

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 86 / Z

415 SCOMM10: LOCAL GOVERNMENT STUDY 1979

Russian Jack Branch
P.O. Box 6127
Anchorage, 99502
phone: 333-6504
Walter Furnace, Manager
Pearl Martz, Operations

Sand Lake Branch
P.O. Box 6127
Anchorage, 99502
phone: 243-3336
Steve Fulton, Manager

Seward Branch
P.O. Box 517
Seward, 99664
phone: 224-5283
Manager --

Sitka Branch
Box 639
Sitka, 99835
phone: 747-3226
Jim McMillan, Manager

Skagway Branch
Box 516
Skagway, 99840
phone: 983-2264
Jim Gibbons, Manager

Soldotna Branch
Box 509
Soldotna, 99669
phone: 262-4435
Brent Ulmer, Manager
Colleen Denbrook, Operations

Spenard Branch
Box 4-J
Anchorage, 99503
phone: 274-1526
Ted Sullivan, Manager
Kathy Steger, Operations

Tongass Branch
2415 Tongass Avenue
Ketchikan, 99901
phone: 225-4141
Kyle Taylor, Manager
Nancy Kossman, Operations

Valdez Branch
P.O. Box 67
Valdez, 99686
phone: 835-4745
Brian Andrews, Manager
Carol Beaudion, Operations

Wrangell Branch
Box 261
Wrangell, 99929
phone: 874-3341
Hugh Hall, Manager
Gertrude Ronney, Operations

Wasilla Branch
Box 1930
Wasilla, 99687
phone 376-5355
Michael P. McCormack, Manager

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

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Richard R. Borer
Alec W. Brindle
Jeams O. Campbell
J. A. Columbus
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Ted V. Grainge
John H. Hale
Gordon W. Hartlieb
Locke Jacobs
Donald L. Mellish
Emil R. Notti
Einar Ottesen
Martin R. Pihl
Peter Ramaglia
Edward B. Rasmuson
Elmer E. Rasmuson
Leo Rhode
William J. Sheffield
George S. Suddock
James G. Taylor
Richard A. Wien

OFFICERS

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Edward B. Rasmuson, President

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Richard R. Borer
Steve Collins
Richard T. Hall
Max Henry
Peter D. Hocson
Terry Kipp
Michael L. Mauer
E. Thomas Pargeter
John Reekie, Jr.
Thomas C. Tierney

APPLICATIONS

Applications for a loan are available and may be submitted at any branch or at the main office.

REMARKS

National Bank of Alaska does approximately 51% of its loan business outside of the Anchorage area and about 47% of the bank's loan customers are in rural areas. The bank is open to any reasonable proposition for a rural based business. In particular, National Bank of Alaska has extensive experience in fisheries lending. It is one of the major banks in Alaska aggressively seeking fishing boat loans.

An interesting aspect of National Bank of Alaska's lending pattern in rural Alaska is that as loan money becomes short in supply, the bank becomes more selective in the urban areas, but does not become more restrictive in the rural market.

In addition, the bank has a very aggressive stance with regard to loan participations through a variety of state and federal programs which aid economic development in rural areas. That is to say, National Bank of Alaska can arrange for financing relatively large projects through joining forces with these financial assistance programs, e.g. SBA, FHA, etc.

National Bank of Alaska only requires personal financial information from directors of corporations that sign the loan documents. They are interested somewhat in whether the borrower has ownership, but are more concerned with a history of continuity and success in management.

PEOPLES BANK AND TRUST

IS A full-service bank, founded in 1970, and serving
the Anchorage borough area exclusively.

OFFICES:	Main office:	644 Eighth Avenue Anchorage phone: 279-7511
	Dimond-Jewel Lake	3841 Dimond Boulevard Anchorage phone: 243-2130 manager: John H. Rogers
	University Center	855 E. 38th Anchorage phone: 279-4507 manager: James T. Gardner
	mailing address:	Pouch 7007 Anchorage, 99510

DIRECTORS AND OFFICERS

Rodney W. Burgh
Helen A. Butcher
Richard B. Davey
Lewis E. Dickinson
Frank H. Hanson
John C. Hughes
R.A. "Dick" Kennard
Robert C. Lowe
Robert E. McFarland
Wallace E. Martens
Alfred F. Meyer
John L. Watsjold

OFFICERS

Robert C. Lowe
Chairman of the Board

R.A. Kennard,
President

R.W. Burgh,
Executive Vice President & Cashier

Gordon Catching
Senior Vice President and Loan Officer

George E. Diener
Vice President and Senior Operations Officer

Teri Bowersox
Assistant Loan Officer

Gordon S. Bowman
Auditor

Catherine Brush
Trust Officer

Ken R. Ferguson
Vice President and Branch Manager

J. T. Gardner
Vice President and Branch Manager

Lynn Manley
Assistant Vice President and
Mortgage Loan Officer

Betty Hickinbotham Mathews
Personnel Officer

Richard P. Null
Operations Officer

John J Rocca
Assistant Vice President

John H. Rogers
Assistant Vice President and Branch
Manager

REMARKS AND SUGGESTIONS

One of the bank's officers suggested that the most useful services they could offer village corporations would be through their trust department. "We can't afford to travel to the villages," this officer said, "but we can help the corporations put their financial assets to work for them while they are planning for their future." The bank's trust department will guide corporations in their investments.

SECURITY NATIONAL BANK

IS A full-service commercial bank established in
1975, and currently serving primarily the Anch-
orage area.

OFFICE 880 H Street
Anchorage, 99501
phone: 276-6800

BOARD OF DIRECTORS

Wayne C. Littleton
Chairman of the Board and President

Charles A. Blomfield

William F. Coghill

George Dickson

Raymond J. Ellis

Charles F. Kennedy

Vern Padgett

James Pulver

Arlon Tussing

OFFICERS Wayne C. Littleton
President

Kaye Cornell
Vice President and Cashier

James Pulver
Vice President and Senior Loan Officer

A.R. Knighten
Assistant Vice President

Claude Millsap
Assistant Vice President

LOAN PROCESS

Loan applications are available at the bank office. Generally a decision on a loan is made within one to four weeks. Security National will assist an applicant in putting together a loan package; they will, for instance, tell an applicant how to develop cash flow projections, although the applicant must, of course, develop the actual projections himself.

If a loan request is denied, a loan officer will meet with the applicant to "discuss ways that might work and give suggestions as to what they might do to make it a 'bankable' request," according to the bank's president.

Security National does require resumes for the management personnel of a corporation; they do not require resumes or personal financial statements from directors and officers of the corporation unless those people are co-signing the loan.

REMARKS AND SUGGESTIONS

Security National Bank is Alaska's smallest bank. When their loan to deposit ratio permits, they actively seek loan business from rural areas. During the first two years of operation, the bank encouraged loan applications from the bush and consequently has a number of village corporations as clients. The president

of the bank estimates that currently between 10% and 20% of their business is in rural Alaska. "The kinds of rural businesses we are interested in are those which have potential for growth and prosperity," he said, "and which will provide a service to their own local community."

He went on to say that the most helpful thing an applicant can do "is to show us that they have analyzed their requirements: that they know where they are now, where they want to go, and how they expect to get there. This kind of analysis is usually expensive, but it is invaluable to us when we consider a loan." If a village corporation contacts the bank and gives them enough background, a bank officer will travel to the village to discuss the project and the feasibility of a loan.

One bank officer interviewed said, "We almost consider ourselves to be a minority bank; after all, we're the smallest in the state and a minority ourselves." Another officer said they are "not trying to hustle the Native business, the minority business, or the white business. We're hustling good business."

This bank considers a good loan package to be the responsibility of the borrower and places heavy weight on the quality of the application when considering a loan.

UNITED BANK ALASKA

IS A full-service bank, with two offices in Anchorage. UBA was founded in 1975 as a joint venture of five ANCSA regional corporations. The current owners are Bristol Bay Native Corporation, NANA Regional Corporation; Doyon, Limited; Calista Corporation; Cook Inlet Region; and AHTNA, Inc. As a native-owned bank, their orientation toward native business is strong, and the bank's officers and directors are well acquainted with the situation faced by village corporations.

OFFICES

Mailing address:

Box 59
Anchorage, 99510

Main office:

7th and G Streets (645 G Street)
Anchorage, 99501

Denali branch:

2600 Denali Street
Anchorage, 99503
Norman P. Petersen, Manager
Phone: 276-1911

UBA has no specific immediate expansion plans.

DIRECTORS AND OFFICERS

William L. Hensley, Chairman
Robert C. Bacon
John N. Colberg

Digby H. Cook
Eugene B. Erskine
B. J. Gottstein
Roy M. Huhndorf
Gerald H. Ivey
Frederick C. Jenner
Ruby John
Donald F. Nielsen
Fred Notti
John T. Shively
Dean F. Olson

OFFICERS

William L. Hensley
Chairman of the Board

Eugene B. Erskine
President and Chief Executive Officer

Robert C. LaTour
Vice President and Auditor

Jean B. Wiza
Vice President and Cashier

Wilfred Fernandez
Vice President and Controller

Ernest M. Kwiatkowski
Assistant Vice President and
Assistant Controller

COMMERCIAL AND INSTALLMENT LOANS

Bernard B. Angel
Vice President

Perry R. Eaton
Vice President

Jerry L. Sutton
Vice President

Jon D. Yeager
Vice President

Nancy A. Curtis
Assistant Vice President and
Manager Credit Department

Janice E. Smith
Loan Officer

REAL ESTATE LOANS

Norman P. Petersen
Vice President

Peggy L. Buslett
Assistant Vice President

Jody Nardini
Loan Officer

APPLYING FOR A LOAN

Initial contact may be made by mail, or in person at the office in Anchorage. United Bank of Alaska feels that they offer "substantially more counseling to loan applicants than other banks." They will not, for example, actually prepare difficult financial statements, but say that they will help with the application papers and refer applicants to professional help if necessary.

Should UBA have to reject a loan applicant they say that they "like to make positive turndowns," and try to do constructive counseling at this point.

United Bank of Alaska is extremely interested in rural business and in working with village corporations. Their aim for rural ventures is that they "lead to a sound and growing economy in bush areas."

Many of the directors and officers are Alaska Natives, and most have close knowledge of rural areas and opportunities.

In dealing with village corporations the bank rarely requires personal financial information from directors or managers.

The standard interest rate for commercial loans is presently 11%.

