAL OF THE FORMATION, ALTERATION, OR ABOLISHMENT OF CERTAIN SERVICE
AREAS".

WHEREAS, Alaska's Constitution provides for maximum local self-government (Art. X, Sec. 1), and for the creation, alteration, or abolishment of service areas subject to the provisions of law (Art. X, Sec. 5); and AS 29.35.450 codifies these Constitutional provisions and establishes the mechanism by which service areas are created, altered, and abolished; and

WHEREAS, Alaska has over 200 service areas - in these areas the local residents use private contractors for necessary services and assess themselves to pay for a desired level of service; and

WHEREAS, House Bill 13, sponsored by State Representative Bunde, amends AS 29.35.450 by:

- Clearly identifying who should vote under the following scenarios:

Abolishment of a service area - subject to approval by the majority of the voters residing in the service area.

Abolishment and replacement of a service area - must be approved separately by a majority of voters residing in an existing service area and by a majority of the voters residing in the proposed service area, but outside the existing service area.

Alteration of a service area or combining it with another service area - must be approved separately by a majority of the voters who vote on the question and reside in each of the service areas or in the proposed service area affected by the proposal.

This legislation will settle a long-time debate about who is entitled to vote during the creation, alteration or abolishment of a service area.

- Allowing for differential tax zones within a service area, thus allowing smaller areas to combine with larger service areas and to assess themselves at different levels within the combined area - achieving economies of scale and setting the level of service they need.

This legislation will result in fewer service areas and it will decrease the burden on municipal and borough governments.

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Page 2

NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

Section 1: That the Assembly supports House Bill 13.

Section 2: That, upon passage and approval, a copy of this resolution be forwarded to the State Legislature.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 30 day of January, 2001.

Fay Van Semmingen
Chair

ATTEST:

Lizina Ferguson
Municipal Clerk



Municipality of Anchorage

George P. Wuerch, Mayor



Chugiak-Birchwood-Eagle River Rural Road Service Area Board of Supervisors

11901 Business Boulevard, Suite 107
Eagle River, Alaska 99577

FEB 06 REC'D

January 30, 2001

Representative Con Bunde
State Capitol, Rm. 501
Juneau, AK 99801

Re: Support for House Bill 13

Dear Representative Bunde:

At the January 22, 2001 of the Chugiak-Birchwood-Eagle River Rural Road Service Area Board of Supervisors, the Board unanimously passed a motion in support of House Bill 13. It is the opinion of the Board that this Bill will help strengthen service areas such as ours and ensure that the voting public has adequate say in the future of their service areas.

Sincerely,

Chris Ingmanson, Chair
Chugiak-Birchwood-Eagle River Rural Road
Service Area Board of Supervisors

Cc: Area Legislators
Assembly Member Anna Fairclough
Assembly Member Dan Kendall

February 2, 2001

Dear Chairman Rokeberg:

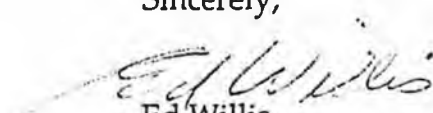
I wish to offer my support for HB 13, legislation that would help ensure the continuation of local service areas. As a member of the Greater Anchorage Area Borough Assembly (1966-1974), and a participant in the unification battles, I am familiar with the reason local service areas are provided for in the Anchorage Charter.

After the voters rejected two attempts at unification, service areas were provided for in the Charter that was eventually approved by the voters of Anchorage. The guarantee of local service areas was a necessary concession to residents outside the old city limits. Anyone who was involved in the process at the time could undoubtedly affirm that the charter would have been rejected a third time absent the provision for local service areas. Without the guarantee of local service areas, my community, South Anchorage, Spenard and other areas outside of the city would have voted to defeat the proposed charter in 1975. I believe that in one of the first votes in the early 1970's, fewer than a hundred votes were cast from the precincts in Chugiak-Eagle River in favor of unification. Opposition was simply that strong!

I have a local government background, and am generally against intrusions in local authority. I believe, however, that this legislation is different in that it seeks to protect local control, specifically volunteer-run local service areas. And in the case of Anchorage, you would be reinforcing a compact that was made when the charter was approved in 1975.

I appreciate the opportunity to express my views on an issue that is very important to my community. I wish you well in your deliberations.

Sincerely,


Ed Willis

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SSHB 13
 (H) Publish Date: 1/31/01

Revision Date/Time (Note if correction): 1/25/2001 1:20PM Dept. Affected: DCED
 Title: SERVICE AREAS: VOTER APPROVAL/ TAX BRU: Com. Asst.& Econ. Dev.
ZONES Component: Community and
 Sponsor: Representative Bunde Business Development
 Requester: House CRA Committee Component Number: 2486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation provides for voter approval of the formation, alteration, or abolishment of certain municipal service areas. This legislation would have no fiscal impact on the department.

