

ALASKA LEGISLATURE SPECIAL COMMITTEE / HOUSE COMMITTEE

368 SCOM10: LOCAL GOVERNMENT STUDY 1979

communities within the study area, whether or not a borough is ever created. This has apparently already occurred to a limited extent through the provision of educational services on a regionwide basis. The inclusion of Central and Livengood in the Yukon Flats School District has resulted in the increased awareness of these communities of their links to the Yukon Flats, and to some similarity of regional interests and desires. There is, then, nothing inherent in the region which would prevent such integration between communities from developing.

The region's population must also be "...interrelated and integrated as to its ... economic activities." There again, the standards for incorporation require an area to be similar in economic identity, and interrelated as to economic activities. Presently, the Yukon Flats communities exhibit a type and level of economic activity common to most rural areas of Alaska. A combination of subsistence activities, government-related employment, and highly seasonal construction and natural resource development activity characterize the Yukon Flats region.

There are some distinct economic relationships within the region, though. First is the linkage among communities formed by water-borne commerce. Circle, for example, is closely related as a barge line headquarters to economic activity, and especially construction activity, in

Fort Yukon and the surrounding communities. Secondly, Fort Yukon presently serves as a regional economic and administrative center for surrounding villages. Private state and federal programs administered in Fort Yukon help tie the region together economically through expenditures of program funds in the region's communities.

One of the most important determinants of economic integration in the region relates to possible future economic development. There are, at present, large federal land holdings within the region. The management of these federal lands, whether for conservation, recreation or resource development, will directly affect the Yukon Flats region. The development of regional mineral, timber, or oil resources on private or state lands will have a similar integrating effect on the area's economy. As described in the U.S. Forest Service's Yukon-Porcupine Regional Planning Study\*, increased economic activity would strengthen the economic ties of Circle to the Yukon Flats region. In addition, economic growth in the

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\* Yukon-Porcupine Regional Planning Study, for the U.S. Forest Service - Agricultural Experimental Station, School of Agriculture and Land Resources Management, and the Institute of Social and Economic Research - University of Alaska, Fairbanks, Alaska - 1978.

region could result in the establishment of a barge landing in the Yukon Crossing area, thereby linking Livengood and the surrounding road connected area more closely to the transportation of goods to and from the communities along the Yukon. As the economy of the Yukon Flats region develops, then, the integration and interrelationships within the region's economy will grow stronger.

The Yukon Flats region, it should be noted, has a social and economic identity separate from the surrounding areas. The fact that an area has a distinct identity supports the separation of that area from surrounding regions through the location of borough boundaries.\* The Yukon Flats study area is bounded to the north by the North Slope Borough, on the south by the Fairbanks North Star Borough, and on the east by the Alaska-Canada border. To the west, the Koyukuk River Basin and middle Yukon River communities have a social, cultural, and economic identity distinct from the Yukon Flats region.

The area of influence of adjacent Koyukon communities such

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\* See Deltana Borough Proposal for Incorporation as a Third-Class Borough, Report to the Local Boundary Commission, by Department of Community and Regional Affairs, State of Alaska, Juneau. April, 1974.

as Galena and Nulato is quite separate from the sphere of influence exercised by Fort Yukon. This again supports the establishment of a borough, based on the boundaries of the study region.\*

Finally, AS 29.18.030(1) provides that the region's population be "...large and stable enough to support organized borough government." This standard does not consider an area's financial ability to support local government; that question is found in the third standard for incorporation to be discussed later. Rather, at this point, only the stability of the area's population is to be considered. The purpose of this standard is to ensure that there are enough people in the area to provide local governmental services, the skills necessary to provide local government are or will be available locally, and that overall decline in a region's population or abrupt seasonal movement will not disrupt the provision of local governmental services and administration. In any local government, the assembly, school board,

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\* See Deltana Borough Proposal for Incorporation as a Third-Class Borough, Report to the Local Boundary Commission, by Department of Community and Regional Affairs, State of Alaska, Juneau. April, 1974.

and other local boards and commissions rely on the presence and continuity of their memberships to function effectively. The elected and appointed officers involved in borough administration must be available to carry out their duties on a day-to-day basis, again enabling continuity in the provision of public services.

This does not mean, however, that substantial proportions of an area's population cannot be involved in subsistence or commercial resource-based activities. The North Slope Borough, for example, functions effectively even though subsistence activities demand a significant amount of the time and energy of local residents, some of whom may be borough employees. The same is true of areas heavily involved in commercial fishing, such as the Bristol Bay Borough.

In the case of the Yukon Flats study area, the region's population has grown steadily - though slowly - and is expected to continue this trend over the near future. The successful administration of a number of regional health care, housing, and education programs in the Yukon Flats shows that people with administrative skills are available locally or, as important, can be attracted to the region from other areas. The Yukon Flats School District is a case

in point. Although supported by state funds, the operation and administration of the educational program is carried out within the Yukon Flats study region. The region should have little difficulty maintaining the same level of operation if a borough were created (assuming that the required local revenue was available).

The Data Reconnaissance report showed that both the average educational attainment and the proportion of the region's population in the working ages have been increasing in recent years. These two trends indicate that the availability of local manpower will increase in the future, encouraging more direct involvement of local residents in the operation and administration of public services provided on a regional basis.

AS 29.18.030(2), Borough Boundaries: The second standard for incorporation speaks directly to the extent of a proposed borough's boundaries. According to state law, AS 29.18.030(2) requires that "...the boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of local services." Again, this subsection must be separated into its component parts for analysis.

First, AS 29.18.030(2) requires that the proposed boundaries of the region conform to the natural geography of the area. In some cases, the inclusion of distinct geographic units within a single borough has supported the formation of large boroughs. The North Slope Borough, as the name implies, includes the whole of the North Slope, from the Canadian border to the Bering Sea. The Kenai Peninsula Borough includes all of the Kenai Peninsula, as well as that land between the crest of the mountains in the Coast Range and the shores of Cook Inlet; in this manner, the Kenai Peninsula Borough encompasses the major portion of lands bordering the east and west shores of Cook Inlet.

In cases where distinct geographical boundaries cannot be followed, the Department of Community and Regional Affairs has determined that new boroughs should, if possible, adjoin the boundaries of existing boroughs so that small isolated gaps of uninhabited areas do not remain between boroughs.\*

The boundaries of the Yukon Flats study region, as shown in Figures 1 and 2, satisfies fully these geographic con-

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\* See Deltana Borough Proposal for Incorporation as a Third-Class Borough.

siderations. On the one hand, the study area encompasses the entire Yukon Flats Basin, as well as the major drainages into the Yukon Flats from the north, west, and south. The common boundary between the Fairbanks North Star Borough and the Yukon Flats study region in fact follows the natural divide between the Tanana and Yukon Flats drainages. As the North Slope Borough boundary was initially established in terms of latitude and longitude, some of the headwaters of streams eventually flowing into the Yukon Flats from the north originate within the North Slope Borough. Likewise, the western boundary of the Yukon Flats study region includes the headwaters of the middle fork of the Koyukuk River. By and large, however, the boundaries originally established for the North Slope Borough, the Fairbanks North Star Borough and the Yukon Flats School District identify the Yukon Flats study area as a distinct geographic region.

The only significant deviation from natural geography in the delineation of the study region's boundaries involves the area around Rampart in the southwest corner of the region. Here the boundary makes a distinct westerly turn in order to include the community of Rampart and the Rampart ANCSA Village Selection Area within the Yukon Flats School District. This corner of the study area includes most of the Ramparts through and a portion of the Yukon-Tanana uplands.

As shown in the earlier Data Reconnaissance report, Rampart is closely linked both socially and culturally with the other Yukon Flats communities. In this case, as interpreted by the Department of Community and Regional Affairs, the inclusion of areas with a common cultural identity within the same boundary is a valid reason for not adhering strictly to natural geography. In addition, land ownership patterns, including the village selections authorized under the Alaska Native Claims Settlement Act, have also been considered by the Department of Community and Regional Affairs as important in giving identity to a geographical region. Thus, in terms of cultural identity and land ownership patterns, the extension of the Yukon Flats study area boundary to include the Rampart area would be fully acceptable under the standards for borough incorporation\*.

The southern boundary of the study area links the Rampart area with the Fairbanks North Star Borough boundary by the most direct route. Thus, the minimum of territory is included in the study region while maintaining the common geographic boundary between the study area and the Fairbanks North Star Borough to the south.

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\* For a further discussion of the Department of Community and Regional Affairs interpretation of AS 29.18.030(2), see Deltana Borough Proposal for Incorporation as a Third Class Borough

By the same token, the southeast corner of the study area does not include that portion of the Yukon River near Eagle. Through land tenure and economic activity in this vicinity, Eagle is linked more closely to the Tanana Valley and Alaska Highway communities than to the Yukon Flats.

The second guideline on the location of boundaries contained in AS 29.18.030(2) states that a proposed borough should "...include all areas necessary for full development of local services." Under this guideline, an area proposed for incorporation as a borough must include all geographic areas that will be necessary to enable the provision of local services. This standard is not concerned with a region's financial ability to provide a service, but rather is intended to ensure that any areas that may be required in the operation and administration of local services have been included within the proposed boundaries. Adequate land for future waste disposal and watershed protection, sufficient land for community growth, access between communities within a region, and ability to manage air and water quality on a regional basis might be the types of questions considered under this directive.

In the case of the Yukon Flats study region, all land areas necessary for the full development of local services are

clearly included within the region's boundaries. First, all communities and possible areas for their expansion are well within the region. The boundaries are such that problems of access between communities should not occur. (Although transportation within the region is primarily by airplane and boat, possible inter-community road rights-of-way identified by the Department of Transportation and Public Facilities fall well within the existing regional boundaries). In addition, the areas with the highest potential for economic development, such as the proposed Yukon-Porcupine National Forest and areas of the Kandik Basin with possible oil and gas deposits, are located within the boundaries of the study area. Thus, any land needed to support extension of borough services to these future activities should be available within the study region's existing boundaries.

Finally, as the study region encompasses nearly all of the drainages into the Yukon Flats, any environmental effects of future community or industry activity could potentially be managed on an integrated, regional basis. Water and air quality, solid waste disposal, and control of land uses are all public services that benefit from the type of regionwide application that would be possible within the present boundaries of the Yukon Flats study area.

AS 29.18.030(3), Economic Viability: The third incorporation standard requires that the area wishing to incorporate as a borough must have an economy able to support local government. Under this section, the area's economy must include "...the human and financial resources capable of providing local services." This section then lists the specific topics that should be considered in an evaluation of an area's economy. These topics include: land use, property valuations, total economic base, total personal income, resource and commercial development, and the anticipated borough functions, expenditures, and revenues.

The ability of the Yukon Flats study region to meet this incorporation standard will be examined in detail in Technical Report #5, BOROUGH REVENUES and Technical Report #6, BOROUGH COSTS. However, the basis for evaluating a region's economy is reviewed in this report.

First, the Supreme Court, in Mobil Oil V. Local Boundary Commission, directed that an area wishing to incorporate needs to show only minimal conformance to the incorporation standards. In this case, if the financial and human resources of the Yukon Flats region can be considered as meeting minimum levels required to operate a local govern-

ment, this incorporation standard will have been satisfied. In terms of local financial resources, the Yukon Flats region shows rather limited development. However, the region does contain nearly \$1 billion worth of industrial property which could be placed on borough tax roles. This enormous tax base, combined with the comparatively modest population of the region, makes the provision of local government in the Yukon Flats study area economically feasible. (See Technical Report #5, BOROUGH REVENUES, for a more detailed discussion of potential borough revenues.)