REMARKS AND SUGGESTIONS

Perry Eaton, Vice President of UBA comments:

"Probably the most important thing about getting a loan is matching personalities between the banker and the borrower. Getting the loan is only half of it... Paying it back and interfacing with the loan officer is also important. You need a comfortable feeling that you can resolve problems that are almost inevitable in the course of the loan. Some possible problems are natural disasters, theft, labor problems, or the loss of a prime contract. The options that the bank has under these circumstances may allow the business to recover. Besides foreclosing, and closing down the business, the bank may carry the loan on interest only, find a ready market to sell off inventory or equipment, and in a number of ways, string the business along and work with it. This is why it is important to talk about all potential problems before the loan is made."

Talking about leverage for village corporations Mr. Eaton said: "Leverage isn't political muscle; it's a combination of using all of your assets to assure that your participation (the investment of your own capital) is down to the minimum and that you have passed the risk as much as possible. It's tough for a village to get much leverage; a lot of it is reputation, and they (the village corporations) are mostly an unknown quantity."

ALASKA MUTUAL SAVINGS BANK

IS A mutual savings bank, owned by its depositors.
Takes in money on savings and makes only loans
on first mortgages of real property.

OFFICES

Main Branch
Financial Plaza
601 W. 5th Avenue
Anchorage
phone: 274-3561

Teamster Mall Branch
DeBarr and Airport Heights Road
Anchorage
phone: 274-5722

Eagle River Branch
Parkgate Building
Eagle River
phone: 694-9571

BOARD OF TRUSTEES Richard E. Anglemyer

Dr. Michael Beirne

Kenneth L. Brady

General Joseph A. Cunningham

Trustees (Cont'd.) Lee E. Fisher
Allen A. Ford, Jr.
Dr. George Hale
Jalmar Kerttula
L. H. Landry
Keith M. Lesh
Earl M. Miller
H.W. Nagley
Richard W.J. Shimek
Richard L. Silberer
William J. Tobin
Robert M. Winslow
Ron L. Rettig, Chairman

OFFICERS

Ron L. Rettig
President

R. E. Anglemeyer
Senior Vice President, Secretary

Earl M. Miller
Executive Vice President

David W. Robinson
Senior Vice President

Diane B. Aukamp
Vice President

David G. Martin
Vice President

Lorraine J. Cate
Vice President

George A. Morrison
Vice President, Controller

Eugene B. Erskine
Lee E. Fisher
Allen A. Ford, Jr.
Dr. George Hale
Jalmar M. Kerttula
L.H. Landry
Keith M. Lesh
Earl M. Miller
H.W. Nagley
Richard W.J. Shimek
Richard L. Silberer
William J. Tobin
Robert M. Winslow
Ron L. Rettig, Chairman

OFFICERS

Ron L. Rettig
President

Eugene B. Erskine
Executive Vice President

R.E. Anglemeyer
Senior Vice President, Secretary

Earl M. Miller
Senior Vice President

David W. Robinson
Senior Vice President

Diane B. Aukamp
Vice President

David G. Martin
Vice President

Lorraine J. Cate
Vice President

George A. Morrison
Vice President, Controller

Kenneth L. Brady
Vice President, Buildings

Georgette D. Armstrong
Asst. Vice President

Mary E. Clarkson
Asst. Vice President

Betty C. Dayton
Asst. Vice President

Pam L. Martin
Asst. Vice President

Gregg Walker
Asst. Vice President

Charles F. Stiegele
Asst. Vice President

APPLYING FOR A LOAN

Applications may be made at all of the three branches. As the bank's loans are limited to first mortgages, the application process is slowed by the necessity for appraisals. The bank usually takes up to two weeks to process a loan application.

The bulk of the bank's mortgages are on property located in the Anchorage area, although they have made loans on property in Juneau, Kodiak, and Homer. They have also made loans in Bethel and Kotzebue, and have worked with Native corporations. They feel that the inability to closely supervise construction outside of the Anchorage area puts loans away from Anchorage in the high risk category.

REMARKS AND SUGGESTIONS

The bank, although concentrating on Anchorage, will consider loans in other parts of the state. These loans would of course be limited

to first mortgages on real estate. This bank's major consideration in making a loan is that they be able to sell the commercial paper to a secondary investor. If a loan in a rural area meets the standards which would make it salable on the secondary market, it would be well received by Alaska Mutual Savings.

For money management purposes, note that this bank offers $\frac{1}{4}\%$ more interest than commercial banks on straight savings accounts.

Mt. McKINLEY MUTUAL SAVINGS BANK

IS A mutual savings bank, owned by its depositors.
Takes in money on savings and makes only loans
on first mortgages of real property.

OFFICE

531 Third Avenue
Box 468
Fairbanks, 99707
phone: 452-1751

DIRECTORS & OFFICERS

Board of Trustees

Dr. Grover Ensley
Theodore Lowell
Francis Nimick
K.M. Rae
Dan Ramras
Julian C. Rice
Jack H. Richardson
Leslie I. Rogers
K.G. Thompson
Wilbur Walker
Ingeborg Wilson
Dale E. Yoder

Officers

K.G. Thompson
President

W.K. Simon
Senior Vice President

Samuel Woodke
Senior Vice President

APPLICATIONS

Applications are available at the single office.

REMARKS AND SUGGESTIONS

Mt. McKinley, like the other mutual savings bank in the state, is extremely limited in what type of loans it can make.

However, many village corporations are investing in buildings, and this is what a mutual savings bank specializes in.

This bank has, and will continue to make loans outside of the Fairbanks area. They have loaned money to individuals in rural areas, and have some deposits from native corporations, but they have not made any loans to village corporations to date.

They say that money is becoming tight, and they will probably have to be able to sell a note in a rural area before they grant a loan.

ALASKA FEDERAL SAVINGS & LOAN ASSOCIATION

Juneau	301 N. Franklin Street Juneau, 99801 phone: 586-1010
Juneau	Valley Branch Nugget Mall Center Box 2660 Juneau, 99803 phone: 789-2468
Palmer	Box 1028 Palmer, 99645 phone: 745-4233
Petersburg	Box 748 Petersburg, 99833 phone 772-3443
Ketchikan	Box 8300 Ketchikan, 99901 phone: 225-6146
Valdez	400 Mission Street Valdez, 99686 phone: 835-4703
Sitka	Box 1610 Sitka, 99835 phone: 747-8688
Wrangell	Box 1290 Wrangell, 99929 phone: 874-2356

ARCTIC FIRST FEDERAL SAVINGS & LOAN OF FAIRBANKS

Fairbanks	570 Gaffney Road Box 708 Fairbanks, 99707 phone: 452-4471
Anchorage	701 W. 4th Avenue Anchorage, 99501 phone: 278-9541
Fairbanks	400 Steese Highway Fairbanks, 99701 phone: 452-4471

FIRST FEDERAL SAVINGS AND LOAN OF ANCHORAGE

Anchorage	813 Northern Lights Anchorage, 99503 phone: 274-6561
Anchorage	Dimond Blvd. at Old Seward Anchorage, 99502 phone: 344-6111
Anchorage	305 W. 5th Avenue Anchorage, 99501 phone: 277-6602
Kenai	Kenai Shopping Center Kenai, 99611 phone: 283-4197
Kodiak	Kodiak Mall Kodiak, 99687 phone: 486-4128
Wasilla	Wasilla Airport Center Wasilla, 99687 phone: 376-5201

HOME FEDERAL SAVINGS & LOAN ASSOCIATION

Anchorage	535 D Street Pouch 7008 Anchorage, 99510 phone: 272-1451
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FIRST NATIONAL BANK OF ANCHORAGE

IS A full-service, national bank, founded in 1921.
Main offices are in Anchorage and branches in
communities throughout the state. All banking
services are available at all branches and at the
main office.

OFFICES

Anchorage, Main Office
4th and G Streets
Anchorage, 99510
phone: 276-6300

Cordova Branch
1st and Browning
Cordova, 99754
phone: 424-7521
P. Douglas Longacre, Manager

Eagle River Branch
Business Blvd. and Old Glenn Highway
Eagle River, 99577
phone: 694-2103
C.L. Hardenergh, Manager

Eastchester Branch
1821 Gambell Street
Anchorage, 99501
phone: 272-5491
R.W. Shamburger
Vice President and Manager

Elmendorf Branch
Building #3850
Elmendorf AFB 99506
phone: 753-1170
Sue C. Rodman, Manager

Haines Branch
Third at Main
Haines, 99827
phone: 766-2321
Richard J. Flegel, Manager

Interior City Branch,
Fairbanks
407 Eighth Avenue
Fairbanks, 99701
phone: 452-1871
W.W. Renfrew,
Vice President and Manager

Juneau Branch
238 Front Street
Juneau, 99801
phone: 586-2550
W.G. Logan
Vice President and Manager

Channel Branch, Juneau
840 Tenth Street
Juneau, 99801
phone: 586-3313
Harry I. Lucas, Manager

Kenai Branch
Mile 11, Kenai Spur Road
Kenai, 99611
phone: 283-3585
D.G. Savoie
Vice President and Manager

Kodiak Branch
218 Center Street
Kodiak, 99615
phone: 486-3251
V.R. Mulcahy
Vice President and Manager

Kuskokwim Branch,
Bethel
First at Main Street
Bethel, 99559
phone: 543-2601
Thomas M. Pierce-Bulger
Manager

Northern Lights Branch
1210 W. No. Lights Blvd.
Anchorage, 99503
phone: 2792433
Patrick J. Alvarez
Vice President and Manager

Palmer Branch, Palmer
101 Dogwood Street
Palmer, 99645
phone: 745-4848
Stephen S. Street, Manager

Parkway Branch
5305 E. No. Lights Blvd.
Anchorage, 99504
phone: 333-5558
Donald G. Farris
Vice President and Manager

Seward Branch
Fourth Avenue at Adams
Seward, 99664
phone: 224-5217
David A. Stringer, Manager

Sitka Branch
104 Lincoln Street
Sitka, 99835
phone: 747-3272
Raymond G. Mabey
Vice President and Manager

South Center Branch
35th and C Streets
Anchorage, 99503
phone: 274-1521
J.E. Johnson
Vice President and Manager

Valdez Branch
200 Chenega Street
Valdez, 99686
phone: 835-4381
Ada M. Williamson, Manager

BOARD OF DIRECTORS

Mrs. W.N. Cuddy, Chairman

D.H. Cuddy
Raymond J. Reeves
H.M. Blair
Loren Lounsbury
W.M. Murray
John T. Kelsey
Bud F. Meyeres

Margaret Hickman, Secretary

SENIOR OFFICERS

D.H. Cuddy, President

W.M. Murray, Executive Vice President

H.M. Blair, Senior Vice President and Cashier

J.P. Pfeifer, Senior Vice President

VICE PRESIDENTS

David R. Dahlke

David G. Freund

Dorothy Furbush

H.A. Hoffman

Loa A. Mueller

Ellen M. O'Shea

ASSISTANT VICE PRESIDENTS

Ann E. Burbank

Jodie M. Clarke

David W. Cuddy

Carolyn R. Farthing

Betty Jean Fesler

Willard B. Jordet

Betsy Lawer

David K. Milliman

James A. Murray

X. Carol Nagata

Mary Perry

J.C. Shackelford

Wayne A. Williams

THE LOAN PROCESS

Applications are available at all branches. The bank will lend up to \$3.5 million to any one borrower. Branch Managers generally have lending limits of \$50,000 to \$150,000, and may approve loans up to their limits at the branch banks.