Prepared by: Pat Poland, Director Phone 907-269-4580
 Division: DCED, Community & Business Development Date/Time 1/25/2001 1:20PM
 Approved by: Commissioner Deborah B. Sedwick Date 1/25/2001
 Agency: Department of Community & Economic Development

For distribution information, call the Governor's Legislative Office

MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue, Palmer, Alaska 99645-6488

BOROUGH ATTORNEY'S OFFICE

Phone 745-9677 Fax 745-6070

FAX TRANSMITTAL PAGE

TO: John Torgerson

FIRM: _____

FAX NO: 907-465-4779 PHONE NO: _____

FROM: MICHAEL GATTI, BOROUGH ATTORNEY

DATE: 3-14-01

NO. OF PAGES (including cover): 10

REMARKS:

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Matanuska-Susitna Borough

Public Works Director

330 East Dahlia Avenue • Palmer, Alaska 99645-8488
PHONE (907) 745-8801 • FAX (907) 745-8825
E-MAIL: jsydnq@msb.co.mst-su.ak.us

Mike Little

MEMORANDUM

Law

DATE: February 21, 2001

TO: John Duffy, Borough Manager

FROM: Jim Swing, Public Works Director *JS*

SUBJECT: SSHB13 and SB75

As you know, the Borough Assembly postponed action on Resolution Serial No. 01-010, which if passed, would oppose sponsor substitute for House Bill 13 (SSHB13) and Senate Bill 75 (SB75) both of which relate to municipal service areas and provide for voter approval of the formation, alteration or abolition of such service areas. This memorandum presents some of my concerns regarding these bills:

The Matanuska-Susitna Borough is the fastest growing area of the State of Alaska, and as such, has one of the most active platting of new subdivisions in the state. Since some road service area boundaries have no apparent rationale, it would be quite common to have a new subdivision, which would be located in two different road service areas. With SSHB13 a vote of both service areas would be required to have this new subdivision placed in one or the other RSA's. This vote would not occur until the next regular election. In the mean time, the Borough could not maintain the roads in the subdivision. If these roads were built to borough standards, it would seem that there would be no detrimental effects on the RSA's from annexation or alteration.

An example of problems, which may occur, is the relocation of Trunk Road. Presently the existing Trunk Road serves as the boundary of RSA 9 and RSA 16 (south of the Palmer-Wasilla Highway) and RSA 25 and RSA 16, north of the Palmer-Wasilla Highway. When the new alignment of Trunk Road is constructed, some of the old portions may be abandoned. It would be logical and economical to alter the service areas so that the new Trunk Road alignment is the boundary for these RSA's. With SSHB13, this could not be done without a vote of three RSA's. Local government should be able to make minor adjustments to service areas in order to better and more economically serve the taxpayers of the borough.

Presently, if an area which is not located in a service area wishes to annex into an existing service area and the existing service area board of supervisors approve such an annexation, a vote of only the voters in the area annexing is required. This seems much more manageable and a more equitable solution than forcing all the voters in the existing service area to vote on the annexation. SSHB13 deprives the service area board of supervisors of one of the powers they now have.

- In the Matanuska-Susitna Borough, all road service areas have the same level of service for road maintenance. Only the mill levy varies per service area in order to pay for that level of service. Altering the service area boundaries or combining service areas to give a better level of service or a more economical service should be the assembly's prerogative.

cc: M. Gatti, Borough Attorney

Michael Gatti

From: Kevin Ritchie (kevinr@pobox.alaska.net)
Sent: Thursday, February 15, 2001 2:21 PM
To: Tom Boedaker (E-mail); mike gatti (E-mail); Mike Scott work (E-mail)
Subject: HB13 - SB 75 amendments



HB 13 - SB 75
 discussion OPTIO...

Tom, Mike, and Mike

Senator challenged us to come up with potential amendments to SB 75. Here are some ideas to start with. The Legislative Committee Chairs discussed an appeal process to LBC. We should talk and agree to a plan.

HB 13/SB 75 Re: DISCUSSION OPTIONS mandatory service area voting

The Senate sponsor Senator Halford, and CRA Committee Chair Senator Torgerson expressed willingness to work on amendments to make the bill acceptable to all parties. We are expected to respond by next week.

Options:

q **Delete Section 3:** This leaves the optional tool to set variable rates within service areas. Kevin Meyer and Al Kookash voted in favor of this on Ethan Berkowitz's motion in HJUD.

Pro/con: While it makes municipalities whole, it guts bill from sponsor perspective.

q **Exempt areawide consolidation votes:** Amend Section 3 as follows:

*Line 19 - This section does not apply to a proposed change to a service areas that provides fire protection or road maintenance services that would result in increasing the number of parcels of land in the service area or successor service area if the increase is no more than six fifteen percent, or the creation of areawide services or a municipal creation or consolidation that is voted on areawide.