AS 29.18.030(3) also requires that an area's human resources be capable of providing local services. The overall stability of the Yukon Flats region's population was discussed in regard to the first incorporation standard - AS 29.18.030(1). This third standard is concerned more directly with the specific governmental and administrative skills and abilities of the people within the region. In order to satisfy this concern, two questions must be answered:

- o First, do the people of the region understand the concepts associated with local government; and
- o Second, do the people in the region have the ability to make local government work.

The best evidence available on the ability of area residents to understand the concept of local government is found in the existence and operation of quasi-governmental agencies within the region. Many of the basic concepts of local governmental operation, such as public responsibility, need for public involvement, the use of representative boards and commissions in policy-making roles, and so on, are shared by the types of organizations which presently provide educational, health, and housing services. These organizations use boards and commissions to set policy, program direction, and oversee the administration of programs by staff members.

The governing or advisory boards of such organizations as the regional school district, health cooperative, and local housing authority, in turn, act as representatives from their own geographic areas and communities within the region; this representation is itself one of the primary concepts of our local governmental system.

Local residents interested in local government were able to form a borough study committee and obtain funding for that committee. This action, taken by local residents, indicates the strong desire area residents have to educate themselves on the subject of local government. One major purpose of the borough study committee's program is to prepare an

analysis of local government issues and options for use and review by the region's population. The goal of this effort is to provide area residents with information on the specifics of borough incorporation and operation, as well as the information necessary to make decisions on the form, powers, and type of borough government that may be most suited to the Yukon Flats region.

The second major question in the analysis of the area's human resources is whether or not the skills and abilities of area residents are sufficient to make local government work. This does not mean, of course, that all borough employees must be drawn from the local labor pool. Such a standard would be as unreasonable when applied, for example, to the operation of a local school district as it would be if applied to the University of Alaska. Rather, a major purpose of this standard is to ensure that the area's population has the ability to maintain a high level of involvement with the local government, either as employees or as interested and active citizens. The more involved local citizens are in the operation of local government, the more representative and responsive that government will be to its constituents.

There is, however, some evidence that local residents do have the occupational skills required to take a direct role

in the operation of borough government. State programs, and locally operated programs funded by the state and federal agencies, are presently run by people residing in the region. In addition, the formation and operation of private regional and village corporation programs within the region have exposed a significant number of area residents to concepts of administration and organization which can be equally applied to the delivery of public services.

In addition, the region does have the potential revenue base to enable a borough to attract the skilled technicians and professionals that may be required in the future. The provision of public services will not suffer, even if all required job skills cannot be found among the region's current residents. As noted in the Data Reconnaissance report, some highly skilled residents have returned to the Yukon Flats to fill positions in the public or private organizations operating in the region. There is, then, no major reason that a Yukon Flats borough could not successfully attract, if necessary, skilled people to the region in the future.

The presence of any city governments can also be considered as evidence that an area's citizenry understand the concepts of local government and have the skills necessary to support the provision of local public services. Fort Yukon is a second class city with a fiscal 1978 budget of

over \$500,000 divided among 12 city departments. In this case, it is obvious that the human and financial resources of Fort Yukon are sufficient to support local government.

No city governments have been created in the remaining 10 communities within the study area. This does not mean, however, that local public services could not be supported by the residents of those communities. In many cases, community residents are employed in current programs which provide local education, health, and housing construction and repair services.

Finally, the absence of city governments in a region could be a factor supporting the creation of a borough. At present, a variety of state programs operate within the region. In some cases, these programs have specific regional identities and may even work through local, quasi-public agencies such as the Tanana Chiefs Conference or village associations. Such programs would include the provision of educational services, state toopers, and support of the regional health cooperative and the regional housing association. In other cases, the programs are headquartered in Fairbanks, Anchorage, or Juneau, with less direct ties to the Yukon Flats region. State services, such as control of air and water quality, transportation, planning, land use planning and management,

and fire protection, are not provided on a tightly defined, regional basis.

A borough can function as a mechanism which coordinates the provision of public services and applies those services, as required, from an integrated regional perspective. In its review of the Deltana Borough Proposal, the Department of Community and Regional Affairs stressed that a borough's role as a "...conduit for more effective delivery of functions exercised by the State.", is important in areas of the unorganized borough without cities.\*

AS 29.18.030(4), Regional Transportation and Communications:  
The final standard for incorporation concerns the ability of a region's transportation and communications systems to support the provision of public services and governmental operation. AS 29.18.030(4) requires that a region's "...land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated local government." The State Supreme Court has

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\* Deltana Borough Proposal for Incorporation as a Third Class Borough, op cit, P. 32.

interpreted this incorporation standard in the case of Mobil Oil V. Local Boundary Commission. In this case, the Supreme Court stated that this standard will have been reasonably met if:

- o The region's present transportation and communications systems are comparable to the state in general;
- o The potential development of future transportation systems is similar to that expected for the state in general; and
- o The costs and ability of local residents to travel to a new borough seat is comparable to the costs and availability of transportation to existing governmental program centers in Fairbanks, Anchorage, or Juneau.

First, the Yukon Flats region is comparable to the rest of the state in terms of transportation and communications. While the road system within the borough is limited, the Yukon River supports a water transportation system which allows the transport of heavy equipment, materials, and supplies throughout the region. The characteristic of

limited roads, coupled with reliance on water transport, is common to all coastal areas of Alaska, except for Anchorage, Valdez, and the Kenai Peninsula. (For a more complete description of land, air, and water transport systems within the region, see Technical Report #2, DATA RECONNAISSANCE.

The Yukon flats region presently supports a well-developed air transportation network, as is common in most rural areas of the state. Air taxi services, some of which are presently headquartered within the region, provide for the movement of people and goods within the region and between the region and other portions of the state. In the case noted above, the Alaska Supreme Court specifically found that the heavy reliance of the North Slope Borough on air transportation in the conduct of borough affairs was not unreasonable; or even unusual, when considered in comparison to conditions in Alaska.

The availability of communications systems in the Yukon Flats region is also comparable to conditions in the rest of Alaska. Newspapers with regional and statewide circulation are available in all communities; again primarily through the air transportation network. All communities within the region, except Livengood, have direct telephone service, either through ground lines or through the satellite communications system. All communities receive radio broadcasts

from Fort Yukon or Fairbanks, with a local television station in Fort Yukon broadcasting to immediately surrounding communities as well.

The future development of the region's land, air, and water transportation systems is also similar to transportation program improvements planned for other areas of the state. The presence of the pipeline haul road along the western boundary of the region could provide a base for expansion of the road network into that portion of the region if required by economic development. Other road construction, though not planned, is possible if warranted. Such areas as the Kandik Basin, and even Fort Yukon and neighboring villages, could be connected by road to the Circle area if timber, oil, or other industrial activities warranted such development. These potential transportation system developments are certainly comparable to programs being considered for such regions as the North Slope, Seward Peninsula, Yukon-Kuskokwim Delta, and Bristol Bay.

Even in the more urbanized areas of the state, major road construction projects are undertaken by the state rather than by local governments. The Parks Highway, for example, was constructed as a state route, while the Alask., Richardson, and recently completed Skagway-Whitehorse routes

were federally-funded roads that are maintained by the state. This transportation standard, then, does not concern the ability of a potential borough to build or maintain major transportation improvements, but considers simply whether such improvements are possible and comparable to expectations for the state as a whole.

Finally, the Supreme Court directed that the region's transportation system can be reasonably considered to meet the standards for incorporation if the opportunities and costs of travel to the proposed borough seat are comparable to the present costs and opportunities for travel by area residents to existing governmental centers. The purpose of this comparison is to show that the residents of outlying communities will access to the proposed borough seat, and will not be denied an opportunity to become involved in local government due to increases in the comparative costs and time involved in travel to government offices.

In the Yukon Flats region, a number of government agencies and government-funded programs operate out of Fort Yukon. Assuming Fort Yukon, as the present service center for the region, would be designated as the future borough seat, the costs of travel from outlying communities to the borough seat would remain unchanged.

Some governmental programs affecting the region, however, are headquartered in Fairbanks, Anchorage, and even Juneau. As shown in Table 20 on the following page, the costs of travel between the region's communities and Fort Yukon are, in most cases, significantly lower or equal to the cost of travel between these communities and Fairbanks. In only one case is the cost of air travel higher from Fort Yukon than from Fairbanks; the cost of chartering to Livengood is higher when originating in Fort Yukon simply because the flying time is longer. In some cases, the least expensive routing is from Fort Yukon, through Fairbanks, to another community. For example, the cost of flying from Fort Yukon to Circle, Central, and Circle Hot Springs area is considerably cheaper than flying from Fairbanks to the same area, even though the routing from Fort Yukon is through Fairbanks.

Direct flights from Fort Yukon to Circle and Central are available at a cost comparable to the Fairbanks-Circle rates; the direct Fort Yukon-Circle ticket price is only \$10.00 more. The costs of a direct flight from Fort Yukon to the communities of Stevens Village and Rampart, however, are considerably more than the cost of a direct flight from Fairbanks to these communities.

As air travel within the region increases, as would certainly result from the creation of a Yukon Flats borough, the level

TABLE 20

COSTS OF AIR TRAVEL FROM YUKON FLATS  
COMMUNITIES TO FORT YUKON AND FAIRBANKS  
MAY 1979

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| <u>Originating<br/>Community</u> | <u>Cost of One-Way Scheduled Ticket To:</u> |                   |
|----------------------------------|---------------------------------------------|-------------------|
|                                  | <u>Fairbanks</u>                            | <u>Fort Yukon</u> |
| Arctic Village                   | \$76.20                                     | \$ 39.30          |
| Beaver                           | 39.30                                       | 27.00             |
| Birch Creek                      | 59.40                                       | 22.50             |
| Central                          | 78.00                                       | 39.30**           |
| Circle                           | 78.00                                       | 39.30**           |
| Circle Hot Springs               | 78.00                                       | 39.30**           |
| Chalkyitsik                      | 59.40                                       | 22.50             |
| Fort Yukon                       | 59.40                                       | 0.00              |
| Livengood                        | 88.20*                                      | 192.90*           |
| Rampart                          | 36.20                                       | 36.20***          |
| Stevens Village                  | 36.20                                       | 36.20***          |
| Venetie                          | 59.40                                       | 22.50             |

Source: Air North, Inc., Fairbanks and Fort Yukon.

\* Charter only.

\*\* Through Fairbanks. Cost of direct flight from Fort Yukon is \$88.85.

\*\*\* Through Fairbanks. Cost of direct flight from Fort Yukon is \$73.10.

of air transportation services between Fort Yukon and the region's communities would be likely to increase. As intra-regional travel increases, direct flights between Fort Yukon and such communities as Circle, Central, Rampart, and Stevens Village would eventually replace the present routing through Fairbanks without, at least in the case of Central and Circle, increasing user costs. In the case of the North Slope Borough, the level of intra-regional air transportation increased significantly after borough incorporation, due in part to work-related travel by borough employees between the borough offices at Barrow and the other North Slope communities. Before borough incorporation, air travel to many of the North Slope communities was by charter only. Today, scheduled air service is available to all settlements within that borough.

This same pattern can be expected to occur in the Yukon Flats if a borough is incorporated in that region. Because of the present volume of air travel between communities is relatively high, improvements in air transportation services as dramatic as seen in the North Slope Borough should not be expected. However, increased use of air services, related in large part to borough functions, could encourage the improvement of the intra-regional air transportation system within the Yukon Flats region.