REMARKS AND SUGGESTIONS

The First National Bank of Anchorage is Alaska's second largest bank. Several new branches are planned for the near future. According to Daniel Cuddy, President of the bank, the bank's "first obligation is to depositors. We must keep depositors' money safe and available. Our other obligations are to the communities we serve, our employees and our stockholders." The bank insists that a prospective borrower be a depositor, preferably with a past deposit history with the bank. According to Mr. Cuddy, the key to any business loan application is that the business "have a reasonable chance for success. We will look at anything and will help a prospective borrower put together whatever documentation is necessary." Mr. Cuddy said, "the village corporations should begin to use banks more, rather than to suspect them."

FIRST NATIONAL BANK OF FAIRBANKS

IS A full service bank

OFFICES

First National Bank of Fairbanks

Main Office
112 Cushman St.
P.O. Box 1230
Fairbanks, 99707
phone: 452-2146

Clear Branch
Administration Bldg., Rm. 201
Clear, 99704
phone: Fairbanks operator, Clear ext. 418
Jean Smith, Manager

College Office
University Avenue at College Rd.
P.O. Box 90
College, 99706
phone: 479-3203
Janie Code, Manager

Fort Greely Office
Fort Greely Army Base
Box 750
Delta Junction, 99733
phone: 872-4246
Theresia Santora, Manager

Cushman and Gaffney Office
Cushman at Gaffney Street
P.O. Box 1230
Fairbanks, 99707
Samye Pendry, Manager

Fort Wainwright Office
Bldg. 3700, P.O. Box 3526
Fort Wainwright Army Base 99703
phone: 353-4142
Sandy Close, Manager

Gavora Mall Branch
Steese Highway at 3rd Ave.
Fairbanks 99701
phone: 492-9647
Carol Kannenberg, Manager

Shoppers Forum Branch
Airport Way and Cowells Street
Shoppers Forum Shopping Center
Fairbanks 99701
phone: 456-8971
Michele Hansen, Assistant Manager

North Pole Branch
Badger Road and Richardson Hwy.
Fairbanks 99705
phone: 488-2263
Rita Mucha, Manager

BOARD OF DIRECTORS

William Stroecker
Arnold Espe
Mark Langland
Ron Nerland
C.L. Lindberg
James Murray
Dwayne Hall

OFFICERS

William Stroecker
President

Mark Langland
Executive Vice President

George Whyel
Executive Vice President

Donald Braden
Senior Vice President

LOAN PROCESS

The bank does not make loans outside of its main office. The branch offices will forward applications to the loan department, but there are no loan officers in the outlying banks. The loan department can be reached either by telephone or by mail. Pro-

cessing may take up to two weeks for a client who is not known to the bank.

REMARKS AND SUGGESTIONS

The bank has a large number of rural depositors, and says that it tries to accomodate them with loans, but that it is not now actively seeking loans in the bush. The bank officer we talked with said that the bank does not have many loans out to village businesses currently, but that they would encourage applications. Bank policy is to request personal financial information from people in direct authority in small corporations.

FIRST NATIONAL BANK OF KETCHIKAN

IS A full service national bank, based in Ketchikan, and
specializing in the fishing and timber industries.
The bank is 53 years old.

OFFICES

Main Office
Box 7920
Ketchikan 99901
phone: 225-6101

Totem Branch
P.O. Box 5106
Ketchikan 99901
phone: 225-5128
Virginia R. Gisse, Asst. Cashier

Prince of Wales Branch
Box 74
Craig 99921
phone: 826-3254
Henry E. Weller, Asst. Vice President, Manager

LeConte Branch
P.O. Box 1109
Petersburg 99833
phone: 772-4277
Paul Merrifield, Vice President, Manager

33th and Old Seward Financial Center
811 East 36th Avenue
Anchorage 99503
phone: 276-6911
Robert Buchanan, Senior Vice President, Manager

BOARD OF DIRECTORS

William G. Moran, President

E.J. Anderes

E.J. Cessnun

E.R. Ellis

R.D. Jensen

Frank Murkowski

Clifford R. Phillips

Harold Brindle

OFFICERS

William G. Moran
President

William G. Moran, Jr.
Vice President and Comptroller

Ruth L. Morgan
Vice President

Bruce Penoske
Vice President

Charles Ruddell
Vice President

Laura Mattson
Cashier

Michael Wood
Asst. Vice President

Marjorie Thorson
Asst. Vice President

APPLYING FOR A LOAN

There is a loan officer at all of the branches of the bank. Large loans are referred to the main office, and a new central mortgage office at the main office speeds the handling of real estate loan documents.

REMARKS AND COMMENTS

The bank is heavily involved in loans in rural S.E. Alaska, and says that they are willing to travel to rural areas to discuss possible venture financing. They also offer an aggressive money

management program, saying that they will match the interest paid by any other bank, and that if a corporation has money available to invest the bank will offer 1% or more over Seattle interest rates with 100% security.

If a loan must be refused they will tell the applicant exactly why the loan was not granted. "We're not in business to put people out of business; we're in business to make them make lots of money so they put that much more money in the bank."

This bank is interested in a good deal of financial information about the owners of a business applying for a loan, and about its directors and managers.

ALASKA USA FEDERAL CREDIT UNION

CONTACT Alaska USA Federal Credit Union
 777 Juneau Street
 Anchorage, 99503
 phone: 278-4511

The Alaska USA Federal Credit Union has, as members, ten of the twelve regional corporations, and many of the village corporations. They have made multi-million dollar loans to native corporations, and are ready to consider various types of business loans to member village corporations.

Alaska USA has offices in the regional corporation offices in Kotzebue, Copper Center, Barrow and Kodiak, and numerous other offices through the state. They feel that they have contributed a great deal of financial assistance to the Native business community, and are interested in continuing this relationship.

ALASKA DIVISION OF AGRICULTURE

CONTACT

Doug Jacobsen
Loan Administrator
Department of Natural Resources
Division of Agriculture
Box 1088
Palmer, Alaska 99645
phone: 745-3236

STATUTE: AS 03.10

REGULATIONS: 11 AAC 39

ALASKA DIVISION BUSINESS LOANS

CONTACT

Division of Business Loans
Pete Jeans, Director
9th Floor, State Office Building
Pouch D
Juneau, 99811
phone: 465-2510

Division of Business Loans
Al Baranhof, Loan Examiner
7th Floor, MacKay Building
338 Denali Street
Anchorage, 99501
phone: 272-9571

STATUTE: AS 45.95.020.

STATUTE: AS 45.90.010

DIVISION OF ECONOMIC ENTERPRISE

CONTACT Address in Fairbanks unknown at this time. Check
with:

Richard Eakens
Director
Pouch D
Juneau, 99810
phone: 465-2020

BUREAU OF INDIAN AFFAIRS

CONTACT

AREA DIRECTOR

Clarence Antioquia
Box 3-8000
Juneau, 99802
phone: 586-7177

CREDIT AND FINANCING BRANCH
Edward Halverson, Credit Officer
(Roger Fitzjarrald, Acting)
Box 3-8000
Juneau, 99802
phone: 586-7177

BIA AGENCIES - ALL CREDIT SERVICES
AVAILABLE

George Smith, Jr.
Credit Officer
1675 C Street
P. O. Box 120
Anchorage, 99510
phone: 265-5248

Leo Fernandes
Credit Officer
Kuskokwim Annex
P. O. Box 347
Bethel, 99559
phone: 543-2125

Leonard Kenneth
Credit Officer
P. O. Box 1108
Nome, 99762
phone: 443-2284

Mauneluk Association (contract agent)
Dennis Tiepelman
Credit Officer
P.O. Box 256
Kotzebue, 99752

Tanana Chiefs Conference
(contract agent)
Tony Ellwood
Credit Officer
Doyon Bldg., First and Hall Streets
Fairbanks, 99701
phone: 452-8251

North Slope Borough
(Contract Agent)
Jay Letski
Credit Officer
P.O. Box 129
Barrow, Alaska 99723
phone: 852-6880

Captain Elizabeth Autrey
Credit Officer
Federal Building
Box 3-8000
Juneau, Alaska 99802
phone: 586-7453

STATUTE Indian Financing Act of 1974, 25 USC 1451
REGULATIONS: 25 USA 1451, 1481-1498, 1511-1512, and
1542-1543

STATUTE: Indian Financing Act of 1974, 25 USC 1451
REGULATIONS: 25 USC 1521-1522, 1451, 1542-1543

STATUTE: Indian Financing Act of 1974, 25 USC 1451
REGULATIONS: 25 USC 1442-1443, 1451, 1461-1470, 1506, 1634

COMMUNITY ENTERPRISE DEVELOPMENT CORPORATION OF ALASKA

CONTACT

Al Ketzler,
President
Community Enterprise Development
Corporation
1011 E. Tudor Road, Suite 210
Anchorage, Alaska 99503
phone: 279-4551

STATUTE: Title VII, Economic Opportunity Act

REGULATION: Internal, Available for CEDC or Rural CAP

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA)

CONTACT Manpower Division, Department of Community &
Regional Affairs, at the following places:

Pouch BC
Juneau, 99811
phone: 465-4814

Box 1068
Nome, 99762
phone: 443-2274

1514 Cushman - Room 211
Fairbanks, 99701
phone: 456-1504

Box 348
Bethel, 99559
phone: 543-2885

619 Warehouse, Suite 243
Anchorage, 99501
phone: 276-5151

Alaska Skill Center
Box 615
Seward, 99664
phone: 224-5246

STATUTE: Comprehensive Employment Training Act

REGULATIONS: 42 FR 92790

ECONOMIC DEVELOPMENT ADMINISTRATION

CONTACT

Clyde Courtnage
Economic Development Administration
Suite 455
632 Sixth Avenue
Anchorage, Alaska 99501
phone: 265-5317

OR

Western Regional Office
Economic Development Administration
1700 Westlake North
Seattle, Washington 98109
phone: (206) 442-4740

(NOTE: there are two people in the Anchorage office, and
fifty in the Western Regional Office.)