Pro/con: Could be acceptable if key objective of sponsors is to avoid forced service area consolidation or "fiddling" without a vote. It does allow the whole municipality to vote and broadens the small changes ability.

q **Create an appeal process:** Delete section 3 and replace with an appeal process to the Local Boundary Commission based on a local appeal, then an appeal to the LBC. The difficult issue is the creation of standards for the LBC to review the appeal. Dan Bockhorst thought that such a process had been proposed in the early 70's and that it was feasible (though he was not speaking for the LBC of course). Dan mentioned the need for standards. The hard part is setting standards for review which could be problematic. They would likely have to be general such as: creates unfair tax burden on some residents or would result in a substantial deterioration of services.

Pro/con: Allows an objective 3rd party review similar to other types of municipal creations, but standards are hard to set.

q **Consider similar local ordinances to defuse the situation.**

Pro/con: Control will remain local. Legislature could make this part of sunset "condition".

q **Sunset the law in three years:** As far as we know, this is not an issue in municipalities in the near future with the exception of consolidation attempts in Ketchikan, Fairbanks, etc. This option might work especially if Section 3 was crafted to ensure that municipal consolidation votes were exempted.

Pro/con: Gives both sides a cooling off time to evaluate what local ordinances will pass, etc. Probably makes constitutional issues moot.

q **Pass the bill with a provision that allows municipalities to set up their own system if approved by an areawide vote after the date of the bill.** This allows municipal flexibility but ensures that local voters make a conscious choice. In the case of consolidation votes, this would allow voters to roll

Law

in consideration of service area issues.

Pro/con: Ensures local voter control, while Assembly control. Requires municipal voters to consider issue on its merits.

Kevin Ritchie, Executive Director
Alaska Municipal League
office: 907-586-1325
Fax: 907-463-5480



MATANUSKA-SUSITNA BOROUGH

350 EAST DAHLIA AVENUE, PALMER, ALASKA 99645-0488
BOROUGH ATTORNEY'S OFFICE

February 9, 2001

House Judiciary:

Chair: Representative Rokeberg

Vice Chair: Representative Ogan

Member: Representative James

Member: Representative Coghill

Member: Representative Meyer

Member: Representative Berkowitz

Member: Representative Kookesh

State Capitol

Juneau, Alaska 99801-1182

Re: Sponsor Substitute for House Bill 13

Dear Committee Members:

At the February 6, 2001 teleconference on SSHB 13 you asked for an explanation of the constitutional principles implicated by the bill. First Article X, § 1 provides that there should be a maximum local self-government with a minimum of local government units to prevent duplication of tax levying jurisdictions. This section also provides that a liberal construction shall be given to the powers of local government units. SSHB 13 will have the effect of undermining the principles enumerated in this constitutional requirement by limiting the ability of municipalities to provide a maximum self-government with a minimum of local government units, since it will be extremely difficult to abolish, consolidate or alter service areas should the bill pass.

The Bill also implicates Article X § 2, which provides that all local government powers shall be vested in boroughs and cities. The service areas are not separate governments that should have ultimate responsibility for the provision of municipal services. *North Kenai Peninsula Road Maintenance Service Area v. Kenai Peninsula Borough*, 850 P.2d 636 (Alaska 1993). Instead service areas are individual taxing jurisdictions that allow for a higher or different level of service within that jurisdictional area. *Keane v. Local Boundary Commission*, 893 P.2d 1239 (Alaska 1995). SSHB 13 has the effect of vesting local government power in the service area and undermines the constitutional principle enumerated in Article X § 2.

February 9, 2001

Page 2

Article X § 5 pertaining to service areas is also implicated since this section provides that services areas to provide special services within an organized borough may be established, altered or abolished by the Assembly. It also provides that a new service area shall not be established if consistent with the purposes of this article the new service can be provided by an existing service area, by incorporation as a city, or by annexation to a city. SSHB 13 also undermines this constitutional provision since it vests the ability to abolish, consolidate or alter a service area with a minority of individuals.

SSHB 13 impacts Article X, § 11 which provides that a home rule borough or a city may exercise all legislative powers not prohibited by law or by charter. SSHB 13 is regressive legislation that returns the State of Alaska to the archaic view of municipalities that they may not do anything except as specifically authorized by the legislature. In contrast, the basic constitutional format for municipalities in Alaska is broad construction of municipal powers, rather than narrow construction of municipal powers. SSHB 13 operates in contradiction to the important precepts enumerated above and is an unwarranted limitation of municipal authority. Instead of legislatively imposed limitations on the exercise of municipal power the legislature should defer to the local governing body to decide, on a local level, how best to operate in the public's interest on matters of local concern.