## SUMMARY

The standards for incorporation, as found in AS 29.18.050, set forth certain criteria which must be met by an area wishing to incorporate as a borough. In its interpretation of these standards and Alaska's constitution, the State Supreme Court has held that the constitution upholds the creation of boroughs if these standards have been minimally met, and if there is any reasonable basis for that conclusion.

As shown in this report, the Yukon Flats study area does conform to the standards for incorporation, and does so well beyond any minimal level of compliance. In short, the historical identity of the region, its definite geographic unity, the present level of intra-regional transportation services and the existing human and financial resources of the study area comfortably satisfy the requirements of the incorporation standards.

A more detailed analysis of the economic feasibility of borough government in the study area, including the costs and revenues associated with the exercise of specific borough functions, is presented in detail in Technical Reports #5, BOROUGH REVENUES and #6, BOROUGH COSTS.

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT.



JUNEAU ALASKA

Alaska State Legislature  
House

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file with  
Gov. Stanley  
Arlio file

MEMORANDUM

DATE: January 21, 1980

TO: Department of Community & Regional Affairs  
All Fairbanks Legislators  
Legislative Committee on Local Government

SUBJECT: Copy of letter enclosed-Yukon Flats Borough  
(Proposed)

I am forwarding a copy of a letter received from Ms. Norma Cobb stating her concerns with the proposed Ft. Yukon Flats Borough. Please review her concerns and forward any possible answers you might have in regards to this proposal. I appreciate the time you might give to this concern.

H. Pappy Moss  
Representative District #19

January 3, 1980

Dear Pappy Maw

I am writing in regard to the proposed Yukon Flats Borough. There are several points I would like to bring to the attention of the study committee and state legislature concerning this issue.

I am a homesteader with a family of seven. We just finished our requirements for a Trade and Manufacturing Site and will have to wait till 1981 or 82 to get land surveyed and titles. Now you say you'll put me in a borough and tax me even if I don't know if I'll get all my 80 acres. I moved 45 miles from Manley Hot Springs and 19 miles from Rampart just to avoid rules, regulations, and taxes.

First lets discuss the boundary lines that are proposed. I am under the understanding, that the boundary is so large because of two issues. One being that it takes this large of an area in order to take in the per capita of people required to make a borough. Second that you want to get it large enough to take in oil and gas pipeline for added revenue. Is that correct?

On the second issue, I can understand bringing in as much funds as possible to make something better. But on the first issue I don't understand why the borough would be allowed to extend so largely to get the needed number of people. The area around Ft. Yukon should wait until the per capita needed is closer to its surrounding area.

In the Fairbanks Miner you then mention the directional boundaries. They all look and sound logical except for one. That being the square stuck over to include the Rampart area and from Rampart to Livengood.

Rampart is not on the pipeline or the haul road for west boundary, yet you dipped over there regardless. Plus your lines are not consistant with rest of proposed boundaries on North, East, and upper West parts.

The boundary between Rampart and Livengood is also not straight as other side boundaries shown. Yet no guide line for the Southwest corner is used. Which is the one that could affect my area or situation. I was explained that you proposed this Southwest boundary in order to wrap up more of the pipeline area. Correct?

I fail to see the advantage the borough would be to Rampart or other villages like it. They have has some public facilities put in at expense of state and then neglected them or let them run down to ruin, (such as generators and school). So the most that would be accomplished is the borough taking more of our survival money. So far the state has \$10,000 set aside for Rampart for a snowgo trail to Eureka and we can't even get the state to put in a cow path. Of which a good number of us want a road even if just a gravel one. We have worked for years for that. But yet the state refuses to do it. I doubt the borough would have any enfluence on bush country roads; but if you take us in and we are taxed, believe me you'll hear no end to the road issue.

I feel that only if the borough was smaller, like North Star Borough,

would it be able to bring public facilities and development to the taxed people. You are taking in too many small villages in a large area to give proper side to these areas concerned.

Concerning these public services, the bush people surrounding these 11 villages would be cheated of their tax dollars because none of these public services could be supplied to them. At present, after paying state taxes, the only service I get is a state correspondence schooling for my children. I still can't get a road! You could offer me no more. In a borough one should expect to have police and fire protection, electricity, running water, sewers, health and dental clinics, education, libraries, public recreation facilities, roads, TV and radio reception, bus and travel facilities, etc. So far in Rampart we have a generator for electricity, a rundown dangerous school, and one air field that is given tax dollars. But as far as law is concerned, the state just removed the magistrate which was only form of law enforcement for area. But the state denies us a road to connect to the Elliott Hwy. from Eureka to Rampart. How can your borough promise me these things and not do it either?

You say the borough could controll land use and development. That's hard to swallow as the federal and state governments have done as they wished against the peoples wants, to wrap up the land so we can not hunt, fish, trap, mine, or build on these wilderness areas. Now in the proposed Yukon Flats areas and North Slope Borough areas, we can not even travel with any motorized vehicle on it. And you say the land is for the people! And you want to tax us on top of losing our survival rights and privileges.

You speak of improving housing and unemployment opportunities. That would be great, my husband wouldn't have to go away to work for our survival. But one big problem! The native villages don't want more work of any kind. And they live the way they want as they already have alternatives through the Native Corporations and state but do not take advantages of them. Of course, I am speaking on the percentage part. As there are individuals who have truly used these advantages to their betterment of their families.. So most of your housing and employment opportunities would be neglected or voted down or prejudicial. So where does that leave the bush people in the surrounding area who want jobs and services? Without a voice or a vote. Then there are also all the prejudicial views too.

Oh, I mentioned law and order here but not fire protection. That's a joke. They burn down in Rampart without much concern and they have the fire marshall and volunteers. Also most bush land burns without much aide unless large community is near like Manley Hor Springs. Look at the Delta fire all last summer. What a waste of land and property for private owners. I know some of them. I imagine I fear fire more than anything out here. Plus one can not insure ones property or home because of no fire protection near. And Rampart has one of sorts. So how can you help there?

Let me point out another factor from our families experience between Manley Hot Springs and Rampart. That if you don't live in the village or community you are denied voting on village issues, denied work in the village, poor mail service, and denied some recreational involvment. And the native pressure has made this even tougher to get a job in area living at. The villages are for themselves and resent outsiders no matter how close

they live. A white man cannot earn a living in his own area, but has to go to big cities to get a job. We tried and it became a big racial fight. So in order to hold peaceable relations we bowed out and went elsewhere for jobs and funds. How would you call that fair or equal rights or job opportunities. Tell me what could the borough do for that? I imagine nothing as who would back it up?

The fish and game management has effected this proposed brough area greatly in the last few years. I don't see the North Slope Borough helping fight against fish and game regulations. Our priviledges to hunt caribou, moose, bear, seals, whale, wolfe, etc., and fish for salmon on the Yukon has been greatly altered and regulated so that one can not survive or subsist any more on what we are accustomed to live by. Which either makes us law breakers or forces us to buy everything. The cost of living is too high in Alaska anyway, why force more on us. I also haven't seen the other boroughs side in this matter either.

Since there are a lot of people involved in your extremely large proposed borough to pay taxes, you should have borough benefits that aide to them also on a fair equal rights basis. I see no way now or in the near future that your taxation will benefit the bush people. Only when more advancement of people moving from big cities to smaller communities or villages takes place will this ever aide the bush person involved in this proposed borough. It is like promising the moon, but able to accomplish a small star. Besides, I don't like being told what to do or how to live or build, etc., like a borough does. The state and federal already run our lives enough. When my taxed money can be a benefit to my area too, then I will be eager, of sorts, to be a part, but no one likes to be used and suckered especially by the system. Taxation is also being proved unconstitutional!

I would like you to take this seriously. Then show, copy, or pass this on to anyone connected to this study group or legislature. I did not know who to contact or write so am taking a stab in the dark that my views will be measured, weighted, and utilized.

Very Concerned,



Norma Cobb  
Rampart, Alaska 99767

*Marge*

## APPENDIX A

### SCOPE OF SERVICES

#### Background

The Alaska State Legislature, acting on a request from the people of the Yukon Flats region, has directed that a study be carried out to explore the feasibility of establishing a regional government in that area. The Alaska Department of Community and Regional Affairs, in concert with an Advisory Committee from the region, have designed this scope of services to undertake the feasibility study.

With minor exception, the formation of borough governments in Alaska has proven to be a highly controversial matter subject to wide-ranging local opinion. The state legislature forced the incorporation of eight of Alaska's eleven boroughs after local initiative in support of the idea failed to materialize. Further, one of the remaining three boroughs was incorporated only after the legislature passed special legislation diluting borough mandatory responsibilities.

While many factors contributed to these circumstances, it has been generally agreed that opposition to the formation of borough governments resulted from a feeling that the addition of a new level of government would bring unwarranted new controls and taxes to areas that were already receiving basic educational and other public services - at no additional cost - from the state. In recent years this situation appears to have been further compounded by legislation creating regional education attendance areas (REAA's) outside of organized boroughs. Now residents of these REAA's have complete management authority in the control of their school districts with the state paying the cost of providing basic educational services.

Given this history and the current public sentiments regarding local government taxation, there can be little doubt that the question of a Yukon Flats Borough will be closely scrutinized by residents of the area. If such examination and a final decision are to be made in an intelligent manner, a comprehensive and concise explanation of the advantages and disadvantages of having a borough government must be set forth.

#### Products

The product will present findings with respect to: alternatives available in borough incorporation; advantages and disadvantages of borough incorporation; and the legal, political, social and financial ramifications of borough incorporation. The study will be presented in a fashion that will be useful to both residents of the study area and the Local Boundary Commission.

Each element described below will be published and released as a separate paper. Ultimately, the individual papers would be combined into a single report, but the purpose in producing a series of individual papers serves to:

- ° Lead to a clearer understanding of the subject matter as it is more likely people will give closer attention to the details of a series of small reports than they would to one large report;
- ° Provide a more rational basis for debate as it will be easier to keep the different issues separated for discussion purposes;
- ° Streamline the study process as the review and debate of one element can be taking place while another is being prepared;
- ° Have subsequent use to other areas of the state which may consider the formation of a borough.

The narrative will be supported by the production and use of a number of tables and charts. Such public education tools support the intention of simplifying the subject matter as much as possible.

#### Work Program

The scope of work to be completed in this project will be developed in seven phases - one phase for each of the individual reports, as explained in the following paragraphs:

1) Local Government Options: This phase of the work program will set forth a comparative analysis of the home rule and general law borough governments that can be incorporated in the state. Drawing principally from the State Constitution, the Alaska Municipal Code (Title 29) and related case law; home rule, first class, second class and third class borough governments will be compared with respect to:

- ° Classification differences;
- ° Methods and procedures for incorporation;
- ° Mandatory areawide powers and duties;
- ° Powers and duties outside of cities (non-areawide powers);
- ° The assumption of additional areawide and non-areawide powers;
- ° The provision of services on less than an areawide or non-areawide basis;

- ° The construction of powers; and
- ° Legislative and executive organizational alternatives, with special emphasis placed on the question of assembly composition as it would relate to individual village representation.

This segment of the study effort will also:

- ° Define those powers available to all municipal governments in the state;
- ° Examine the impact a borough government would have on the existing REAA.

Certain portions of this work will be developed in narrative form. However, the comparative analysis suggested in the first part of this study element will be developed in chart, tabular or graphic form, for purposes of simplifying the presentation of differences and comparisons.

Darbyshire & Associates and the firm of Gallagher, Cranston & Snow will be responsible for completing this work element. Estimated manpower requirements are 15 man-days.

2) Standards for Incorporation: Both Alaska's Constitution and statutory laws speak of the definition of a borough's boundaries. While such limitations are brief and general, both the Local Boundary Commission and the courts look to these standards in determining the legitimacy of a borough.