STATUTE: 42 USC § 121 et. seq.

REGULATIONS: 13 CFR Chapter 3

FARMERS HOME ADMINISTRATION

CONTACT:

Main Office:

Darwin R. Betts
District Director
Farmers Home Administration
District Office for Alaska
Suite 127
2221 E. Northern Lights
Anchorage, Alaska 99504
phone: 274-7738

Fairbanks:

Albert Brundage
101 12th Avenue
Box 18 Fairbanks, 99701
phone: 452-1951, ext. 234

Juneau:

Edward Mardock
Room 475
Federal Building
Box 969
Juneau, 99802
phone: 586-7140

Palmer:

Hillstrom Building
Box 819
Palmer, 99645
phone: 262-9131

Homer: second Tuesday at County Agent's Office,
1-2 p.m.

Seward: third Thursday, FS Office, 11 a.m.- 12 p.m.

STATUTE: Housing Act of 1949, Rural Development Act of 1974
and others.

REGULATIONS: Internal

NATIONAL MARINE FISHERIES SERVICE

CONTACT

Jim Nickerson
Senior Financial Assistance Officer
Northwest Region
National Marine Fisheries Service, NOAA
Lake Union Building, Room 336
1700 Westlake North
Seattle, WA 98109
phone: (206) 442-5532

or:
David Bledsoe
Merrill, Lynch, Pierce, Fenner & Smith
Carr-Gottstein Building, Suite 306
310 K Street
Anchorage, 99501
phone: 276-4313
(you may call collect)

STATUTE: Merchant Marine Act of 1936, Title XI

REGULATION: 50 CFR, Part 255

THE SMALL BUSINESS ADMINISTRATION

CONTACT

Frank Cox, District Director
The Small Business Administration
1016 W. 6th Suite 200
Anchorage, 99501
phone: 265-4356

Sprague Carter, Jr.
The Small Business Administration
Branch Office Manager
Box 14
Federal Building
101 12th Avenue
Fairbanks, 99701
phone: 452-1951, ext. 112

STATUTE: The Small Business Act

SCOMM

#10:79

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter
LGAD Staff

DATE: June 25, 1976

FILE NO:

TELEPHONE NO:

FROM: Pat Poland
Local Government Specialist

SUBJECT: Third Class Cities

The following is a first draft of a proposed bill to establish third class cities.

Section 1. Title 29 is amended by adding the following chapter.

Chapter 20. Village Incorporation Act.

Article

1. Incorporation (§29.20.010 - 29.20.120)
2. Transitional assistance (§29.20.130 - 29.20.140)
3. Council (§29.20.150 - 29.20.180)
4. Chief executive and administrator (§29.20.190 - 29.20.220)
5. Other officers and employees (§29.20.230 - 29.20.250)
6. Elections (§29.20.260 - 29.20.270)
7. Initiative and referendum (§29.20.280 - 29.20.290)
8. Recall (§29.20.300)
9. Powers (§29.20.310 - 29.20.350)
10. Taxes (§29.20.360 - 29.20.380)
11. General provisions (§29.20.390)

Article 1. Incorporation.

Section

10. Purpose of chapter
20. "Incorporated village" defined
30. Villages authorized to incorporate
40. Petition
50. Contents of petition
60. Review
70. Time and place of hearing
80. Hearing and decision
90. Nominations for office of city councilman
100. Election
110. Limitation in holding incorporation election
120. Challenge of legality

Sec. 29.20.010. Purpose of chapter. It is the purpose of this chapter to provide for limited self-government through the establishment of incorporated villages in rural areas where the local residents are unable to bear the financial burden of supporting a more comprehensive form of government. It is the purpose,

June 25, 1976

too, to recognize the social and cultural difference between rural and urban areas and to provide a vehicle of government which meets the social and cultural needs of rural Alaska.

Sec. 29.20.020. "Incorporated Village" defined. "Incorporated village" means and is synonymous with the term "city of the third class."

Sec. 29.20.030. Villages authorized to incorporate. A village that has 25 or more permanent inhabitants residing within it may incorporate if:

1) the services proposed to be provided by the incorporated village ~~may~~ not be provided by annexation to an existing city; and

2) ~~if located within an organized borough~~, the services proposed ^{in which it is located} to be provided by the incorporated village, can not be provided by the borough on an areawide or nonareawide basis.

Sec. 29.20.040. Petition. (a) Incorporation of a village is proposed by filing a petition with the Department of Community and Regional Affairs.

(b) The petition shall contain the signature and resident address of at least 10 permanent resident voters of the village.

(c) Notwithstanding the provisions of (b) of this section, if there are less than 20 registered voters in the village, only 50% of the registered voters need sign the petition.

Sec. 29.20.050. Contents of Petition. In addition to the signatures required by AS 29.20.040 a petition for incorporation of a village shall include :

(1) class;

(2) name;

(3) boundaries;

(4) composition and apportionment of the council if other than at an at large basis;

(5) maps, documents, and other information required by the Department of Community and Regional Affairs.

Sec. 29.20.060. Review. The Department of Community and Regional Affairs shall review petitions for content and signatures and shall return deficient petitions for correction or completion.

Sec. 29.20.070. Time and place of hearings. (a) Within 30 days of the date a petition is determined sufficient the commissioner of the department, in consultation with the Chairman of the Local Boundary Commission, shall ~~issue~~ *shall be issued* an order scheduling a public hearing on the petition. The public hearing shall be held in the village proposed for incorporation not less than 20 nor more than 60 days after the date of the order.

(b) Copies of the order shall be posted in at least three public and prominent locations in the village.

Sec. 29.20.080. Hearing and decision. (a) The Local Boundary Commission shall conduct the public hearing and shall hear all interested persons. If the commission is satisfied that it is in the best interests and welfare of the village to incorporate, it shall, by order, so declare.

(b) If the commission determines that it is in the best interests of the community to amend the boundaries of the area proposed for incorporation it may do so.

(c) For purposes of this section, two or more commission members may conduct the hearing and enter a decision.

Sec. 29.20.090. Nominations for office of city councilman. (a) If the Local Boundary Commission accepts the petition for incorporation it shall adjourn the hearing and convene a village meeting. The chairman of the commission shall act as chairman of the meeting and shall receive nominations for the council from the floor. The meeting shall be conducted, substantially, in compliance with Robert's Rules of Order.

(b) The lieutenant governor shall furnish the commission with a current list of registered voters prior to the hearing.

Sec. 29.20.100. Election. (a) The Local Boundary Commission shall immediately notify the lieutenant governor of its acceptance of a petition and the names of those individuals nominated to serve on the city council. Within 30 days after notification the lieutenant governor shall order an election on the question of incorporation and council membership.

(b) The election shall be conducted in accordance with AS 29.18.110 - 120.

Sec. 29.20.110. Limitation on holding incorporation election. No election on the question of incorporation shall be presented to the voters of a village more than once in any six month period.

Sec. 29.20.120. Challenge of legality. No person may challenge the incorporation of a village except within six months of the date of its incorporation.

Article 2. Transitional Assistance

Section

- 130. Organization grants
- 140. State land

Section 29.20.130. Organization grant. Incorporated villages are entitled to an organization grant equal to the amount which would have been provided by AS 29.18.180 if the village had incorporated as a second class city.

Section 29.20.140. State land. Incorporated villages are eligible to select state lands on the same basis as if they had incorporated as a city of the second class.

Article 3. Council.

Section

- 150. Composition, eligibility, election and term
- 160. Procedure
- 170. Filling a vacancy
- 180. Increase in council

Sec. 29.20.150. Composition, eligibility, election and term. The provisions of AS 29.23.200 apply to incorporated villages except that the council is composed of five members.

Sec. 29.20.160. Procedure. The council shall adopt rules governing its body.

Sec. 29.20.170. Filling a vacancy. If a vacancy occurs in the council, the council by vote of a majority of its remaining members shall designate a person to fill the vacancy until the next regular election, and until a successor is elected and has qualified.

Sec. 29.20.180. Increase in council. The council may by ordinance increase the number of councilmen from five to seven.

Article 4. Village Executive and Administrator.

Section

- 190. Mayor
- 200. Election and term of mayor
- 210. Mayor's vote
- 220. Filling a vacancy

(b) The election^c ordinance shall specifically address the issues of election administration, nominations for council, election dates, majority elections and contest and appeal of elections. The elections ordinance may contain provision for elections to be held by other than secret ballot.

Sec. 29.20.270. Voter qualification. The provisions of AS 29.28.030 apply.

Article 7. Initiative and Referendum

Section

- 280. Reservation of power
- 290. Exercise of power

Sec. 29.20.280. Reservation of power. The powers of initiative and referendum are reserved to the residents of incorporated villages except the powers do not extend to matters restricted by § 7, art. XI, of the state constitution.

Sec. 29.20.290. Exercise of power. Exercise of the initiative or referendum power shall be in the manner specified at AS 29.28.062 - 110.

Article 8. Recall.

Section

- 300. Recall

Sec. 29.20.300. Recall. An elected official of an incorporated village may be recalled by the voters in accordance with the provisions of AS 29.28.130 -250.

Article 9. Powers.

Section

- 310. General powers
- 320. Facilities and services
- 330. Regulatory powers
- 340. Extraterritorial jurisdiction
- 350. Construction of powers

Sec. 29.20.310. General Powers. The provisions of AS 29.48.010 apply to incorporated villages.

Sec. 29.20.320. Facilities and Services. An incorporated village may exercise

Sec. 29.20.190. Mayor. The chief executive and administrator of an incorporated village is the mayor who shall preside at council meetings, act as ceremonial head of the city and sign documents on the city's behalf upon council authorization.

Sec. 29.20.200. Election and term of mayor. The provisions of AS 29.23.200 as they apply to second class cities apply to incorporated villages.

Sec. 29.20.210. Mayor's vote. (a) The mayor of an incorporated village is a council member and may vote on all matters.

(b) The mayor of an incorporated village has no veto power.

Sec. 29.20.220. Filling a vacancy. A vacancy in the office of the mayor is filled by and from the council.

Article 5. Officers and Employees².

Section

230. Appointment of officers

240. ~~Village~~ attorney

250. ~~Village~~ clerk-treasurer

Sec. 29.20.230. Appointment of officers. The village clerk-treasurer and attorney are appointed by the council and serve at ~~their~~ pleasure.

Sec. 29.20.240. ~~Village~~ attorney. The provisions of AS 29.23.370 apply.