In a jurisdiction such as the Matanuska-Susitna Borough, which highly respects its service areas and supervisors, guidance for service areas is found in the Borough Code. MSB 5.15.015 sets forth duties of the Boards of Supervisors and provides:

DUTIES OF BOARDS OF SUPERVISORS

(A) Boards of supervisors for all service areas shall:

(1) after public hearing, recommend an annual budget to the manager, and

(2) make recommendations to the manager and the assembly on building programs, equipment acquisition and disposal, administrative policies and procedures, contracts, maintenance needs, and other matters as the manager or the assembly may request.

(B) In addition to those duties described in subsection (A), boards of supervisors of fire service areas shall also:

February 9, 2001

Page 3

(1) make recommendations to the manager and assembly on the appointment and supervision of volunteer fire chiefs appointed to administer the fire service area; and

(2) submit an annual efficiency report on volunteer fire chiefs to the manager.

(C) A board of supervisors for an area for which fire services are provided through contract may not make recommendations on the following:

- (1) whether the services should be provided by contract;
- (2) the terms of the contract;
- (3) the appointment, supervision, and efficiency of the fire chief; and
- (4) fees or other reimbursement paid to volunteers for firefighting duties.

The MSB also provides for a dual majority vote under certain circumstances pursuant to MSB 5.10.035 which provides:

ELECTION

(A) Ballot propositions proposing the establishment or the abolition of service areas shall be submitted only to the qualified voters residing within the proposed service area or the service area to be abolished.

(B) Ballot propositions proposing the annexation of territory to an existing service area shall be submitted only to the qualified voters residing within the area proposed for annexation. If, however, the assembly finds, based on public testimony and other information received in connection with consideration of an ordinance proposing modification of a service area and the analysis and recommendation of an existing board of supervisors having jurisdiction over the area in question, that the area affected by the proposed annexation includes the existing service area, the proposition must be approved by a majority of the voters within each area before it is effective. In determining the area affected by service area modification, the assembly shall consider its effect on the level of services, the cost of services, and public policy favoring maximum local self-government through a minimum of local government units.

February 9, 2001

Page 4

A similar rule appends to the alteration of service area boundaries set forth at MSB 5.20.005. This ordinance states:

ALTERATION OF SERVICE AREA BOUNDARIES

(A) Territory may be annexed to a service area in the same manner that territory can be made a service area under MSB 5.10.

(B) Territory may be deleted from a service area and a service area may be divided into two or more service areas by ordinance or by vote of the qualified voters living within the areas affected. Unless otherwise provided by the ordinance calling for an election on the question of deletion or division, a separate affirmative majority vote is required in the area to be deleted and in the area remaining in the case of a deletion, and in each of the proposed new service areas in the case of a division.

The Borough Assembly has also set forth rules pertaining to the consolidation and abolition of service areas which authorizes the consolidation of service areas by ordinance or authorizes the abolition of service areas by ordinance or by a vote of the qualified voters living within the service area in the same manner they may be established under MSB 5.10. See MSB 5.20.010 - 020. As evident, the Borough Assembly has adopted a comprehensive Code of Ordinances pertaining to the treatment of service areas within its boundaries. It has discretion to handle service areas either by ordinance or through a dual majority vote under certain circumstances and, as noted above, carefully considers the advice of the service area Board of Supervisors before formulating judgments on service area issues. SSHB 13 detracts from this local discretion to control local area decisions by providing unnecessary state mandates in an area where there is no problem to resolve.

February 9, 2001

Page 5

If you should have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Gatti", with a long horizontal flourish extending to the right.

MATANUSKA-SUSITNA BOROUGH
Michael Gatti, Borough Attorney

MG/mz

cc: Mayor & Borough Assembly
John Duffy, Borough Manager

K:\SHARED\Office\ATTY\2-6-01 house judiciary memo.wpd

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MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

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CSS\$HB 13 (JUD)

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Alaska State Legislature



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REPRESENTATIVE CON BUNDE District 18

CHAIR: HOUSE SPECIAL COMMITTEE ON EDUCATION
VICE-CHAIR: HOUSE FINANCE COMMITTEE

Sectional Analysis CSSSHB 13 (JUD)

“An Act relating to municipal service areas and providing for voter approval of the formation, alteration, or abolishment of certain service areas.”

Sec. 1. This adds AS 29.35.450 to the list of statutes that apply as limitations on the power to home rule municipalities. The result of this is to require home rule municipalities to adhere to AS 29.10.450, which now applies only to general law municipalities.

Sec. 2. This addresses service areas in unified municipalities and contains a cross-reference to subsection (c), added in this draft. There are three unified municipalities in the state: Anchorage, Juneau, and Sitka.

Sec. 3. This adds subsection (c) to AS 29.10. 450 which requires, before a service area is expanded, a separate vote to be held in the area of the existing service area and in the area proposed to be added. A separate vote is also required when a service area is altered or combined with another service area. Before the service area change may occur it must be approved in each of the areas that votes separately on the question. This section does not apply to a proposed change to a service area that provides fire protection services that would result in increasing the number of parcels of land in the service area or successor service area if the increase is no more than six percent.