This segment of the study will therefore focus its attention on the provisions of Article X of the State Constitution (Local Government) and Alaska Statutes, Chapter 18 (Incorporation) as they apply to the subject area. More specifically:

- ° Findings in Mobil Oil v. North Slope Borough (the State Supreme Court decision sustaining the incorporation of the North Slope Borough) will be analyzed.
- ° REAA 13 -- with special attention to the area located between the Yukon River and the Fairbanks North Star Borough -- will be analyzed to see how it conforms to the required standards.
- ° REAA's 12 and 16 will be examined with respect to their compatibility to REAA 13 in the question of meeting required standards for incorporation and their ultimate place in the scheme of local government for Alaska.

Darbyshire & Associates and Gallagher, Cranston & Snow will be responsible for completing this work element.

Estimated manpower requirements for completing this work are 5 man-days.

3) Reconnaissance. This segment of the work program will be concerned with the collection and analysis of data affecting the operations, costing and financial aspects of the borough. In particular, this element of the study will be concerned with:

- ° Developing population and school enrollment estimates as they affect:
  - federal and state revenue sharing and education funding programs.
  - borough limitations in levying taxes per AS 43.56 and AS 29.53.
  - state financial assistance in organizing a new borough government ("organizational grants")
- ° The identification of local desired governmental service priorities;
- ° Inventorying land status of the area as it affects:
  - municipal land selection rights
  - federal in lieu of property tax grants to the new borough
- ° An inventory of existing governmental services as they would affect the borough's assumption, costing and financing of such powers;
- ° An inventory and analysis of existing and projected public facilities requirements;
- ° Developing estimates of existing and anticipated borough real and personal property tax bases that could be used to generate local tax revenues; and
- ° Assessing sales and use tax potentials.

Consultants can be very helpful in providing assistance in exploring issues and suggesting alternative policy choices and management options for the solution of problems. Consultants recommendations on public policy, however, should not replace the decisions of local residents. Accordingly, it is anticipated that the Borough Study Committee will set priorities with respect to the public services they might like to see. The consultant will delineate the options available, but the priority listing will be up to the Committee.

The completion of this work element is expected to require 23 man-days effort. Darbyshire & Associates will have responsibility for completing the population, school enrollment, land status, and governmental service facility inventories. Mr. James McHale will complete the borough real and personal property tax inventories and Mr. Jack Hayward will inventory the situation with regard to REAA 13 operations and facilities.

4) Borough Service Cost Estimates. This segment of the work program will be devoted to the calculation of estimated start up and continuing operational costs for the proposed borough. It is these costs which will ultimately affect local tax levies and, thus, the decision on which powers a new borough might exercise, if it is to be incorporated at all.

The first thing that will be accomplished is the costing of the following mandatory borough responsibilities and associated administrative requirements:

- ° Chief executive organizational and operational responsibilities and associated financial and legal assistance;
- ° Legislative organization and operations including the assembly and clerk;
- ° Elections;
- ° Tax assessment and collection requirements;
- ° Education;
- ° Planning, zoning and platting.

Next cost estimates will be developed for the additional government services the Committee proposes. This should include, but not necessarily be limited to, such things as:

- ° Public safety;
- ° Utilities;
- ° Solid waste;
- ° Water and sewer;
- ° Roads;
- ° Airports;
- ° Public health

The calculation of the legislative and administrative functions of government will be premised on the team's experience in organizing and administering such programs for other local government units. Thus, the team members of Darbyshire and Associates will develop the cost estimates associated with the chief executive's responsibilities as well as those for legislative elections and planning functions. James McHale will develop the cost estimates for tax assessment and collection responsibilities and Jack Hayward will concern himself with the figures for anticipated legal activities and Main Lafrentz will develop cost estimates for the financial accounting activities of the proposed borough. The costing for the additional service functions proposed by the Study Committee will be premised upon the experiences of other local governments in Alaska and be developed by Darbyshire & Associates. This work element is expected to consume 25 man-days effort.

5) Potential Revenue Sources. This segment of the work program will examine the potential sources of revenue the proposed borough could use to finance its organization and operation. This will include:

- ° A description of the many different sources of revenue available;
- ° What, if any, restrictions exist with respect to the use of such sources;
- ° The potential amounts each source could generate;
- ° Projections as to amounts that might be available in the future; and
- ° The pros and cons of particular revenue sources (e.g. personal property taxes, sales and use taxes, etc.)

This section will also analyze tax limitations per AS 43.56 and AS 29.53 and relate these to the findings of the recent Supreme Court North Slope Borough v. Sohio, et al. case.

The sources of revenue to be considered will include, but not necessarily be limited to:

- ° State organization grants and transitional assistance;
- ° Real and personal property taxation;
- ° Sales and use taxes;
- ° Governmental charges for services;

- ° The use of money and property;
- ° Licenses and permits;
- ° Intergovernmental revenues such as:
  - Business licenses.
  - Tobacco tax
  - Federal land entitlement
  - Shared revenues (federal and state)
  - Local Service roads
  - School foundation support (regular and vocational)
  - Transportation (state)
  - School foundation (special education)
  - State tuition (mini 874)
  - Elementary and secondary education (federal)
  - Bilingual and Bicultural Education (title VII)
  - Federal aid (PL874)
  - Elementary/Secondary Education (title I - VI)
  - Indian education aid
  - School lunch program

It is estimated that approximately 16 man-days effort will go into the completion of this element. Main Lafrentz will have prime responsibility for the completion of this work although Darbyshire & Associates will assist in the legal case review.

6) Implications for Regional Self-Determination and Local Control Issues. In this phase, an analysis of a number of issues concerning local self-determination and the relationship of a borough or other levels of government will be presented. The issues to be examined will include, but not necessarily be limited, to:

- ° Municipal land selections under the municipal land entitlement act;

- ° The division of authority between a new borough, various state and federal agencies and the City of Fort Yukon;
- ° Control over land and resource use inside a new borough, fish and wildlife management, D-2 proposals, etc.;
- ° Provision of public services that are or may be provided by non-governmental organizations such as the Tanana Chiefs Conference, Interior Village Association, and so on; and
- ° The role of a borough as a direct or indirect source of employment in the region.

*Inducement* ( Special emphasis will be placed on the analysis of a borough's ability and limitations to further local influence over factors affecting the region.

This analysis will be completed by Darbyshire & Associates. Some of the issues may initially be treated in other sections of the report, but the major analysis of factors surrounding each issue will be presented in this section. Sources of information will include printed materials and discussions with representatives of both governmental and non-governmental agencies to augment the experience of Darbyshire & Associates staff.

This work element will require 7 man-days effort.

7) Feasibility and Viability of Regional Government Alternatives. This concluding element of the study will combine the findings of the previous sections into an analysis of the feasibility and viability of specific alternative borough government structures. Each type of borough (first, second, and third class) will be examined with respect to its cost/revenue requirements for the support of the basic mandatory responsibilities. In turn, the cost/revenue implications of additional services will be calculated into the mix. This syntheses and calculation will thus provide a specific and detailed financial comparison of the numerous governmental choices available, including the alternative of not forming a borough at all.

The lump-sum costs of the different combinations and levels of services developed above will provide an indication of the funding required for each service, as well as total operating and debt service costs for a borough. This data can be considered as the basis of a very general "budget" for that specific type of borough. When final decisions are made with respect to revenue sources and a service mix, it would be a simple task to accumulate the necessary data into a detailed borough budget.

This segment of the work program will also identify and exemplify what "typical" resident homeowners might have to pay in taxes to support the alternative borough structures. It is, after all, these costs that will have the most significant impact on the final decision on incorporation.

While the entire team will participate in the completion of this element, Darbyshire & Associates and Main Lafrentz will assume the principal responsibilities. It is estimated approximately 34 man-days will be required to complete this element.

#### Field Work

A meeting will be scheduled in Fort Yukon or Fairbanks for the purpose of explaining the scope and nature of the entire project to the Study Committee. This will be attended by the consultant together with departmental representatives, and should occur following completion and review of the first two study papers.

Prior to the study's conclusion, the consultant should expect to travel to each village in the region to present and explain the reports. These visits also will be made with departmental representatives.

Additional travel to the region may be required.

#### Project Schedule.

The project will require approximately 125 man-days effort over a period of six months. As shown by the scheduling chart, project completion should occur well before the June 30, 1979, deadline.

All Written products will first be submitted by the contractor to the Department for review. The Department will respond to all draft materials within 10 working days. After amending draft materials, a clean proof copy shall be submitted.

The final phase will be submitted to the Department no later than June 1, 1979.

#### Budget.

The total consultant budget of \$40,000 includes the following estimated allocation by work element:

|                             |          |
|-----------------------------|----------|
| Local Options               | \$ 4,800 |
| Standards for Incorporation | 1,920    |

|                                                    |               |
|----------------------------------------------------|---------------|
| Reconnaissance                                     | 7,360         |
| Borough Service Cost Estimate                      | 8,000         |
| Potential Revenue Sources                          | 4,800         |
| Self-Determination and Local Control               | 2,240         |
| Feasibility and Viability of Regional Alternatives | <u>10,880</u> |
| Total                                              | \$40,000      |

Other budget elements not within the scope of this work program include:

Travel and Per Diem

to be covered by the  
Department of Community  
and Regional Affairs

#### Printing

Covers: To be printed by the contractor and shall contain title, date of publication and appropriate credits.

Cover credits shall consist of the following: "This document was produced by Darbyshire & Associates under contract by the Department of Community and Regional Affairs as mandated by the Alaska Legislature and at the request of residents of the Yukon Flats Region."

Text: To be printed by Department of Community and Regional Affairs

# YUKON FLATS. BOROUGH FEASIBILITY STUDY

## PROJECT SCHEDULE

| <u>Work Program</u>                                   | <u>Dec.</u> | <u>Jan.</u> | <u>Feb.</u> | <u>Mar.</u> | <u>Apr.</u> | <u>May</u> | <u>June</u> |
|-------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|
| Local Government Options                              | _____ *     |             |             |             |             |            |             |
| Standards for Incorporation                           | _____ *     |             |             |             |             |            |             |
| Reconnaissance                                        |             | _____ *     |             |             |             |            |             |
| Borough Service Cost Estimates                        |             |             | _____ *     |             |             |            |             |
| Potential Revenue Surces                              |             |             |             | _____ *     |             |            |             |
| Self-Determination and                                |             |             |             |             |             |            |             |
| Local control                                         |             |             |             |             | _____ *     |            |             |
| Feasibility and Viability of<br>Regional Alternatives |             |             |             |             |             | _____ *    |             |
| Field Work                                            |             | _____       |             |             |             |            | _____       |
| Reports *                                             |             |             |             |             |             |            |             |

**\*\*PLEASE NOTE\*\***

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STATE ARCHIVES TO VIEW THE ORIGINAL.

DESCRIPTION:

YUKON FLATS, REGIONAL GOVERNMENT STUDY

SUMMARY, AUGUST 1979

DARBYSHIRE AND ASSOCIATES

# Yukon Flats panel to petition for creation of new borough



WILL CRAMPTON  
Staff Writer

A petition calling for a 53,000-square-mile Yukon Flats Borough that would bring services and local planning powers to the region probably will be circulated in January or February, says Jonathan Solomon, chairman of the Yukon Flats Borough Study Committee.

It would be Alaska's second-largest borough—just larger than North Carolina—and would include 1,600 persons living in 11 communities: Arctic Village, Beaver, Birch Creek, Central, Chalkyitsik, Circle, Fort Yukon, Livengood, Rampart, Stevens Village and Venetie.