Sec. 29.20.250. ~~Village~~ clerk-treasurer. The duties of a ~~village~~ clerk-treasurer are the same as those set forth at AS 29.23.380 and AS 29.32.390 except that the office of the clerk and the office of the treasurer are combined unless the council provides otherwise by ordinance.

Article 6. Elections.

Section

260. Rules governing elections¹

270. Voter qualification

Sec. 29.20.260. Rules governing elections¹. (a) Within 120 days of the date the initial council members of an incorporated village are sworn in, the council shall adopt a comprehensive elections ordinance governing regular and special elections.

Article 11.

Section

390. Extension of other provisions of law

Sec. 29.20.390. Extension of other provisions of law. To the extent that they are consistent with the purpose of this chapter, other provisions of law applicable to second class cities apply to incorporated villages.

Section 2. AS 29.08.030 is amended to read:

Sec. 29.08.030. Classes of general law. General law municipalities are of [five] six classes:

- (1) first class boroughs;
- (2) second class boroughs;
- (3) third class boroughs;
- (4) first class cities;
- (5) second class cities [];
- (6) third class cities.

Section 3. AS 29.08.040 is amended to read:

(g) A third class city may reclassify as a first or second class city, in the manner provided for incorporation by Chapter 18 of this Title except that the petition need not address the issue of boundaries.

Section 4. AS 29.78.010. is amended to read:

Sec. 29.78.010. In this title, unless otherwise provided, or the context otherwise requires.

- borough;
- (1) "borough" means a general law first or second class organized
 - (2) "city" means a general law first, [or] second or third class city;
 - (3) ...
 - (8) "municipality" means a general law municipal corporation and

the powers necessary to provide the following public facilities and services:

- (1) cemeteries;
- (2) community centers;
- (3) libraries;
- (4) recreation facilities;
- (5) garbage and solid waste disposal service and facilities subject to AS 29.48.033;
- (6) fire protection service and facilities;
- (7) preservation, maintenance and protection of historic sites, buildings and monuments;
- (8) trails.

Sec. 29.20.330. Regulatory powers. The provisions of AS 29.48.035 apply to incorporated villages.

Sec. 29.20.340. Extraterritorial jurisdiction. To the extent that they are consistent with this title the provisions of AS 29.48.310-330 apply to the construction and interpretation of powers conferred upon incorporated villages.

Article 10. Taxes.

Section

- 360. Sales and Use Tax
- 370. Property Tax
- 380. Combining sales tax with incorporation

Sec. 29.20.360. Sales and use tax. Incorporated villages may levy and collect a sales or use tax in the manner provided for boroughs subject to the restriction of AS 29.53.415 -420.

Sec. 29.20.370. Property tax. Incorporated villages may not levy ad valorem taxes.

Sec. 29.20.380. Combining sales tax with incorporation. The provisions of AS 29.53.460 apply to a petition proposing incorporation of a village.

political subdivision, which is a first or second class borough or city, or a third class borough or city, incorporated under the laws of the state;

(9) ...

Section 5. AS 29.08.050 is amended by adding a new section to read:

AS 29.08.050(d) on July 1, 1977, the current classification of existing home rule cities, first class cities and second class cities having 250 or more permanent residents is not affected by this act. Second class cities having less than 250 permanent residents are subject to reclassification under the provisions of (e) of this section. The city council shall certify by resolution the number of permanent residents within the city. Upon failure to certify, or if the certification reports a permanent resident population less than 250, the Local Boundary Commission shall hold a public hearing and make a determination as to classification as provided in (e) of this section.

(e) The Local Boundary Commisison shall, within two years of July 1, 1977, hold a public hearing in each city which was second class before that date and whose population is under 250 permanent residents. The commission shall determine in each case whether the city should be classified as second or third class under the new classification. The commission's decision must be published at least once. Unless objections are filed with the Local Boundary Commission by at least five percent of the permanent residents of the city within 60 days, the classification recommended by the commission becomes effective on the 61st day. If objections are filed by at least five per cent of the permanent residents of the city, the commission shall submit its recommendation to the legislature in the manner provided for submission of boundary changes in § 12, art. X of the state constitution.

100

Sec. 29.03.230. VOTERS, ELECTIONS AND COSTS. (a) A person is qualified to vote in a borough election authorized in this chapter if he is qualified to vote in state elections and if he is a resident of the borough.

(b) The lieutenant governor shall supervise elections under this chapter as provided for supervision of other borough elections under AS 07.10.120(d).

(c) The state through the office of the lieutenant governor shall assume the costs of elections and charter preparation under this chapter.

*Sec. 2. Nothing in this act may be construed to affect any organization petition pending on the effective date of this act. All such petitions shall be acted upon in the manner provided by law in effect prior to the effective date of this act.

* Sec. 3. AS 29.03.010 and AS 29.03.020 are repealed.

* Sec. 4. This act takes effect immediately in accordance with AS 01.10.070(c).

* Sec. 5. In each unorganized borough, the lieutenant governor, within not less than 60, nor more than 90 days after the establishment of the unorganized borough, shall provide for election of an advisory assembly.

PKP: ljd

ASSEMBLY

Personal Services	\$ 5,000
Travel	10,000
Contingency	<u>50,000</u>

TOTAL ASSEMBLY \$ 65,000

Personal services includes payments to assembly members attending meetings. The contingency amount is to be used to meet extra-ordinary operating expenditures not anticipated.

ADMINISTRATION

General

Personal Services	\$ 40,000
Materials & Supplies	2,000
Equipment	3,000
Travel	2,000
Contractual	<u>35,000</u>

TOTAL ADMINISTRATION \$ 87,000

Personal services includes an administrator and secretary. Materials and supplies are necessary paper goods and other office items. Office furniture and machines are included in the equipment figure. Travel expenditures are predicated on some regional and statewide travel. All legal and other necessary services are listed on the contractual line item.

FINANCE

Personal Services	\$ 45,000
Materials & Supplies	3,000
Equipment	3,000
Travel	1,000
Contractual	<u>5,000</u>

TOTAL FINANCE \$ 57,000

An accountant and clerical support are included in personal services. Contractual includes professional services required for the maintenance and audit of the entire administrative financial structure.

PLANNING

Personal Services	\$ 39,000
Materials & Supplies	3,000
Equipment	2,500
Travel	2,000
Contractual	<u>10,000</u>

TOTAL PLANNING \$ 56,500

Personal services includes one planner and secretary. Contractual includes money to be used to purchase professional planning advice on selected topics.

PUBLIC SAFETY

TOTAL PUBLIC SAFETY \$150,000

HEALTH

TOTAL HEALTH -0-

<u>TOTAL EXPENDITURE</u>	
<u>PER BOROUGH</u>	\$415,500

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO:

Bob LeReshe, Director
Division of Planning and Policy
Development

DATE:

July 21, 1976

FILE NO:

TELEPHONE NO:

FROM:

Lee McAnerney, Commissioner
Community & Regional Affairs

SUBJECT: Regional Government in the
Unorganized Borough

In response to my June 21 memorandum to Governor Hammond, you have asked that I expand upon our ideas relative to the above subject. The following is in response to that request and, basically, presents the alternatives (at least as we view them) together with a brief discussion of each; preliminary conclusions are offered in the final pages.

As noted in my previous memorandum, we feel that any legislation dealing with regional government in the unorganized borough must address three major subject areas: structure, financing and intergovernmental relations. Our presentation of alternatives follows that format.

STRUCTURE

Five alternative forms of government appear to be workable in the unorganized borough; they include:

1. Establishment of organized boroughs;
2. Creation of unorganized boroughs;
3. Creation of service areas in the unorganized borough;
4. Continuation of the Regional Educational Attendance Area (REAA) trend; i.e. delegation of municipal functions to independent boards and councils;
5. The status quo.

In reverse order, the above are discussed.

THE STATUS QUO

We feel strongly that the existing system of government in the unorganized borough is both inequitable and inefficient. Inequitable in the sense that residents are not, generally, afforded the opportunity to participate directly in the decision making process nor do they participate on an equal basis in terms of financing local services; inefficient in that existing service delivery mechanisms (cities and state regional offices) often lack the necessary expertise, be it professional or otherwise, to provide services on an efficient and responsive basis.

Being a department with extensive field contact, we have been made very much aware of many unorganized borough residents' dissatisfaction with existing municipal and state services--not necessarily with programs but with the manner in which those programs are administered. That the legislature, too, is receiving this message is evident from such legislation as HB 665 proposing health districts in the unorganized borough, SB 398 (Ch. 57. SLA 76) allowing for public works planning in the unorganized borough, HB 657 dealing with platting authority in the unorganized borough, SB 614 providing for taxation in the unorganized borough, HB 49 providing for organized boroughs in the unorganized borough and a number of other pieces of legislation dealing with service delivery problems in the unorganized borough.

Too, we hear non-profit regional native corporations talking about or actually providing such services as health, housing, electricity and comprehensive planning. While their efforts are commendable, they do not, in my opinion, fit into the scheme of local government provided for in our constitution. Nor, because of their own charters, may the corporations provide services to all residents of an area; on the contrary they are, by and large, limited to serving natives only and consequently can act as a service delivery mechanism for state and federal programs relating to services for Alaska natives.

Essentially, there are two major problems with the status quo. First, service delivery mechanisms established and those proposed are operated by independent boards or commissions acting totally without coordination. Additionally, this method of service delivery generates a much greater need for human and financial resources from areas that are in short supply of both. Second, it promotes a trend contrary to establishment of borough government in the unorganized borough--a course in direct conflict with the local government article of our constitution.

CONTINUATION OF THE REAA TREND

In our view, continuation of the REAA trend is going to be the status quo of tomorrow.

There is one very positive aspect about the concept of REAA's: it provides for decision making at the local level--one of the main purposes of providing for government in the unorganized borough. However, as presently constituted residents of REAA's literally "have their cake and eat it too"--100% plus funding is provided by the state, yet total local control is allowed. While this may be a desirable situation for residents of REAA's, it is certainly not equitable in comparison to a resident of a municipal school district who must pay local taxes. I would suspect that residents of urban areas--the bulk of the state's population--would not tolerate extension of this particular form of service delivery beyond its existing state.

It should be noted, too, that the two major concerns expressed under the "status quo" section apply equally, if not more so, to the REAA concept. Especially real-

izing that with the REAA concept of 100% plus funding, any incentive for a region to move toward regional government is destroyed.

One thing further should be said about REAA-type boards; they are so exclusively single purpose (usually attracting board membership concerned only with its particular responsibility) that development of a number of boards could actually lessen the level of service being provided; primarily because of lack of interboard coordination and restricted use of financial and, particularly, human resources. Moreover, when boundaries are drawn to define districts and the only criteria used are those relevant to the particular service to be provided overlapping boundaries are likely to result. With overlapping boundaries comes confused residents (who do we go to? where do we go to?) and, consequently, dissatisfaction with the services being provided.