Sec. 4. Adds a new subsection to AS 29.35.470, which is not a home rule limitation. This allows borough assemblies to set up differential tax zones in service areas, so that different rates of taxes may be levied in different portions of a service area. Under existing law, only cities set up differential tax zones.

2001 Officers

Pres. Deborah Luper 694-7700
V. Pres. Charles Horsman 694-6502
Sec. Jim Yeargan 694-2571
Treas. Brian Fay 694-3293



2001 Directors

Carl Waters 696-8886
Dave Sellie 694-3283
Floyd Gori 694-6088

**EAGLE RIVER COMMUNITY COUNCIL
P.O. BOX 773952
EAGLE RIVER, ALASKA 99577**

14 February, 2001

Dear Representative Bunde,

Eagle River Community held its last meeting on February 8, 2001. At this meeting, HB 13 and SB 75, was reviewed and discussed by the council directors and members present. As a result, Eagle River Community Council passed a resolution to support the goals and intention to protect the autonomy of service areas including (but not limited to) road service areas, parks and recreation service areas, and fire protection service areas as set forth in HB 13 & SB 75.

Thank you for your efforts in sponsoring this bill. We are confident that you will be successful in passing this bill with enough votes to override any potential veto by the governor.

Respectfully,

A handwritten signature in black ink, appearing to read 'Charles Horsman', with a long horizontal line extending to the right.

Charles Horsman
Vice-President, Eagle River Community Council

cc: Representative Dyson
Representative Kohring
Representative Halcro
Representative Fate
Representative Coghill

CLERK'S OFFICE

APPROVED

Date: 1-30-01

NOTICE OF RECONSIDERATION WAS
GIVEN BY MS. CLEMENTSON 1-31-01

Submitted by: Assamblymembers ABNEY, Tescha
Prepared by: Assembly Office
For reading: JANUARY 30, 2001

*Reconsideration
Filed 2-06-09*

ANCHORAGE, ALASKA
AR NO. 2001- 26

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A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING HOUSE BILL 13, "AN ACT RELATING TO MUNICIPAL SERVICE AREAS AND PROVIDING FOR VOTER APPROVAL OF THE FORMATION, ALTERATION, OR ABOLISHMENT OF CERTAIN SERVICE AREAS".

WHEREAS, Alaska's Constitution provides for maximum local self-government (Art. X, Sec. 1), and for the creation, alteration, or abolishment of service areas subject to the provisions of law (Art. X, Sec. 5); and AS 29.35.450 codifies these Constitutional provisions and establishes the mechanism by which service areas are created, altered, and abolished; and

WHEREAS, Alaska has over 200 service areas - in these areas the local residents use private contractors for necessary services and assess themselves to pay for a desired level of service; and

WHEREAS, House Bill 13, sponsored by State Representative Bunde, amends AS 29.35.450 by:

- Clearly identifying who should vote under the following scenarios:
 - Abolishment of a service area - subject to approval by the majority of the voters residing in the service area.
 - Abolishment and replacement of a service area - must be approved separately by a majority of voters residing in an existing service area and by a majority of the voters residing in the proposed service area, but outside the existing service area.
 - Alteration of a service area or combining it with another service area - must be approved separately by a majority of the voters who vote on the question and reside in each of the service areas or in the proposed service area affected by the proposal.
- This legislation will settle a long-time debate about who is entitled to vote during the creation, alteration or abolishment of a service area.
- Allowing for differential tax zones within a service area, thus allowing smaller areas to combine with larger service areas and to assess themselves at different levels within the combined area - achieving economies of scale and getting the level of service they need.
- This legislation will result in fewer service areas and it will decrease the burden on municipal and borough governments.

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Page 2

NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

Section 1: That the Assembly supports House Bill 13.

Section 2: That, upon passage and approval, a copy of this resolution be forwarded to the State Legislature.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 30 day of January, 2001.

Fay Von Hennings
Chair

ATTEST:

Lizbeth Ferguson
Municipal Clerk



Municipality of Anchorage

George P. Wuerch, Mayor



Chugiak-Birchwood-Eagle River Rural Road Service Area Board of Supervisors

11901 Business Boulevard, Suite 107
Eagle River, Alaska 99577

FEB 06 REC'D

January 30, 2001

Representative Con Bunde
State Capitol, Rm. 501
Juneau, AK 99801

Re: Support for House Bill 13

Dear Representative Bunde:

At the January 22, 2001 of the Chugiak-Birchwood-Eagle River Rural Road Service Area Board of Supervisors, the Board unanimously passed a motion in support of House Bill 13. It is the opinion of the Board that this Bill will help strengthen service areas such as ours and ensure that the voting public has adequate say in the future of their service areas.