The petition would need only 70 signatures to be submitted to the state for review.

The borough's borders would be the Fairbanks borough to the south, Canada to the east, the trans-Alaska pipeline and haul road to the west, and

the North Slope Borough to the north.

The notion of a Yukon Flats Borough has been discussed for several years. This year, at the request of residents of the area, the Legislature allocated money to write the recently completed 185-page Yukon Flats Regional Government Study.

The study was written by consultants Darbyshire and Associates, the state Department of Community and Regional Affairs, and the Borough Study Committee. The committee has 10 members from 10 villages of the Yukon Flats region.

Two hundred copies have been printed and distributed to residents, state officials and legislators. A thousand copies of a summary brochure also has been distributed in the region.

Solomon told the News-Miner this week that the petition will call for a first-class borough, which carries mandatory area-wide powers of

taxation, schools and planning.

"Interest is up," he said. "People want local control."

Although the petition needs only 70 signatures, Solomon said the study committee is looking for travel money to collect signatures from all the villages. "We could get 70 signatures right away in Fort Yukon," he said.

Solomon said borough government would give residents a voice in decisions affecting the haul road. And with the oil pipeline and probably a natural gas line giving a substantial tax base, services could be provided to the villages with very low property taxes, he said.

The borough could be approved without the involvement of the Legislature.

A petition with signatures from 15 per cent of the registered voters is submitted to the Department of Community and Regional Affairs for review. If proper, it then goes to the

state Local Boundary Commission, which would conduct public hearings.

If the commission accepts the idea, an incorporation election and election of officers would be held in the region. If everything went smoothly, the entire process from petition to election would take eight to 10 months.

In the Yukon Flats region, "every community is badly in need of many public services and facilities. A third-class borough cannot respond to those needs and desires," says the study.

"Without planning authority," it says, "orderly and economic provision of such services is not possible. Finally, several significant land use/development activities—such as the haul road, oil pipeline, and proposed gas line—will affect the area. Without planning responsibility, a third-class borough is without authority to guide or control the impacts of these activities."

The study says all communities "are  
(See BOROUGH, page 5)

**PROPOSED BOROUGH**—The shaded area shows the boundaries of the proposed Yukon Flats Borough. A petition calling for the area to become a 53,000-square-mile first-class borough will be circulated in the region in January or February. It would be Alaska's second-largest borough.

## BOROUGH...

(Continued from page 1)

badly in need of basic public services, improving housing and employment opportunities. Water supply is, by and large, hauled—in some cases from a central watering point. Only two of the 11 communities have electrical systems."

With an economy heavily dependent on subsistence resources and with a very small tax base "there has been little the residents could do to improve these circumstances other than to seek state, federal or other assistance," the study says.

"With the coming of the valuable trans-Alaska oil pipeline through the area, however, the situation has changed," it says.

A first-class borough could bring such services as water, sewer, electricity, health, police and fire protection, and education to every village.

If the borough is formed, the study recommends an 11-member assembly, with five assemblymen from Fort Yukon and one each from Arctic Village, Venetie, Rampart and Stevens Village, Beaver and Birch Creek, Chalkyitsik, and Circle/Central/Livengood.

The study frequently mentions the North Slope Borough as a possible model for the Yukon Flats.

On such issues as fish and game management and land policies "the people of the Yukon Flats region have had little influence on any of these decisions," the study says.

"By contrast, the North Slope Borough has used both political and judicial means to guide government and industry decisions where regional subsistence rights might be affected," it says.

SCOMM

#10:50

ALASKA  
STATE LEGISLATURE

MEMORANDUM

SENATOR JOHN RADER  
Porch V  
Juneau, Alaska 99801  
OR  
Box 2068  
Anchorage, Alaska 99510

JANUARY 19, 1976

ENCLOSED IS BACKUP MATERIAL REFERENCE

LETTER DATED JANUARY 15, 1976.

file copy

Ops PV

Sent to:  
Exxon  
Arco  
Arctic  
El Paso  
BP AK.  
US Dept/Interior

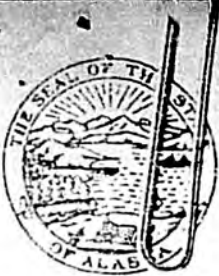
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DESCRIPTION: MAP

ALASKA , U.S. DEPARTMENT OF THE INTERIOR, BUREAU OF MINES  
1977

COPILED FROM THE GEOLOGICAL SURVEY ALASKA RECONASSANCE  
TOPOGRAPHIC SERIES, SCALE 1:250,000 AND OTHER OFFICAL SOURCES



# Alaska State Legislature

JUNEAU ALASKA

May 6, 1976

Walter Sczudlo, President  
Arctic First Federal Savings & Loan Assoc.  
P.O. Box 709  
Fairbanks, Alaska 99707

Dear Mr. ~~Sczudlo~~: *Walt*

Most of the oil legislation about which you have written me has not yet come before any committee of which I am a member. I, therefore, have no firm opinions at this time.

However, I can state to you unequivocally that I am opposed to the imposition of taxes on any industry which is, one, excessive; two, punitive; three, unusual; four, not required for normal governmental financing.

I know that some of the bills you mentioned do not meet my criteria for acceptance.

I feel reasonably certain, however, that from time to time, the methods and rates of taxation of the petroleum industry will be reexamined and perhaps altered. From the tone of your letter I believe that my conclusions, in regard to what is appropriate and fair, would be similar to your own.

I appreciate very much your concern. I hope you will contact me again on this or any other matter of particular interest or concern to you.

Sincerely,

*John L. Rader*  
Senator John L. Rader

JLR/kb



ARCTIC first federal  
savings & loan association

P. O. BOX 709 FAIRBANKS, ALASKA 99707 452-4471

April 21, 1976

Mr. John Rader  
Senate  
State of Alaska  
Court Bldg., Rm. 644  
Juneau, Alaska

Re: Proposed oil and gas tax

Dear John:

Our board of directors, officers, and I, personally urge you to oppose levying any new or additional taxes upon the petroleum industry at this time. A few of the reasons we have considered, among many, are:

(1) Taxes already high. Alaska presently has some of the highest taxes on petroleum operations of any state in the United States. (Please see enclosures No. 1 and 2 attached).

(2) Adverse effect on jobs. New or additional taxes on resources will have an adverse effect on the financing of a gas pipeline, or other oil developments. The availability of jobs will be severely limited.

(3) Adverse effect on energy development. Additional taxation will be a detriment to the development of oil, gas, or other energy sources in our great state.

(4) Need economic encouragement. It is imperative that economic activity be encouraged, including oil developments, and legislative fiscal responsibility established. When oil developments have progressed reasonably, and profits are known, then new taxes could be considered.

We have considered this issue extensively, and respectfully urge you again to do all that is in your legislative power to oppose any new or additional taxation on resources or their development at this time.

Sincerely yours,

Walter Sczudlo  
President

WS/lis

Enclosures

# ALASKA OIL AND GAS ASSOCIATION

308 G STREET • SUITE 217  
ANCHORAGE, ALASKA 99501  
AREA 907 272-2519

April 9, 1976

RECEIVED APR 12 1976

## To Concerned Alaskans

As you know, there is great competition in the U.S. today for capital funds. In the petroleum industry alone, the projected requirements for capital is in the range of \$30- to \$40-billion a year over the next decade. With a good business environment, it is expected that a significant amount of those investment funds will flow to Alaska. We can only guess how little will come here if the State puts up a "Not Welcome" sign to investors.

Should a major industry like petroleum reduce its expenditures in the State, the consequences would be felt throughout the economy. We could expect a reduction in construction, retail sales, travel, etc. This in turn would have to be reflected in fewer jobs and less prosperity all around.

With completion of the major portion of the pipeline construction project expected at yearend, it seems to be imperative that we encourage economic activity--not drive it away from the State.

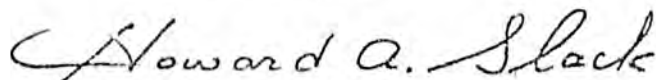
If you agree, we hope you will share your views with your representatives in the State House and Senate.

Specifically, we hope you will speak for more fiscal responsibility by the Legislature and speak against additional taxes on the petroleum industry.

Alaska's tax rates for the oil and gas industry are already high when compared to other states. And total annual revenue to the State, including royalty income and taxes, is already \$222 for every man, woman and child in the State. The State estimates that, under present tax laws, this figure will grow to \$3,179 per capita by 1980. Clearly, there should not be a need for more taxes in Alaska--from business or from individuals.

Should you wish more information, please let us know.

Sincerely,



Howard A. Slack, Chairman  
Alaska Oil & Gas Association

HS:am  
Attachment

Enclosure #1

# Oil Consultant Knocks Studies Urging Taxes

By CHERYL PROBST

Times Juneau Bureau

JUNEAU — Oil studies made for the legislature by other consultants are "virtually irrelevant" to any legislation that might be proposed, the legislature's chief oil consultant, Milton Lipton, said today.

The studies, recommending various aspects of new and revised taxes, were made by other consultants for the House Finance Committee and the legislature's Special Committee on Taxation and Revenue.

Lipton, who has advised the legislature on oil for the past several years, said these studies have been useful in one important aspect: they put down in public what determines what may affect the profitability of the oil industry in Alaska.

But, he said, "Their findings are not germane to what taxation of the oil industry ought to be."

Lipton was the lead-off speaker at six days of joint Resources Committee hearings on oil legislation.

The New York consultant said a new U.S. oil price policy, which set an upper limit of \$11.29 per barrel on new oil, will mean more oil exploration and development. But he said not all activities will be profitable since some will be on marginal fields.

Although he briefly discussed all major legislation pending before the Resources committee, Lipton said most important are the bills which introduce an entirely new principle of taxation.

That concept is to tax the oil industry the same as other industries up to a certain level, then to tax the oil industry separately and higher.

"The legislature must recognize this is a separate and distinct principal and should decide if it wants to go that route," Lipton said. Lipton said he would get into the pros and cons more if the legislature decided it wanted to go this way.

In brief discussion, however, Lipton said the greatest risk to this form of taxation is that the only place where the oil industry will be left with a normal rate of taxation is where the fields are not as productive and profitable.

Important criteria to remember with this taxing concept, he said, are that whatever tax is decided upon, it must strike a balance between the state and the oil industry, and it should be consistent with U.S. oil policy.

"I don't think the state can reasonably expect to adopt a separate tax that is inconsistent with national policy," he said. To do this would be very difficult, extremely dangerous and poorly advised, he said.

The Canadian province of Alberta did this, he said, and it brought oil production to a halt in Canada for a year.

The state has a very good approach to the severance tax, Lipton said. If any changes are contemplated, "The legislature would be well advised to hold off until it has made a decision on the whole



MILTON LIPTON  
Criticizes Findings

oil structure."

Lipton also told the committee that the corporate income tax structure as it now exists is not adequate and said he has some reservations about a net proceeds tax.

Lipton concluded his testimony this morning and was to be followed to the witness stand this afternoon by representatives of various native associations, including Sam Kito, president of the Alaska Federation of Natives.

Besides Lipton, 23 persons have signed up to speak before the committees through next Tuesday.



# Alaska State Legislature

## Senate

POUCH V  
JUNEAU, ALASKA 99811

January 20, 1976

Lee E. Fisher  
Coopers & Lybrand  
2207 Spennard Road  
Anchorage, Alaska 99503

Dear Mr. Fisher:

I appreciate very much your January 13 letter in opposition of SB 294.