Of concern, too, is the lack of flexibility associated with the REAA's. Because they are not units of local government they cannot be given taxing authority nor can they provide "local government" services. While the legality of the current REAA's has not been challenged on the grounds of Article X, Section 2, of the Constitution (proponents of the REAA's argue that they are really service areas authorized under Article X, Section 6), there is good reason to believe that if additional REAA type boundaries are established they will be challenged and may very well end up being declared unconstitutional. Through establishment of REAA-type entities we, at best, guarantee a long court battle, at worst, an entity without legal standing.

CREATION OF SERVICE AREAS:

There are a number of features of the service area concept that make it a fairly attractive alternative. Leading the list is the fact that it is an existing, recognized mechanism for delivery of municipal services. The legislature is given constitutional authority to provide for service areas in the unorganized borough thereby negating any legal challenge. But, probably most important of all is the service area's flexibility. A service area could provide any municipal service and, if the legislature so elected, a tax could be levied within the service area for services provided. Of significant benefit, too, is that one service area board could be responsible for provision of all services within a given area.

Probably the biggest drawback to the service area concept is that service areas would be dependent upon the legislature, sitting as the assembly for the unorganized borough, to add or delete powers, change levels of funding, acquire taxation authority, etc. A lesser drawback of a service area is that the service area board, at least in the legal sense, would be advisory as a dependent agency of the assembly of the unorganized borough (legislature). Depending upon the language in the enabling legislation, the latter might not be a problem.

DIVISION OF THE UNORGANIZED BOROUGH

In many ways establishment of a number of unorganized boroughs would be much the same as establishment of service areas with one overshadowing exception: the unorganized boroughs could have local autonomy. Because of the lack of constitutional constraints placed upon unorganized boroughs, their establishment could yield a tailor made form of regional government. More specifically, the legislature could delegate any municipal power to an unorganized borough, grant it taxing authority, etc.

We feel, too, that the term unorganized borough has significant advantages. First, it implies what is intended to be--an interim step in the long range development of regional government in rural Alaska. Second, it is a recognized and accepted term--most residents of rural Alaska know they live in the unorganized borough. In our opinion, residents would be more receptive to division of a governmental organization that already exists rather than establishment of a new form of government.

As with an organized borough, unorganized boroughs would have specific boundaries, powers, and a governing body responsible for more than one municipal service. All, in our opinion, positive results.

ESTABLISHMENT OF ORGANIZED BOROUGHES:

Because it is a proven form of regional government, organized boroughs offer some obvious advantages (or disadvantages depending upon your view point). Their method of operation is basically understood; they have taxing authority and an ability to acquire additional municipal powers in response to resident requests; they may establish service areas to provide different levels of service and they have a maximum degree of local autonomy. Additionally, organized boroughs could represent a final, rather than an interim, step in regional government. Too, establishment of organized boroughs would provide a sense of equity among all residents of the state with regard to receipt of municipal services.

However, the organized borough is not without its disadvantages. One of the biggest, of course, is a product of the 1964 Mandatory Borough Act which made the term borough a "dirty" word in many an Alaskan's vocabulary.

There are structural disadvantages too: organized boroughs are locked into rigid methods of adding powers, levying a sales tax, changing class or unifying with the cities within them. Also, they must have separate assemblies, planning commissions and school boards. Depending upon the amount of activity of the borough this may or may not be a disadvantage.

FINANCING

At this stage our thoughts are very tentative in terms of generating the funds

needed to pay for regional government in the unorganized borough. The following appear to be workable alternatives:

1. existing mechanisms, i.e. sales and property taxes levied and collected by and within the boundaries of each jurisdiction;
2. increase levels of funding of existing programs to cover all costs;
3. an ad valorem tax on property associated with the development of natural resources with distribution to regional governments, based on an equalization formula;
4. a sales or property tax throughout the unorganized borough with distribution to individual regional governments, based on an equalization formula;
5. levy of an additional income tax on wages earned in the unorganized borough with distribution to individual regional governments, based on an equalization formula.

1. Existing mechanisms: In our view, authority to levy sales and property taxes should continue to be an option available to organized municipalities. Although the constitution permits extension of taxing authority to unorganized boroughs, doing so does, in fact, create another class of organized borough. This is not, in our opinion, a viable, alternative structure.

The advantage, at least from the state's view, of a local property or sales tax is that it would be administered at the local level. However, the disadvantages appear to outweigh any advantage. First, a local sales or property tax reflects only the local economy; advantageous for those located along the pipeline; not so for those located on the lower Kuskokwim. Second, property taxes are, relatively speaking, regressive and expensive to collect. It is entirely possible that it might cost as much to levy and collect a tax in certain areas as the tax itself would generate. While a local sales tax would not be as expensive to levy and collect, an assessment and collection department in each taxing jurisdiction would need to be established.

2. Increase levels of funding: Basically, this approach is an extension of the funding mechanism provided for the REAA's. We oppose this method of funding because of its gross inequity. It is unpalatable for us to ask residents of one region to pay for municipal services while providing those services to another region at no cost to the residents. Additionally, such a method of funding totally discourages the formation of regional government; why pay if services can be received at no cost?

Of course, one means of alleviating the question of equity is to provide the same level of funding to all jurisdictions. However, at that point the costs seem to outweigh any advantage to be realized.

3. A "resources" tax: A fresh approach to funding local government services might be implementation of a resource tax. Essentially, the tax would be an ad valorem tax levied upon all property used for the exploitation of natural resources. The primary advantage of this tax is that administration of it would be relatively simple in that you would be assessing and collecting taxes on a fairly limited amount of property with a high dollar value. As we envision a resource tax, it would be levied and collected by the state throughout the unorganized borough and then redistributed to individual regional governments based on an equalization formula.

Optionally, the tax could be levied upon all resource related property throughout the state and redistributed on an equalization formula to all areas of the state. This would not only provide a source of funding for new regional governments in the unorganized borough but would also provide new revenues for existing regional governments.

The major disadvantages of a resource tax appears to be that it is an unknown quantity and, probably most important, an encroachment upon and placing under state taxing jurisdiction a tax base that, in the past, has been considered the exclusive tax base of local governments. Perhaps the latter problem, at least to some degree, could be relieved by allowing a local taxing jurisdiction having resource related property within its boundaries the right to levy a tax up to a certain limit and then "piggybacking" the state tax on top of the local. The resource tax would be similar to the present oil and gas tax of the state but would additionally apply to all other natural resources.

4. Unorganized borough sales or property tax: The advantages and disadvantages of a property or sales tax have been defined in the preceding discussion of alternatives. The change we are suggesting here is that the tax be levied throughout the unorganized borough and be collected by the state, thereby minimizing administrative costs. Tax proceeds would be redistributed to individual regional governments based on an equalization formula.

While levy of a property tax would undoubtedly yield sufficient revenues to cover the cost of regional government, it would seem that the additional net revenues received from extending the tax to all property, rather than just resource related property, would be so minimal as to hardly justify its levy.

An unorganized borough sales tax would yield sufficient revenues to cover the costs of regional government and would be much more simple and, accordingly, less costly to administer. We estimate a 2% sales tax levied and collected in the unorganized borough would generate in excess of \$10 million annually.

5. An additional income tax: As with the sales tax, the primary advantage of an income tax appears to be ease of administration. Collection could be accomplished by the state at the same time that state income taxes are collected and then redistributed to regional governments, based on an equalization formula.

A product of this tax is that you extend taxing jurisdiction previously restricted to the state to local governments, thereby strengthening the tax base of all local governments. (As a practical matter, if the income tax is established as a system of local government finance in the unorganized borough, it would have to also be extended, at least on an optional basis, to organized boroughs.)

Of the above, we tend to favor either the resource tax or a sales or income tax. The administrative burden imposed by a comprehensive property tax would, in our opinion, create more problems than it would solve. We also favor levy of a tax at the state level with redistribution to individual regional governments based upon an equalization formula. Administration of the tax in this manner would minimize costs and provide for consistent administration throughout the state.

Presently, we estimate that an additional \$7 million will be required to fully fund the program (see attached budget). This figure does not include existing shared revenues that might be made available to new regional governments. Preliminary calculations show that a 1.5% sales tax or a 2 mill (or less) resource property tax could generate this amount of revenue. Data needed to estimate the percentage for an income tax is not yet available.

INTERGOVERNMENTAL RELATIONSHIPS

Without doubt one of the major factors that will determine the success, or lack of it, of a regional government proposal is the relationship between a new regional government and the cities and other service mechanisms located within it. While a detailed discussion of intergovernmental relationships is not possible until the form of regional government to be used is specified, there are certain key elements that should be present regardless of the form of government. Those elements are:

1. promotion of regionalism: any form of government should encourage regional provision of services; that is not to say that services could not be provided at the local level but rather, that policy development and overall control should rest at the regional level;
2. certain services should mandatorily be at a regional level; these services should include at a minimum, planning, health, education and public safety;
3. if any form of regional government less than an organized borough is established, home rule cities should not be forced to relinquish any authority to the region;
4. an alternative to second class city government should be established (see attached memorandum) relieving many villages of the obligation to provide

municipal services;

5. any form of regional government established should, to the maximum degree possible, be free from state and federal control.

CONCLUSIONS

Based on the above discussion and several in-house work sessions on the subject, we think that the following would be the best method of establishing and operating regional governments in the unorganized borough.

STRUCTURE

Establishment of unorganized boroughs with boundaries that would meet organized borough standards. Each unorganized borough would have the mandatory powers of:

Education
Health
Planning
Public Safety (fire and police protection)

Home rule cities located within an unorganized borough would continue to exercise all of the above powers unless they elected to participate on a regional basis. The assembly of the unorganized borough would have absolute authority, subject to state and federal law, over the exercise of the above powers. Additional powers could only be added by a process requiring state approval and voter ratification in the region.

The unorganized borough would be governed by an assembly with separate boards for school and planning functions. The assembly could assume the responsibilities of the school board and planning commission upon voter approval. The unorganized borough would be required to employ a professional manager.

FINANCING

Unorganized boroughs would not have taxing authority. A resource tax as previously described would be the recommended source of funding; as an alternative, a sales or income tax would be levied and collected, by the state, in all of the unorganized boroughs and then redistributed based on an equalization formula. Unorganized borough assemblies would have full budget authority.

INTERGOVERNMENTAL RELATIONS

The unorganized borough would be the regional government for the area; state and federal agencies would be obligated to treat it as we currently do an organized borough.