Sincerely,

Chris Ingmanson, Chair
Chugiak-Birchwood-Eagle River Rural Road
Service Area Board of Supervisors

Cc: Area Legislators
Assembly Member Anna Fairclough
Assembly Member Dan Kendall

We must maintain local control of service areas

By Sen. Rick Halford

I am currently in the process of drafting legislation (similar to the previously introduced House Bill 13) that would help ensure continuation of local service areas. For Chugiak-Eagle River, that means preserving local control of Parks and Recreation, road service, fire protection and emergency medical services.

A key component of the Charter that unified the City of Anchorage and the old Anchorage Borough (after two previous defeats) was the guarantee of local service areas. This was to allow outlying areas of the municipality the ability to determine the level of local services appropriate to their neighborhoods.

In Chugiak-Eagle River, our Parks and Recreation and rural road service areas have delivered services commensurate with the level that residents want. The service offered by Chugiak, Birchwood, Eagle River Rural Road Service Area is the envy of our city neighbors. While they get recorded messages that assures them they will be plowed out within 72 hours, our streets are usually cleared within the first day after a snowfall. And because of the dedicated work of our volunteer directors, and through the efficiencies of private sector contracting, we are able to accomplish basic road maintenance

and ongoing road and drainage improvements at a lower mill rate assessment to property owners.

Similarly, the northern end of our community is in a local service area served by the Chugiak Volunteer Fire Department. I am somewhat perplexed by the recent objections from the municipality that the CVFD does not charge for the ambulance services they provide. This fails to recognize that CVFD's EMTS are volunteers. The elected supervisors for the CVFD should have every right to not charge, or perhaps charge a lower rate. It seems only logical to pass along the savings accrued by not having to meet the payroll of a union represented, paid fire department.

To
the  Point



Education

Education will again be at the top of the agenda of this Legislature. This session the high school exit exam has already been the subject of considerable debate. Most Alaskans continue to favor some type of standard that will provide assurance that a student receiving a diploma has achieved proficiency in the subjects they have been taught. The state Board of Education spent more than a million dollars developing the exam, which tests subject matter not required for graduation. Therefore many reasonably question what would be achieved by simply following their recommendation to delay enforcing any standards until 2006. Practical changes need to be made, and

'The service offered by Chugiak, Birchwood, Eagle River Rural Road Service Area is the envy of our city neighbors.'

I certainly welcome involvement by those of you who will be most affected by this issue.

On the local front, a second high school for our community remains a top priority of the legislative delegation.

Natural gas pipeline

The debate over the construction of the gas pipeline has been thrust forward by many encouraging factors. Price, or economics, still remains the most critical factor. The current price of natural gas has been up, and has held steady. The administration and legislative leaders also appear to agree that any proposal coming south from the North Slope will probably be acceptable if economically feasible, while proposals to transport gas to the east directly into Canada from the North Slope will not be acceptable.

Finally, the looming energy crisis in the Lower 48 states, most notably California, has accentuated the need for reliable and affordable North Slope natural gas. The North Slope natural gas pipeline would not only bring increased revenue and jobs to the state (although much less than North Slope oil) but would ideally make needed natural gas available to residents of Alaska.

Rick Halford (R-Eagle River) is president of the Alaska Senate.



Star LIGHT

A lighthearted look at things

by LEE JORDAN

Service districts give local folks degree of control

When Ed Willis a couple of weeks ago saw the story about City Hall wanting to do away with the free ambulance ride for people transported by Chugiak medics, it was a call to arms. He and some other folks who were involved in the discussions that led to Anchorage's Home Rule Charter reacted like old-time fire horses. Enjoying a life of leisure and no longer called upon to rush the firefighting equipment to the scene of an emergency, they still feel the call to duty whenever the alarm rings.

Debating the threat to service areas, Ed brought up the recent feat of now-retired World War II sailors who overhauled a landing craft at its resting place in Greece, making it ship-shape and sailing it home to the States. Their story tweaked the pride in veterans all over the country, showing they can still do the job they learned to do when responding to the defense of their country.

The problem with our new challenge is slightly similar to what those intrepid old salts ran into. Not too many people remember the part the landing craft played in that war and the danger those crews faced as they ferried invasion troops from their transports to the beaches of the Pacific and at Normandy. The boats were built quickly as America rose to meet the challenges of war, they were sturdy and continued to serve in commercial ventures around the world once the invasions were a thing of the past. But 55 years later, those

exploits have long been forgotten. The history of hard-fought battles are confined to musty pages in dark archives, recounted only occasionally by students of that war and sometimes coming to light in an obituary of one of those heroes.

Just what is a service area? You may well be asking that question after seeing me rail in recent editorials about the threat.

The state constitution allows for service areas to be created by citizens who wish to provide a service for themselves that cannot be provided by the existing government.