Although I believe that even industry in the state should contribute to the cost of education, roads, etc., I certainly do agree with you that the "tax them out of business" approach is unsound. We do need orderly development of both renewable and non-renewable resources.

I appreciate your thoughtful letter and enclosure. I hope you will contact me again on any other matter of interest or concern.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Rader", written over a horizontal line.

Senator John Rader  
Alaska State Legislature

JLR/kb

P.S. For your information, the Governor withdrew SB 294 today. I understand, however, that there are other bills which have been or will be introduced to accomplish approximately the same purpose.

COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

IN PRINCIPAL AREAS

OF THE WORLD

RESIDENT PARTNERS

LEE E. FISHER  
ROBERT W. JOHNSON  
BERNHARD U. KRUMMEL  
GARY T. POSTLETHWAIT

2207 SPENARD ROAD  
ANCHORAGE, ALASKA 99503  
(907) 274-3602

January 13, 1976

Senator John Rader  
Pouch V  
State Capitol  
Juneau, Alaska 99801

Dear Senator Rader:

While the attached article is dated in October 1975, we now understand that Senate Bill 294 has been withdrawn by Governor Hammond, the points enumerated in the article are of continued concern.

With proper planning, I believe we can have a viable mining industry and realize appropriate benefits to the state. It's going to take some understanding of their special industry problems and requires a long-range plan rather than a "tax them out of business" approach.

Hopefully you will be instrumental in passing legislation to develop this great potential. Please call on me and my firm to be of assistance as you may deem necessary.

Respectfully,





# Alaska State Legislature

JUNEAU ALASKA

May 6, 1976

Allen Hamilton  
7820 Ascot Street  
Anchorage, Alaska 99502

Dear Mr. Hamilton:

Most of the oil legislation about which you have written me has not yet come before any committee of which I am a member. I, therefore, have no firm opinions at this time.

However, I can state to you unequivocally that I am opposed to the imposition of taxes on any industry which is, one, excessive; two, punitive; three, unusual; four, not required for normal governmental financing.

I know that some of the bills you mentioned do not meet my criteria for acceptance.

I feel reasonably certain, however, that from time to time, the methods and rates of taxation of the petroleum industry will be reexamined and perhaps altered. From the tone of your letter I believe that my conclusions, in regard to what is appropriate and fair, would be similar to your own.

I appreciate very much your concern. I hope you will contact me again on this or any other matter of particular interest or concern to you.

Sincerely,

A handwritten signature in dark ink, appearing to read "John L. Rader", written over a horizontal line.

Senator John L. Rader

JLR/kb

Form  
letter

17

April 21, 1976

Senator John I. Rader  
Pouch V State Capitol Bldg.  
Juneau, AK. 99811

Dear Senator Rader,

As a registered voter in your district I am  
opposed to any new taxes on the oil industry.

Very truly yours,

*Allen Hamilton*

Allen Hamilton  
7820 Ascot St.  
Anchorage, AK. 99502

ACH/pdd



POUCH V  
JUNEAU, ALASKA 99811

# Alaska State Legislature Senate

*gas PL*

January 15, 1976

Forrest Garb  
H.J. Gruy and Associates  
2501 Cedar Springs Road  
Dallas, Texas 75201

Dear Mr. Garb:

The Gas Pipeline Impact Committee is attempting to find out the effect of the recently published State of Alaska, Department of Natural Resources study on Sadlerochit Reservoir conservation.

Primarily the Committee is interested if this, or the lack of production history, will effect the FPC decision on certification of a pipeline.

Questions to be answered:

1. What effect does the recent study, "Prediction of Reservoir Fluid Recovery Sadlerochit Formation Prudhoe Bay Field", have on marketing plans for Prudhoe Bay gas?
2. How does this study differ from industry and federal studies?
3. How accurate can a model be without production history?
4. Will some production history be necessary before an accurate model is established that will prove feasibility of a gas pipeline for marketing of Sadlerochit gas?
5. How critical are the results of this study in obtaining FPC certification and financing for the gas pipeline project?

Thank you for your assistance.

Sincerely,

*John Rader*  
Senator John Rader, Chairman  
Gas Pipeline Impact Committee

*Letter sent to:*

- Arctic Gas
- Bob Doherty, Dept. of Natural Resources
- John Doty, US Dept. of Interior
- Clay Cooper, Exxon
- David Mace, BP Alaska
- Mike Holland, El Paso Gas
- Mark Singleton, Atlantic Richfield



JUNEAU, ALASKA

# Alaska State Legislature

## Senate

April 7, 1976

Ted Brown  
3830 Crawson Circle  
Anchorage, Alaska 99503

Dear Mr. Brown:

Thank you for your telegram of March 19. I, too, share your concern over proposed oil taxation.

However, the taxes currently proposed are not what I feel is timely or necessary to the State. I hope that the State and industry are able to maintain a good working relationship. It is necessary that the State maintain a reasonable tax posture without discouraging industry from further development in Alaska.

I am sure that some middle ground will be reached and that this and further Legislatures will constantly be jockeying with the oil industry in taxation matters.

I hope that you will contact me again on any matter of particular interest or concern to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Rader".

Senator John Rader  
Alaska State Legislature

JLR/EE/kl

# TELEGRAM

SCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

#

02458 POM ANCHORAGE AK 15 03-19 200P AST

PMS SEN JOHN RADER 6168

I AM STRONGLY OPPOSED TO INCREASE TAXATION BEING PROPOSED  
BY SENATOR HUBER ON OIL INDUSTRY

TED BROWN 3830 CRAWSON CIRCLE ANCHORAGE AK 99503

1976 MAR 19 PM 4 50



Senator John L. Rader

POUCH V  
JUNEAU, ALASKA 99801  
OR  
P. O. BOX 2068  
ANCHORAGE, ALASKA 99510

January 22, 1976

George P. DeLoach  
P.O. Box 375  
Eagle River, Alaska 99577

Dear Mr. DeLoach:

Thank you very much for your January 19 letter in opposition to increase taxation on the petroleum industry.

As you know, there are some legislators who claim that the oil industry is not carrying their fair share of the tax burden.

I have not yet heard their arguments. No significant petroleum tax bills have yet come before any committee of which I am a member.

It is difficult for me to tell you in advance what my opinion will or will not be.

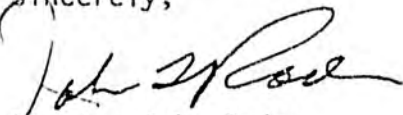
I can tell you as a general proposition that when we passed the severance tax bill several years ago, I felt that it was at that time at a proper level.

I appreciate your letter and want you to rest assured that I will keep your views in mind. I agree with you that it is possible to destroy the "goose that lays the golden egg", and under no circumstances do I favor confiscatory or abusive taxation policy.

I share your concern for excessive state spending and hope to use my influence to moderate it.

Please contact me on this matter or any other matter or issue of concern to you.

Sincerely,

  
Senator John Rader  
Alaska State Legislature

JLR/kb

Post Office Box 375  
Eagle River, AK 99577  
January 19, 1976

The Honorable John Rader  
Alaska State Senate  
Pouch V State Capitol Bldg.  
Juneau, AK 99811

Dear Senator Rader:

I am writing in reference to the increase in taxes on the oil industry which is being formulated in the Joint Taxation and Revenue Committee.

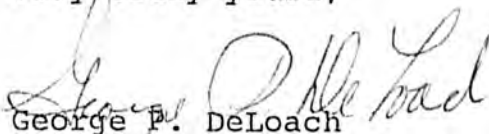
I would like to present my views on this matter. I am presently employed in the oil industry, and have been since my retirement from the Air Force in 1968. The present growth within the industry has been greatly reduced due to the numerous actions, i.e., environmental blocks, no growth in terms of no development in the OCS and other areas of Alaska, and additional level of taxes. Development of new energy sources must not be restricted by continued levy of taxes to satisfy an ever increasing State budget that seems to be growing without check or a safety valve. Exploration within the State, and Nation for that matter, has been reduced to a level where production has overtaken the addition of reserves by exploration. Many people do not realize that in order to find new energy sources and develop these sources, a great deal of money must be spent. This simply will not be available if government action continues to reduce the profit margin which is already far below that realized by some legislators and the general public as well. The end product of taxation induced reduction of exploration and development directly affects every consumer.

I feel that the neck of the goose that lays the golden egg has been strangled and the golden egg is about to disappear. We, as consumers, are now faced with more added "passed on" taxes which strain the very existence of our income, and makes the burden of everyday life difficult to carry.

I would like to know your position on this additional taxation, and what if anything can be done to either stall or remove it from consideration entirely.

I thank you for your effort in this matter.

Very truly yours,

  
George P. DeLoach



Senator John L. Rader

POUCH V  
JUNEAU, ALASKA 99801  
OR  
P. O. BOX 2068  
ANCHORAGE, ALASKA 99510

January 28, 1976

Mrs. Audrey Erickson  
P.O. Box 2416  
Anchorage, Alaska 99510

Dear Mrs. Erickson:

I appreciate your January 21 letter with the Marathon brochures concerning the natural gas shortage.

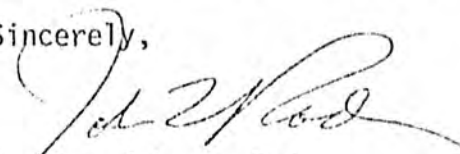
First of all, let me tell you that I am in 100% agreement with the position stated in the brochures. I do feel that our national policy of legislating prices of oil and gas guarantees shortages of oil and gas. Artificially low prices have a short range glitter followed by an ultimate disaster.

Although I do agree with this aspect of your letter, I must be candid with you and tell you that my mind is open on the question of the present level of taxation of oil and gas in the State. Several years ago when we established the present level of taxation, I felt it to be proper.

I honestly cannot tell you what my opinion will be, however, until after I have had an opportunity to read and digest the material presented on both sides of the question.

I can assure you that I will keep your views in mind and I do appreciate your interest. Please contact me on any other matter of particular interest or concern to you.

Sincerely,

  
Senator John L. Rader  
Alaska State Legislature

JLR/kb

Post Office Box 2416  
Anchorage, AK 99510  
January 21, 1976

The Honorable John L. Rader  
Alaska State Senate  
Pouch V State Capitol Building  
Juneau, AK 99811

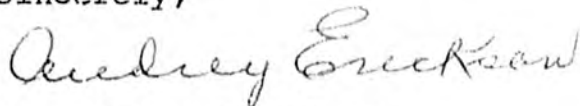
Dear Senator Rader:

I am interested in learning how you stand on the proposal by the Taxation and Revenue Committee to raise the severance tax for oil companies.

I have worked in the oil industry in Anchorage for nine years and feel they are doing wonderful things for the people of Alaska. These added taxes are going a little too far and I would like to know whether or not you think these added taxes are justified.

I am enclosing three brochures distributed by the company for whom I work and hope that you can take time out to look them over. Thank you very much.

Sincerely,

A handwritten signature in cursive script, reading "Audrey Erickson".

Mrs. Audrey Erickson

enclosure



JUNEAU, ALASKA

Alaska State Legislature  
Senate

May 22, 1976

Mr. W. F. West, President  
Santa Fe Minerals, Inc.  
2131 Turtle Creek Boulevard, Suite 700  
Dallas, Texas 75219

Dear Frank:

I just received the enclosed memorandum with attachments concerning the possible sale of a portion of Alaska's royalty oil. Thought you might be interested. If you think Bert would be interested, send him a copy.

I am leaving Alaska May 22 and will be gone several weeks. I am going to have a little bladder surgery done at Johns Hopkins. Their record of success in this type of situation is 100%, so the only problem is the discomfort, temporary inconvenience, etcetera. I should be back in Anchorage by the middle or the last of June.