Bob LeReshe

-9-

July 21, 1976

As noted the unorganized boroughs would have mandatory responsibility for certain services. They could, also, contract with cities for provision of certain services.

This is obviously a very complicated subject and these are only our preliminary conclusions. I would like to discuss this matter further.

LMcA:PP:jg

Attachments

The following sample budget is very tentative at this time. Several assumptions have been made. They include:

1. that health programs provided will be those transferred from the state; accordingly, it is anticipated that no significant additional cost will be incurred.

2. public safety costs are estimated at \$150,000. However, until the level of service is clearly indentified an actual cost is not calcuable

SUMMARY OF COSTS

Assembly	\$ 65,000
Administration & Finance	144,000
Planning	56,000
Health	-0-
Public Safety	150,000
Education (same funding as with REAA's)	-0-
Total additional cost	\$415,500

New Boroughs 15	=	\$6,232,500
10% items not covered		<u>623,250</u>
TOTAL COST		\$6,855,750

	EDUCATION	SALES TAX	PROPERTY TAX	PLANNING	ADDITIONAL POWERS
FIRST CLASS BOROUGH	Is a school district: shall provide and bear the portion of the costs for schools inside borough boundaries. This would include salaries or wages of school teachers, fringe benefits, hiring of school teachers, upkeep of schools such as janitor, payment of utility bills such as lights, fuel for school building, etc. State of Alaska pays at least 30% of basic operating costs. AS 29.33.050	Not required by law but can be voted in by voters; not to exceed 3%. AS 29.53.415	May levy & collect property taxes. Taxes not to exceed 30 mills or 3% of assessed valuation. AS 29.53.010	Shall serve as planning authority. AS 29.33.070	May assume additional area-wide powers by transfer from a city or cities or by vote of the people. AS 29.33.250
SECOND CLASS BOROUGH	Same as first class borough. AS 29.33.050	" AS 29.53.415	" AS 29.53.010	" AS 29.33.070	" AS 29.33.250
THIRD CLASS BOROUGH	AS 29.33.050	" AS 29.33.415	" AS 29.41.010	No authority to undertake planning. AS 29.41.010	Service area authority is granted. AS 29.41.010

Alaska Statutes 29.12.030. Organized boroughs. An area may incorporate as an organized borough if it conforms to the following standards:

- | | |
|---|--|
| <p>(1) The population of the area is interrelated and integrated as to its social, cultural and economic activities, and is large and stable enough to support organized borough government.</p> <p>(2) The boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of local services.</p> | <p>(3) The economy of the area includes the human and financial resources capable of providing local services: evaluation of area's economy includes land use, property valuations, total economic base, total personal income, resource and commercial development, anticipated functions, expenses and income of the proposed borough.</p> <p>(4) Land, water and air transportation facilities allow the communication and exchange necessary for the development of integrated local government.</p> |
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Question: We then ask what are the differences between the first and second class borough?

Answer: According to Alaska Statutes 29.08.020, we have five general law municipalities which are as follows:

- | | |
|---------------------------|-------------------------|
| (1) First class boroughs | (4) First class cities |
| (2) Second class boroughs | (5) Second class cities |
| (3) Third class boroughs | |

Question: What then is a general law municipality?

Answer: Alaska Statutes 29.08.020. General law. A general law municipality is a municipal corporation and political subdivision and is an unchartered borough or city. It has legislative powers conferred by law.

Question: That still doesn't answer the basic question - "What's the difference?"

Answer: Yes, there is a difference. The first class borough can adopt a home rule charter status while a second class borough cannot.

Alaska Statutes 29.08.010. Home rule. A home rule municipality is a municipal corporation and political subdivision and is a borough of the first class or city of the first class which has adopted a home rule charter. It has all legislative powers not prohibited by law or charter.

Question: What then is a charter?

Answer: A charter is a document that lists the powers granted to the city or borough. It is framed by an elected charter commission. The completed charter is submitted to the voters for their adoption. The charter upon adoption becomes the organic law of the municipality.

	MINIMUM POPULATION REQUIREMENTS	CITY'S EDUCATION RESPONSIBILITY	CITY SALES TAX	CITY PROPERTY TAX	ZONING	COUNCIL	MAYOR	AREA-WIDE POWERS
SECOND CLASS CITY General Law Municipality AS 29.08.030	25 permanent residents & over. AS 29.18.020	None. If located in borough, borough assumes educational responsibility. AS 29.33.050	Choice of city residents. Can be voted in up to 3% or 1-3c on a dollar. AS 29.43.020 AS 29.53.415	Can be voted in by city voters. 1/2 of 1% or 50c for every \$100. AS 29.53.410	May. Don't have to. AS 29.43.040	7 members. AS 29.23.200(a) Are elected up to 3 yrs. or 4 yrs. by ordinance.	Council member. AS 29.23.250(c) Is elected up to 3 yrs. or 4 yrs. by ordinance. Mayor votes.	None. However, has extra territorial jurisdiction. AS 29.48.037
FIRST CLASS CITY General Law Municipality AS 29.08.030	400 permanent residents & over. AS 29.18.010	Have to provide for education. AS 29.42.030 If located in borough, the borough assumes educational responsibility. AS 29.33.050	Choice of city residents. Can be voted in up to 3% or 1-3c on a dollar. AS 29.43.020 AS 29.53.415	Not compelled, but may have property taxing powers. AS 29.43.020 (Outside boroughs.) Cities within boroughs may levy property tax. AS 29.53.400 May tax up to 3% on a dollar on assessed valuation of property in one year. AS 29.53.050	Have to. AS 29.43.40	6 members. AS 29.23.200(a) Are elected up to 3 yrs. or 4 yrs. by ordinance.	Runs for office of mayor and is elected at large for term of 3 yrs. or 4 yrs. by ordinance. AS 29.23.250(b) Is not council member and can only vote in case of a tie. AS 29.23.260(a) Has power to veto. AS 29.23.270(a)	May elect to be a home rule city by adopting a charter but only by election of voters. AS 29.13.010- AS 29.13.100 Charter: Charter is a document that lists the powers granted to the city or borough. It is framed by an elected charter commission. The completed charter is submitted to the voters for their adoption. The charter upon adoption becomes the organic law of the municipality.

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

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SENATE COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS--MINUTES

MARCH 13, 1974
1:35 pm

PRESENT: RADER MILLER, SILIDES

1. SENATE BILL 390

Mr. R.D. STEVENSON, Commissioner of Revenue testified briefly before the committee and handed out historical background on the subject. He is also Secretary of the State Bond Committee.

Mr. Emmitt WILSON, Commissioner of Commerce and also Chairman of the State Bond Committee, testified briefly. He said under the concept we now have there has been nothing that would imply that being an advisor for the state and an investor is advantageous. He said he believed he supported the concept in SB 390. It eliminates any possibility of the financial advisor providing additional information to an investor. With the state bond act we are prohibiting the financial advisor from bidding on the bonds. Mr. Wilson pointed out a discrepancy in the bill as to the bond anticipation notes. He said we do support this legislation.

SENATOR RADER said he appreciated Mr. Wilson's calling the bond anticipation note to the committee's attention and he said that would be amended to be proper. He said we would probably report this out later this afternoon.

2. IMPACT

Mr. Fischer of the Attorney General's office said Section 2 line 14 page 1, the statement "the Department of Community and Regional Affairs shall make grants" compels the department to make grants and there is an inconsistency with the Budget and Audit Committee for authority over them.

COMMISSIONER MALLOTT said he was anxious to see the dollars figures put into this bill. He said this was a far-cry from the legislation originally sent down. This legislation at least attempts to respond to the needs he said. He was concerned about mandatory grants that says we "shall" make grants. He would like it to say they could turn down an application if eligibility standards were not met.

SENATOR SILIDES said actually the people making the loan in this bill would be the Budget and Audit Committee.

COMMISSIONER MALLOTT seemed to disagree and said they have the responsibility to approve or disapprove but not to initiate it.

He said it gives flexibility that we don't see in other legislation. Regarding dollar figures, our recommendation was a \$10 million dollar program in the nature of a discretionary grant program. Under this bill formula grants based upon the eligibility standards somewhere in the neighborhood of \$8 million, to be used probably by Fairbanks, Anchorage, Valdez, Delta Junction, etc. Discretionary grants \$2,000,000. He said he had no recommendation for the amount of capital improvement loan funds. Total package between \$15 and \$20 million. The way they read the bill, they are obliged with the local government when they meet the standards to make the grant. He said he would like to have some discretion in that area. He wanted it worded "may" make grants. A municipal bond bank bill is before both house in the legislature. He said the legislature needs to take a long look at that type of legislation.

SENATOR RADER said he went into that several years ago in detail with many people here and almost no one could see the merit of that bill.

COMMISSIONER MALLOTT said he just mentioned it because it is an important area of need.

SENATOR RADER said unless circumstances have changed, I wouldn't be optimistic about it passing.

COMMISSIONER MALLOTT said he would like to see a carefully spelled out committee report as to the intentions because it makes it easier for them in making proper grants.

SENATOR RADER explained to Senator K. Miller that we tried to take the formula provision submitted by the administration, the discretionary grants as submitted by Rettig's committee and we added a capital improvement loan program so we would not be expected to build such things as sewer systems, etc. We have tried to cut out a great deal of verbiage. He said we will wait until we have a committee and report it out as a do pass recommendation.

COMMISSIONER MALLOTT said until we run the dollar figures through here he can't say whether he recommends it or not.

3. They discussed SB 455 enough to sign a recommendation only on it.

4. VICTOR FISCHER, University of Alaska professor testified on creation of boroughs, etc.

SENATOR RADER introduced Mr. Fischer to the group and said he has ideas on local government and what we should and should not do about it.

MR. FISCHER said basically his hope was that the Legislature would do something this session to get the State to the point

where in 3 or 4 years Alaska would have a functional state-wide borough system. He said there wasn't any need to establish boroughs this year but there is a constant movement to bring us closer to decision points. There is no state policy as to what type of a borough system we are going to have in the State. He said during the Special Session on the ad valorem tax bill this committee report indicated some more governments may be established; some may be rational, some may not be rational. To get a borough system established is going to take a lot of money. You will have to provide incentives to get people to provide or assume government functions. The state doesn't have that money at this time but now would be a very good time to start moving toward the time when the State will have the money. Decentralization of education is coming about. He said his hope was that the Legislature would take steps to rationalize the system of establishing boroughs in the State. He said we ought to try to figure out what we want the borough to be. Due to lack of policy you get establishment of a structure that is going to cause a lot of problems.

SENATOR THOMAS asked if the Department of Community and Regional Affairs doesn't have the tools to do that.