Excellent examples of that concept can be found in Chugiak-Eagle River.

The first to be created was the Chugiak fire service area. It was seen by local residents as the ideal solution to the need for fire suppression and emergency medical service. Initially, the volunteer fire department had operated, using scrounged equipment, strictly on private donations and a steady stream of fundraisers. There was never enough money to make needed repairs, buy the gas and keep the firehouses warm enough for the trucks to start and keep the water in liquid form in winter.

But when the Greater Anchorage Borough was formed as one of seven mandatory boroughs created by legislative fiat in 1964, the possibilities were immediately evident. A proposition was put on the ballot at the request of Chugiak residents. It passed handily.

Part of the reason it passed was that the tax rate was reasonable. Even more laudable was the fact that it provided for an elected board of supervisors who would oversee the budget and serve as the liaison between the volunteer

fire department, the community and the borough assembly. How the service was operated was up to the people in Chugiak. It has worked well for 37 years. The district has four fire stations housing a large fleet of modern equipment. That equipment was bought for cash under a no-debt philosophy established at the beginning.

Chugiak-Eagle River has one of many separate road service districts within the municipality. It is overseen by a board of supervisors whose membership is designated by local community councils. Its work is accomplished by contractors. The tax rate is lower than charged in the Anchorage Bowl where work is done by city crews. How well does it work? After a snow storm, local roads are plowed within 24 hours. In the city, they take up to 96 hours to clear residential streets.

Parks and Recreation is another local service area. Again, a local board sets policy. Assistance is given to local non-profit groups who help provide the services, although maintenance is done by city crews. We happen to have some major park facilities located at Beach, Edmonds and Mirror lakes. They and the McDonald Center are supported from taxes collected in Chugiak-Eagle River but are heavily used by residents from a much wider area.

Those service areas are working just fine, so what's the big deal?

The deal is that City Hall doesn't like bothering with local groups. They figure that it's all one municipality, so all the services should be the same. They argue that people who pay

a lower tax rate are getting a free ride, just like those patients who aren't charged for emergency transportation by the unpaid volunteers. City Hall argues that having separate districts is a bookkeeping nightmare; they completely overlook the fact that they rake off more than one-third of all our tax payments to cover their exorbitant administrative costs.

And City Hall believes that now government can provide the services it could not provide 37 years ago. To the downtown bureaucracy, tailored service and commensurate tax rates are of no importance.

The reality is that they want us to pay more and they want to get rid of service areas that do a better job for less. We're an embarrassment.

So it's little wonder that folks who took a part in seeing that service areas were provided for in the city charter are ready to get back in the traces to fight this threat. It took three tries for the charter to gain voter approval. It would not have passed in 1975 without the assurance that service areas would continue.

The Legislature currently is debating a bill introduced by Rep. Con Bunde that would require approval of residents within a service area before it could be created, altered or abolished. He represents the Hillside area, the first victim of forced annexation through a gerrymandered election.

Protection against further violations of the municipal charter and existing state law are needed.

Without such protection, these old fire horses are apt to break loose and head for the scene of the inferno. And I'll be right in the midst of them.

Lee Jordan is a consultant to the Alaska Star.



February 1, 2001

2278 Outside Blvd
North Pole, Alaska 99705-6307
907 488-3143

Rep. Con Bunde
Alaska State House of Representatives
Juneau, AK

Dear Rep. Bunde,

Thank you for the information on HB 13. As a service commissioner of Brookside Service Area, I fully support passage of this Bill. As a new commissioner, (Since June of 2000), I was under the impression that this bill was passed in last years Legislative session. Little did I realize that Governor Knowles vetoed this bill after the Legislature adjourned.

I agree that requiring the new service area and the existing service area to vote by majority to form a larger or combined service area is necessary. I feel very uncomfortable with the Fairbanks North Star Borough determining taxation levels in the event of a new combined service area. Keeping control within the service areas to determine how our funds are spent should be a made by the residents of the service area, not the Borough.

Once again, thank you for pushing HB 13 once again. You have my support and confidence in getting this important piece of Legislation passed, and keeping the people of Brookside Service Area free to provide a voice in our government.

Sincerely,

James A. Young
Commissioner
Brookside Service Area, FNSB

February 2, 2001

Dear Chairman Rokeberg:

I wish to offer my support for HB 13, legislation that would help ensure the continuation of local service areas. As a member of the Greater Anchorage Area Borough Assembly (1966-1974), and a participant in the unification battles, I am familiar with the reason local service areas are provided for in the Anchorage Charter.

After the voters rejected two attempts at unification, service areas were provided for in the Charter that was eventually approved by the voters of Anchorage. The guarantee of local service areas was a necessary concession to residents outside the old city limits. Anyone who was involved in the process at the time could undoubtedly affirm that the charter would have been rejected a third time absent the provision for local service areas. Without the guarantee of local service areas, my community, South Anchorage, Spenard and other areas outside of the city would have voted to defeat the proposed charter in 1975. I believe that in one of the first votes in the early 1970's, fewer than a hundred votes were cast from the precincts in Chugiak-Eagle River in favor of unification. Opposition was simply that strong!