Sincerely,

A handwritten signature in dark ink, appearing to read "John L. Rader".

Senator John L. Rader  
Alaska State Senate

Enclosure

JLR:s1f



JUNEAU, ALASKA

# Alaska State Legislature

## Senate

February 13, 1976

Harvey Samuelson, President  
Bristol Bay Area Native Corporation  
Dillingham, Alaska

Dear Harvey:

Thanks for your wire concerning S.B. 186. I can appreciate your concern.

Although the State does need funds, I believe it to be to the best long run interest of the State to encourage as much as possible LNG facilities and petro-chemical development.

I hope you will express your concern to other Legislators. It may be very important to you. Please contact me again on any matter of particular interest or concern.

Sincerely,

A handwritten signature in black ink, appearing to read "John Rader", written over the typed name.

Senator John Rader  
Alaska State Legislature

JLR/kb

# TELEGRAM

ALASKA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1976 FEB 11 PM 7 13

02077 NL ANCHORAGE ALASKA 78 02-11 433P AST

PMS SENATOR JOHN RADER

JUN

0583

WE ARE OPPOSED TO THE PROVISIONS OF SB 186 WHICH WOULD  
EXTEND THE 20 MIL AD VALORUM TAX TO PROPERTY WE HOPE TO  
HAVE A DIRECT INTEREST IN THE FIRST WILDCAT TEST ON OUR  
LANDS IS SCHEDULED FOR JULY AND IF OIL IS DISCOVERED  
BBN AND C WILL BUILD A TOPPING PLANT. IF GAS IS DISCOVERED  
WE WILL HAVE A HALF INTEREST IN AN LNG PLANT. WE ENCOURAGE  
YOU TO OPPOSE THIS BILL.

HARVEY SAMUELSON PRESIDENT BRISTOL BAY  
NATIVE CORP

## STANDARD REFINERY

COST 11,394,000.00 - APPROXIMATELY  
EMPLOYEES 21 FULL TIME INCLUDING MANAGER  
CAPACITY 24,000 to 26,000 lbs. PER DAY  
TAXES 91 MILLS <sup>9</sup>103 694.00 PER YEAR  
NEW TAX ADDITIONAL 124,205.00 PER YEAR  
WHICH WOULD BE A 10% COST IN  
OPERATING EXPENSES.

## PHILLIPS L N G.

COST 53 MILLION  
EMPLOYEES 40  
TAXES - Borroughs Presentation PLANT. 150,000.00  
Royalty 2.3 million  
License Fee 652,000.00  
Property Tax 261,000.00 OTHER THAN PLANT



JUNEAU, ALASKA

# Alaska State Legislature

## Senate

February 23, 1976

Mr. Paul Andres  
Seattle Times  
Seattle, Washington

Dear Paul:

Please find enclosed a copy of S.S.S.B. 406 introduced in the Senate two weeks ago.

Soon Alaska and Washington will be inundated by super large oil tankers. The apathetic approach to the safe construction of oil tankers by the United States Coast Guard has forced each state to attempt to deal with this situation as best we can.

While the approach in our bill is somewhat different, it was prompted by the 1975 Washington law now being challenged by the oil companies in court. I suspect ours will be, too.

If you have any questions about our approach to this subject, please feel free to contact me and I will try to answer them as best I can.

I have not as yet received the rest of your series of articles and am looking forward to reading them.

Thank you for your help.

Sincerely,

Tom Biss, Administrative Assistant  
Alaska State Senate Democratic Caucus

TB/kb

Encl.



Alaska State Legislature  
Senate

April 2, 1976

Kenneth C. Hume  
P.O. Box 2257  
Anchorage, Alaska 99510

Dear ~~Mr. Hume~~: *Ken*

Thank you for your communication of March 17.

As you know, S.B. 682 has passed the Legislature, and is awaiting the Governor's signature.

I, also, believe the proposed oil legislation, as presently structured, is not acceptable to the State or industry. Before any tax legislation is passed, I feel there needs to be more of a middle ground struck between the State and industry.

Most of all, I feel that Alaska should remain a state that encourages planned development of our resources in a manner that insures the people of Alaska the ability to maintain their lifestyles without the catastrophic boom/bust cycles of years past.

I hope that you will contact me again on any matter of particular interest or concern to you.

Sincerely,

*John Rader*  
Senator John Rader  
Alaska State Legislature

JLR/EE/kb

KENNETH G. HUME  
P. O. Box 2257  
Anchorage, Alaska 99510



Senator John L. Rader  
Pouch V  
Juneau, Alaska 99801

John,

2-17-76

✓  
include  
House action

1. Believe Senate Bill 682-Minery

License Law is constructive legislation.

2. Believe present oil tax proposals  
are destructive legislation for the  
future of Alaska.

K. Hume



# Alaska State Legislature

## Senate

JUNEAU, ALASKA

March 18, 1976

Jane R. Angvik  
3343 West 86th Avenue  
Anchorage, Alaska 99502

Dear Jane:

I appreciate your letter. Let me respond in the same order that you presented the issues:

1. The difficulty with deciding that committing X percent of State revenues to a permanent fund to be used for Y purposes for an infinite number of years equals sound public policy, creates an equation that cannot rationally stand because it does not consider; a) total State revenues in a particular moment of time; b) total State needs at a particular moment of time, and c) a rational distribution to those needs included in (b) but which are not included in U. It is an error to think that we should freeze the first equation into the Constitution because this generation, or more precisely, the voters of 1976, or the Legislators of 1976, are superior in intelligence and, therefore, can determine that the first equation ad infinitum makes sense without knowing the omitted values. Isn't it much more reasonable to think that in the year 1983 the people of this State, and the Legislators elected by them who will know the omitted values for that year, can do a better job in distributing funds among completely public uses than we at this moment?

The permanent fund has merit only in the sense that one creates what is known as a "spendthrift trust" for minor or incompetent persons. Those who are urging the creation of a "spendthrift trust", do so in the name of fiscal responsibility. They would do much better if they would be fiscally responsible with the funds we have on a day-to-day basis.

2. I, like you, do not know at what point taxes will "kill the goose that lays the golden egg". I am, however, convinced that such a point does exist and that we must approach it very thoughtfully and carefully.

My initial thought is that the Tanzer posture is too large a stride. I have not yet determined precisely what I think is reasonable in the circumstances. This issue leads to the next point...

3. If Alaska does not act intelligently and handle a very difficult and complex situation with skill, our royalty gas will be committed to inter-state commerce and will probably be lost forever to the State except as a source of revenue.

In other words if our gas gets into a Federal Power Commission controlled inter-state pipeline and utility and gas consumers in Ohio and California are relying on it in their homes, petrochemical establishments, etc., the Federal Power Commission in all probability will never permit us to interrupt their supply for our homes and our petrochemical industry. If the pipeline goes through Canada along the Arctic as proposed, Alaskans will likewise in all probability be deprived of any use of their gas except for revenue purposes. This will be because we do not have an economical delivery system to areas south of the Brooks Range. Under the circumstances, and in order to keep open the options of Alaska for future gas use, we must secure a Trans-Alaska route preferably bringing the gas as far south as Prince William Sound or Cook Inlet. Back to issue #2, the extraordinary taxation of the petroleum industry will have these effects: a) diminish the willingness of equity capital to build any pipeline; b) diminish the economic feasibility and preclude attaining borrowed capital at a reasonable rate.

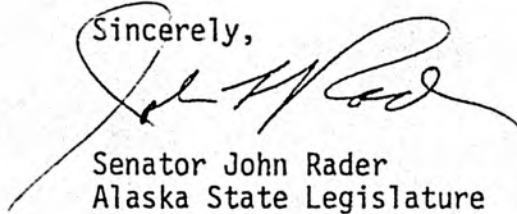
It is not economically feasible to store our royalty gas in the ground. Although I would prefer not to sell any portion of it, it seems that we must either take delivery of gas in kind and sell it or not take gas in kind, in which event it will be sold by the producers. What we are attempting to do is to sell a portion of what would be considered gas excess to Alaska's present needs with a proviso that as our needs develop in the future, we will be able to interrupt and abandon the supply to our purchaser. We hope to get what is called "pre-abandonment" authorization from the Federal Power Commission if at all possible. To take no action what so ever would be the worst thing that we can do.

This situation is highly volatile. There are a number of proposals on the national level which will effect our ability to assist ourselves. However, we would be derelict if we did not at least try. I am not at this moment committed to the sale of any of our gas but I am committed to the proposition that we much seek out possible purchasers and determine possible conditions and terms, lay this matter before the public and the Legislature, and act upon it in light of the circumstances as they may then exist. To do less than this is to let others completely determine our destiny. We may not be able to be effective but we should not be guilty of not trying.

I do very much appreciate your thoughtful letter.

This letter is much longer than usual "political" replies. However, your letter was also more thoughtful than usual. I appreciate your concern,

Sincerely,

A handwritten signature in dark ink, appearing to read "John Rader", with a long, sweeping horizontal line extending to the left.

Senator John Rader  
Alaska State Legislature

JLR/kb

3343 W. 86<sup>th</sup> Ave

Anch. AK 99502

Mar. 7, 1974

Senator John Rader,  
AK. State Legislature  
Juneau, Alaska

Dear Senator,

I am writing to you to express  
my concern about the use of oil  
revenues to accrue to the State of  
Alaska upon completion of the  
pipeline. I believe that it is essential  
to commit at least 10% of the revenues  
to savings. If the life of the field is  
estimated to be approximately 30 years  
I feel that current legislators  
have a responsibility to the future  
generations of Alaskans to be able to

- 2 -

participate in benefits from the development of this non-renewable resource. A savings account could prevent the questions of "what happened to that \$900 million Alaska got for the original lease?" I am also of the opinion that committing a portion of the profits to savings could in some manner direct the rate of population growth in the state. I have attended several of the Humanities Forum's symposiums on "Quality of Life" which have influenced my opinion on the relationship between government spending and growth.

Yet, as I say these things I am very supportive of the increased taxes proposed on the oil industry. I disagree with the Anchorage Times which maintains that Alaska will be "killing the goose that lays the golden egg."

If I thought for a moment that less tax would result in a benefit to the consumer, I too would object to the proposed increases. However, since I have no evidence to suggest such a result, I encourage you to vote for an increase in the severance tax. This is the first time in U. S. History where large profits from oil development will accrue to the public. Therefore, I believe the State should participate in these profits to the fullest extent possible. However, a plan for expenditures and savings of these funds must be developed before the money starts coming in.

In the same light, the disposition of the State's portion of the natural gas must be planned out before a decision is forced down our throats as a result of time. I encourage you to hire the best advice possible (ie) TANZIER on oil) on the

gas question. At the present time Alaska  
owns that gas and I don't want to  
get taken on its sale. If we are to  
successfully do battle <sup>with</sup> negotiate with  
the oil industry, we must have the best  
possible information. At the present time  
I suspect they have the naked on the  
information and I think we ought to  
buy into that reservoir for our own  
purposes. My opinion, based on sketchy  
information, is that we should not sell  
our gas, but use it for our own domestic  
needs. I have no idea what the economics  
of such action are, but assume it will be  
analyzed as one possibility.

I thank you for your time and  
a member of your district I look  
forward to hearing your response to  
my concerns and suggestions.

Sincerely  
- Jane R. Nugent

*Sen John Rader*



## Alaska Gas and Service Company

GENERAL OFFICES LOCATED AT 3000 SPENARD ROAD  
P. O. BOX 6288 ANCHORAGE, ALASKA 99502 / PHONE (907) 277-5551  
TELEX 25-187

*[Handwritten signature]*

*[Handwritten signature]*

Dear (each legislator from Southcentral Alaska):

Last year the legislature enacted a tax on oil and gas reserves "in place" to provide interim revenue pending start up of the Trans Alaska oil pipeline. Though many legislators may not have known or intended this result, this tax will apply to the gas reserves, and thus create additional tax liability, of the major regulated gas and electric utilities (and their customers), such as Anchorage Natural Gas, Chugach Electric, the City of Anchorage "ML&P", and Kenai Utility Service Corporation (KUSCo).

It also appears that legislation may be introduced which might double the severance tax on the natural gas distributed by us and KUSCo, and on the gas used by Chugach from Beluga.

We do not have a close estimate of the magnitude of the impact<sup>on us</sup> of these two new tax burdens, but we believe it to be in the order of \$1 million per year. Such taxes are borne by the users of natural gas and electricity, from Homer and Seward to Talkeetna, about half of the State's population. Both Anchorage municipal power and Chugach would have to bear about \$250,000 per year each, which would be added on their bills to their customers. A typical non-power gas customer would pay about \$20 additional per year. We do not know the impact of these taxes on gas used by Chugach from Beluga, or on KUSCo. We do not believe that it was the intent of the legislature to impose these taxes on Alaska's utility ratepayers. Accordingly, we hope that the legislature will amend the Reserves Tax law by adding, as "(5)" under Sec. 43.58.020 EXEMPTIONS, the following:

- (5) any oil or gas reserves committed to or produced for use or resale by public utilities which are regulated by the Alaska Public Utilities Commission.

Within the next few days, we and our representatives hope to meet with you individually or at committee hearings to answer your questions and explain our position further.

Very truly yours,

*[Handwritten signature of Dale Teel]*

Dale Teel  
President

dh

DIVISION OF ALASKA INTERSTATE COMPANY

*Chron.*

SERVICE LIST

U-75-30

Alaska Gas and Service Company  
Division of Alaska Interstate Com-  
pany  
P. O. Box 6288  
Anchorage, Alaska 99502

James Grandjean, Esquire  
Alaska Legal Services Corporation  
524 W. 6th Avenue  
Anchorage, Alaska 99501

Roger Kemppel, Esquire  
Municipal Attorney  
Municipality of Anchorage  
P. O. Box 400  
Anchorage, Alaska 99510

Anchorage Attorney General's Office  
Civil Section  
360 K Street  
Anchorage, Alaska 99501

COURTESY LIST

The Honorable Avrum Gross  
Attorney General  
Pouch K  
Juneau, Alaska 99811

Chugach Electric Association, Inc.  
P. O. Box 3518  
Anchorage, Alaska 99501

Mr. Jack Woodland  
Quality Cleaners and Laundry  
P. O. Box 1087  
Eagle River, Alaska 99577

Mr. Wilson Rice, Esquire  
Alaska Legal Services Corporation  
524 W. 6th Avenue, Suite 204  
Anchorage, Alaska 99501

Bill Hickman  
Alaska Gas & Service Company  
P. O. Box 6288  
Anchorage, Alaska 99502

George Sullivan, Mayor  
Municipality of Anchorage  
P. O. Box 400  
Anchorage, Alaska 99510

The Honorable Helen Beirne  
Representative  
Pouch V  
Juneau, Alaska 99811

Courtesy List (cont.)

The Honorable M. F. Beirne  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Bob Bradley  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Chancy Croft  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Thelma Buchholdt  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Samuel R. Cotten  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Helen M. Fischer  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Clark Gruening  
Representative  
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Juneau, Alaska 99811

The Honorable H. M. Hershberger  
Representative  
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Juneau, Alaska 99811

The Honorable Ramona M. Kelley  
Representative  
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The Honorable Joseph H. McKinnon  
Representative  
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Juneau, Alaska 99811

The Honorable Hugh Malone  
Representative  
Pouch V  
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The Honorable Kathryn Ostrosky  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Joseph Orsini  
Senator  
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The Honorable John L. Rader  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Patrick Rodey  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Edward C. Willis  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Clem V. Tillion  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable William K. Parker  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Leo Rhode  
Representative  
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Juneau, Alaska 99811

The Honorable Theodore Smith  
Representative  
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Juneau, Alaska 99811

The Honorable Susan Sullivan  
Representative  
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Juneau, Alaska 99811

The Honorable Richard K. Union  
Representative  
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Juneau, Alaska 99811

The Honorable Lisa Rudd  
Representative  
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Juneau, Alaska 99811

The Honorable W. E. Bradley  
Senator  
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Juneau, Alaska 99811

The Honorable Genie Chance  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Mike Colletta  
Senator  
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Juneau, Alaska 99811

*Also:*

*Bill Gordon*

*Sterling Gallagher*

*Gay Martin*

MEMORANDUM

*all in hand*

TO: Senator Chancy Croft

FROM: Tom Riss

RE: Tanker Trip

DATE: January 15, 1976

On January 4, 1976, I boarded the ARCO tanker PRUDHOE BAY, a 70,000 DWT crude oil tanker built in 1971 to transport crude oil from ARCO's oil platform at Drift River to points south.

This tanker is ARCO's pride and joy. I gathered this from the crews comments and from the assumption that ARCO would not allow me to board anything less. The reason for the trip was to determine how many of the safety features we require in SB 405-406 were already in use and how the lack of these features affected the handling of the vessel.

I have already described to you my rather traumatic adventure boarding the PRUDHOE BAY from Senator Tillion's pilot boat. Once aboard, the pilot took me to the bridge where I was introduced to the Captain of the vessel and the mates on shift.

Having read about these vessels and having seen pictures of them did not prepare me for its physical size - 832 ft. long, 200 ft. wide, drawing 40 ft. of water. This ship is gigantic and still it is less than one-third the size of six ships now scheduled for the Valdez run.

Everyone associated with the PRUDHOE BAY was courteous and gracious. They were also fanatics about tankers and believe ARCO's are the best in the world.

During the ten hours I was on board, I had the opportunity to observe the operation. The crew was professional and efficient. Each of the 28 crew members knew his job exactly and knew what the ship was doing. They also seemed to know each others duties - double and triple-checked each chore. The ship confronted no unusual weather or icing conditions. There were no mishaps. Iceburgs enroute to Drift River from Homer were frequent, often being ice flows, but had little or no effect on the handling of the ship.

According to the pilot, ice is the most serious hazard confronting a tanker on this particular route. The pilot is able to track the direction and thickness of the ice flow on the radar screen. The PRUDHOE BAY was equipped with one radar. We require two. If the one had broken down.....

During loading at the platform a change in tide often jams ice between the platform and the ship, sometimes causing all the tie-down ropes (14) to snap and the ship to be forced away from the platform. Tanker and platform personnel state that they can shut off the flow of oil and

unhook the loading arms in three minutes without spilling any oil. I asked how much time they generally have to accomplish this task and was told that "most" ships, upon observation of an oncoming ice flow, will stop loading or cut loading back to 50%. If the ice becomes a problem, they untie and leave the platform. When I asked the least amount of time they have been given, a platform worker said "less than 30 seconds". The oil left in the loading arm spilled onto the deck of the tanker. All said that no oil had ever reached the water.

I found the docking of the ship at the platform interesting. I wanted very much to see how this was going to be accomplished because it has not been fitted with lateral thrusters and did not have twin screws. The pilot did it by heading the ship into the oncoming tide and using the current to maneuver the bow of the ship closer to the platform. The procedure took about one hour - not counting the two hours of extra time spent waiting for the tide to reach its peak flow. Statements by platform and ship crew indicated this landing was a fast one and that many times landing can take as much as six hours to complete, depending on wind tides and icing conditions.

The Captain said the ship was fitted with segregated ballast tanks and he went into a lengthy explanation describing how a system like that worked. He was very proud of the one on his ship. Unfortunately, the ship required more ballast during winter weather than could be carried in the two ballast tanks so he also had one cargo tank full. He explained how the contaminated water in this tank was piped on shore to a holding tank where it was processed. He said that the processed water, when returned to the ocean, was cleaner than when taken out. Later that day in the Kenai airport bar, I talked with some fishermen. They claimed that frequent large slicks of sludge originated from the onshore tanks.

The PRUDHOE BAY is not equipped with an inert gas system - something we require to prevent the vessel from blowing up, and also for the added protection of the crew when they are required to enter a tank for maintenance or cleaning. Ice blocking a valve or pipeline and preventing the loading of the tank is the main reason crew would enter a tank in the winter. Although nothing happened the day that I was there, one week before a Tesoro tanker had an icing problem with a valve inside a cargo tank. As you remember, these tanks when not cleaned, trap gases emanating from cargo clingage on the tank walls. The Tesoro tanker did not have an inert gas system and the crew member sent to clear the valve was required to wear a clean air breathing device. A mate was stationed on deck to watch him in case a problem arose. The Captain of the vessel wanted to get a first hand look at the progress of the crew member and decided to enter the tank for a better view. He did not put a breathing device on although it was offered to him by the mate on watch. The Captain was immediately overcome by fumes and collapsed. The mate saw him drop and entered the tank to get him out. The mate was also overcome by fumes and he dropped. The crewman, seeing what had happened, attempted

Memorandum  
January 15, 1976  
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to revive the Captain by putting his personal breathing device on the Captain. The crewman was also overcome. All three men died. Total elapsed time - less than four minutes.

The PRUDHOE BAY did have two power sources as required by your bill. It did not have a double bottom. It did have a docking collision avoidance system which was demonstrated but not used.

The crew of the PRUDHOE BAY was convinced their company had taken every reasonable precaution for the safety of themselves, their ship, and the environment.

HENRY M. JACKSON, WASH., CHAIRMAN

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WILLIAM J. VAN NESS, CHIEF COUNSEL

## United States Senate

COMMITTEE ON  
INTERIOR AND INSULAR AFFAIRS  
WASHINGTON, D.C. 20510

March 1, 1976

*gpl*

The Honorable John L. Rader,  
Chairman  
Gas Pipeline Impact Committee  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Senator Rader:

My attention has been called to the hearings of your Committee in Juneau on February 17-19, concerning certain issues of North Slope gas supply and transportation systems. As you may know, the U. S. Senate Committees on Commerce and Interior and Insular Affairs held legislative oversight hearings on a set of closely related issues on February 17, and will follow up with further hearings in late March.

Our Committees would be grateful if you could provide us with a copy of the hearing transcripts, prepared statements and other documents submitted to the Gas Pipeline Impact Committee. It would be most useful if these materials could be made available to be reviewed by the staffs of our respective Committees and by a Library of Congress team assisting them, in advance of the March hearings.

It is our understanding that Dr. Arlon Tussing of the University of Alaska will be in Juneau March 3 and 4 for testimony at another legislative hearing, and will be traveling to Washington the following week-end. In order to expedite delivery, he has agreed to carry any materials which you might be able to provide us.

We will be happy to reciprocate by furnishing similar materials to your Committee. For your information, a nearly complete set of the February 17 submissions to our joint Committee hearings is already in Juneau in the possession of Mr. Guy Martin, Commissioner of Natural Resources.

The Honorable John L. Rader  
Page Two

If you have any questions, please contact either  
Thomas Platt of the Senate Interior Committee (212+224-0611)  
or Henry Lippek of the Commerce Committee (212+224-9351).

Thank you for your assistance.

Sincerely yours,

A handwritten signature in cursive script that reads "Henry M. Jackson". The signature is written in dark ink and is positioned above the printed name and title.

Henry M. Jackson  
Chairman