I have a local government background and am generally against intrusions in local authority. I believe, however, that this legislation is different in that it seeks to protect local control, specifically volunteer-run local service areas. And in the case of Anchorage, you would be reinforcing a compact that was made when the charter was approved in 1975.

I appreciate the opportunity to express my views on an issue that is very important to my community. I wish you well in your deliberations.

Sincerely,


Ed Willis

P.O. Box 81109
Fairbanks, AK 99708-1109
(907) 479-4394

January 19, 2001

Rep. Con Bunde
Alaska State House of Representatives
Juneau, AK

Dear Rep. Bunde,

I have been on the Viewpointe Service Area Commission since 1981, and chairman since 1983. Also, since 1982, I have been employed driving a heating oil delivery truck throughout many of the service areas and the neighborhoods not in service areas around the Fairbanks North Star Borough. Road improvements brought about by service areas greatly enhance safe driving and make living outside the city of Fairbanks much more enjoyable than prior to their existence. Usually service area roads are in as good or better condition than the roads in downtown Fairbanks, especially during winters with heavy snow.

I strongly support HB13 that you have filed for the 2001 session of the Alaska State Legislature. The changes in Alaska State Law provided by this bill will alleviate some serious problems experienced when new neighborhoods join existing service areas. After reading the bill it looks very similar, if not identical, to a bill filed by you last year (2000), HB 133. I wrote a letter in support of that bill also. I hope the Governor will see fit to sign the bill this year.

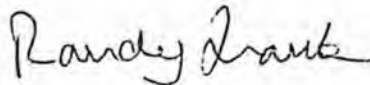
Presently the Fairbanks North Star Borough does not want to add to the high number of existing service areas. New neighborhoods that want to better maintain or improve their roads by using the Borough as a vehicle to collect taxes for these improvements are forced to join existing service areas. The process we have now is very unfair and undemocratic, since only the residents of the area that is seeking to join an existing service area are allowed to vote on the issue. The residents of the existing service area are given no voice in the process. In the past this process has resulted in well run and financially sound service areas being forced to absorb another neighborhood sometimes not contiguous and always with roads that are in poor condition, needing many dollars to upgrade to meet Borough standards. In all these cases, tax money from the existing service areas has gone to the new areas for road improvements because there cannot be two levels of road conditions within a single service area. Sometimes property taxes had to be raised in the older part of the service area along with the new part to cover the road improvement costs of the new part. The existing process naturally creates ill feelings and tension between the residents of the old and the new parts of the newly merged service area, often putting the commissioners, who are just trying to do their jobs, in the middle.

America does have a history of wealth redistribution, especially in the last eight years, to make the country supposedly a better place, but the wealthy residents of our country have always been allowed a vote in the process. As it is now in the State of Alaska, the residents of the existing service area have no vote and could very likely see their tax dollars go to improving roads that they do not even drive on. The residents of existing service areas, who have been left out of the voting process, often angrily turned to the FNS Borough Assembly to stop the whole the process. When the existing service area residents were successful, the new neighborhood was left with no efficient way to collect funds to improve their roads and make them safer to drive on.

House Bill 13 provides a solution for this unjust situation. Not only does it allow both the residents of the new and existing parts of a combined service area to vote on the merger; it allows for differing levels of taxation within the newly formed service area. Two levels of taxation would allow the new part of the service area to temporarily have a higher tax assessment to defray the costs of improvements needed to upgrade the roads in the new part of the service area. This seems to me to be a fair and reasonable solution to what is now a very unfair and unreasonable process.

In 1999, Fairbanks North Star Borough Mayor Hank Hove introduced a plan that would set up a loan fund to allow newer parts of merging service areas to borrow from it to speed up their improvement schedule, if HB133 was passed and signed into law in 2000. Since we now have a new Mayor, Rhonda Boyles, and new leadership on the Assembly, I do not know if this loan fund will still be available. I thought it was a great idea, and will be urging the new Assembly and Mayor Boyles to bring this idea forward again if HB13 becomes law. Some of us commissioners met with Mayor Boyles about this service area problem before she was elected, and since Ms. Boyles is a former commissioner herself, she was very receptive to our suggestions for a solution.

Sincerely,



Randy Frank
Chairman
Viewpointe Service Area

Cc: Governor Tony Knowles
Sen. Gary Wilken
Sen. Pete Kelly
Sen. Gene Therriault
Rep. John Davies
Rep. Hugh Fate
Rep. Eldon Mulder
Rep. Lisa Murkowski
FNSB Mayor Rhonda Boyles