MR. FISCHER said he wouldn't say that. The problem is the department has responsibilities, crisis, etc. and some of the things they want to do don't get done. The Boundary Commission is already overburdened. They have not undertaken the job.

SENATOR KEITH MILLER asked if Mr. Fischer's concept of borough government that the entire State should be divided into boroughs covering the whole State by the Legislature?

MR. FISCHER said yes, established by the Legislature but not necessarily organized.

SENATOR K. MILLER asked what would be the function of a regional unorganized borough.

MR. FISCHER said it is conceived in the constitution to provide for a regional focus. It would be a State administered region. Provides for gradual assumption of responsibilities.

SENATOR K. MILLER said it would be a step toward being an organized borough?

MR. FISCHER said they would eventually be organized.

SENATOR K. MILLER said for instance if the Bristol Bay region had an unorganized borough there but the people in two communities might feel they would want to form a western Bristol Bay borough.

MR. FISCHER said you need a careful analysis of what would be appropriate. It may be more appropriate to have several regions. Advisory Commission on Intergovernmental Relations came out with reports and they propose that future federal programs try and

coordinate their impacts within self-set regions (which in our case would be boroughs); the idea being to try and eliminate the dissipation of efforts.

SENATOR K. MILLER said his concept of the borough is that Alaska was unique; that it could serve a need in a smaller area.

MR. FISCHER said the decision of one effects another. If your freedom eliminates somebody else's, you need to stop and look into this and through laws such as the ad valorem tax bill . . .

SENATOR RADER said he would like to set up a hearing for tomorrow afternoon with Mr. Fischer to pursue the matter. He said this problem has come up a number of times and it is important. If we are going to pursue this we must have the input of the bush people. He said will continue this matter until 1:00 pm tomorrow.

5. IMPACT

SENATOR RADER said they need to make a decision before we adjourn. Under the Formula Grants, shall we say Community and Regional Affairs Department "may" or "shall" make the grant.

SENATOR THOMAS said he hadn't heard the arguments on that yet.

(HENSLEY ARRIVED)

COMMISSIONER MALLOTT said his concern was there may be instances where the local governments meet the population requirement but would not really meet other reasonable judgments that might be made to receive that money or not.

SENATOR THOMAS said "shall"

SENATOR RADER said "shall"

SENATOR MILLER said "shall"

SENATOR HOHMAN said "may"

SENATOR HENSLEY said no recommendation

SENATOR MILLER asked if this bill addresses itself to negative impact.

SENATOR RADER said no it doesn't. Maybe it could come up under Discretionary Grants. He said he didn't know whether it would meet the purpose clause. Senator Rader said what would the individual recommendations be for this bill so that he could prepare a committee report.

SENATORS RADER, HENSLEY, THOMAS voted DO PASS.

SENATOR K. MILLER voted no recommendation

SENATOR HOHMAN voted do not pass or no recommendation

SENATOR RADER said he would prepare the report and have it circulated to the members for their signatures.

FUNDING:

SENATOR RADER said he preferred to see the Discretionary Grants larger and Formula Grants smaller. He suggested \$25,000,000 on Capital Improvement Loans, \$10,000,000 on Discretionary Grants ; and \$5,000,000 on Formula Grants. He said he didn't know that they would ever use the \$25 million or the \$10 million on Discretionary Grants. It was pretty certain they would disburse the \$5 million on the formula.

SENATOR HENSLEY said we are just dealing for about one year or until the Legislature returns. Right? He said he did not object to the recommendation.

SENATOR MILLER said he would support it.

SENATOR THOMAS said he would support it too as long as it was understood all that money does not necessarily have to be spent.

SENATOR HOHMAN questioned the alternatives; said no recommendation on that.

COMMISSIONER MALLOTT said he viewed the Formula Grants as having a real capacity to respond quickly to the local government needs. He thought they needed more for them than the \$5 million. The difficulty with the Discretionary Grants is by making one you set the precedent that opens up the whole business.

SENATOR RADER asked the commissioner to prepare a schedule to go with our committee report. He said it would be attached to the committee report.

ADJOURNED 3:15 pm

SENATE COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS -- MINUTES

MARCH 14, 1974 1:00 pm

PRESENT: Miller, Thomas, Rader, Hensley, Hohman

SENATOR RADER called the meeting to order and announced that Dr. Victor Fischer has supplied material to be passed out to the committee.

DR. FISCHER said he suggests that the State needs to take steps now to organize itself and establish state policy for the regionalization of Alaska for dividing the existing unorganized borough, that would be decentralization of state services, to provide a basis for local participation and to provide a basis for local and regional taxation for local needs and to provide a mechanism for redistribution of wealth. He said since 1970 each Legislature had bills before it to divide Alaska into boroughs introduced by legislators, administration and other sources. He explained the material passed out. He said bills have been introduced going from unorganized regions to home rule which he said he thought was a very good idea. He said the North Slope has established several school areas within the borough. There are different combinations that may be appropriate to different regions.

SENATOR RADER said we would have to draw a mandatory line.

DR. FISCHER said that is right. It is a state responsibility to draw the lines. It would be mandatory in terms of where the boundary is. The process would involve going out and talking with the people in the communities so there is an acceptance and a logic to the legislation. His suggestion with respect to statute is to set up a process that would say what these boroughs would do. His recommendation was that you by law ask the Department and the Boundary Commission to give you their plan on what the boundaries should be. He said his conclusion at this time is there is no quick answer to an awfully difficult question. If this committee and the Legislature doesn't do anything, you will be going through the same process each year.

SENATOR RADER said what he wanted to know was how to decentralize state government for better distribution. There are going to be a lot of people who will not want to be in a boundary. It is going to have to be a mandatory thing. Secondly, you will have to delegate them authority. Do you take away a city's right to run their schools when they are inside a borough? How about police protection? These are the type of problems you need to get into and so far it comes up to an unreal thing. They have no ties with one another many times.

DR. FISCHER said now is not the time to establish boroughs throughout Alaska. He said he thought you have 2 or 3 years except in some areas that they are ready now. He said he thought these questions need to be turned over to a group or agency that can report back and study the situations. He said he can't tell the committee how to right this legislation. He recommended that they do it through an established agency or an interim committee or a temporary commission on local government. They would ask the type of questions the committee is asking now and answer them with "price tags" on them. Then you would have these answers.

SENATOR RADER said he agreed with Dr. Fischer that we don't have the answers and he said maybe appointing a committee would be the answer.

DR. FISCHER said the Calista Region met with the University and they discussed the establishment of a borough and one thing for sure was no one knew enough about it. 3rd class boroughs have education powers only then someone said service areas come in and give more power than a first class city. . . there needs to be further analysis on what the State position ought to be and where we want to be 10 years from now instead of jumping into this year by year.

SENATOR THOMAS said maybe there are too many options now and you are suggesting we ought to knock out this service area for example. You are saying we ought to have more say about what they want to do out there. Are you saying we ought to narrow it down more?

DR. FISCHER said no, I am not. We ought to develop options that make sense. We have a 3rd class borough to resolve a very irrational problem at Haines. What I am suggesting is we ought to look in the total situation and give the people tools that are appropriate. If anything, I would give them more options. Let them design the system that meets their needs. So long as basic standards are met and so on. Don't leave options that don't mean anything or that can cause problems in the long run. Such as a few villages around Ambler. Once you have a borough, it is hard to change no matter how bad it is.

SENATOR THOMAS said he doesn't see how we are going to figure out what these areas should have.

DR. FISCHER said he suggests that we can't do it but it will take a very intensive effort and time and money, etc., analysis of the implications, look not just at education but all the other functions but we ought to try and avoid the problems throughout the United States that don't fit the bills. We have an opportunity to do better here. Set a specific schedule, targets for making a system of central government that will still make sense 10 years from now.

SENATOR RADER said the home rule borough is available to any community. The difficulty with the suggestion is the people most concerned here are not interested in going into this at this time. He said he was not opposed to appointing a committee.

DR. FISCHER said we should have learned something from 1959-60-61 there was no overall looking at Alaska. We have never taken a look at the totality of Alaska. He said he didn't think this was going to threaten anyone. Boundaries would provide people with the option of organizing. With respect to home rule, areas wouldn't have the option of going to home rule unless they establish a first class city with powers.

SENATOR RADER said that would be easy to change.

DR. FISCHER said no one has to knock themselves out to do it now but you need to start the ball rolling.

SENATOR RADER said he was not opposed to a committee but that is pretty vague.

SENATOR HENSLEY said there is merit in the idea of having additional regional government in the unorganized borough for the standpoint of planning and zoning. He said we haven't had any hearings at all on this subject. There ought to be some move in that direction. He said he thought most of the leadership out there would like to have a government entity dealing with their problems. He said they have to come to him now for those things.

SENATOR HOHMAN said he thought people were interested in this now. He said he thought what Dr. Fischer has suggested is what is needed. He said he sees it as a substantial move in the right direction.

REPRESENTATIVE PHILLIP GUY said the lack of knowledge of the concept is the deterrent. Local governments should be brought closer to the people. He said he agreed with Dr. Fischer's suggestions.

COMMISSIONER MALLOTT said he was concerned about the proposals Dr. Fischer makes. He said he felt there was nothing wrong with the structure; some modifications are required but it is good. We can talk about form but until the Legislature begins to address the service needs out in the rural areas and builds incentives, he said he thought these were the basic issues. He disagrees that we need a 3rd-party look. He said he thought you would be freezing into posterity what the local governments could do. He said we have a very responsive mechanism. We need to spend more time looking at the substance rather than the form. The State is going to have to pump millions of dollars out there. He said his department is in the process of an analysis of everything that we can see presently and in the future of local government need. They have asked for \$100,000 to do a study of what the fiscal resources are in the unorganized

borough. He said he thinks there is room for fine tuning but we don't need to agonize over the existing structure.

SENATOR HENSLEY said one of the reasons it was possible to organize what we did organize was because it was very simple and it didn't give them a substantial amount of responsibility. It was a very simple structure. He said he thought there needs to be some consideration of the problems now. The only way to organize more boroughs are the ones with property with finances. If we can get a start on borough formation without moving into complicated areas. . . if we sit here and wait, we will not be able to fight the giants the North Slope has been able to fight.

COMMISSIONER MALLOTT said the structure should be reviewed but the point you make illustrates my point he said. He said those 2nd class cities do essentially nothing. The State has never given them the kinds of tools to respond to service needs., sewer, water, housing, police, fire, etc. The emphasis should be to look at what they need to make the existing structure work. Money is the principal need. Information to the people is necessary. The Local Boundary Commission needs its own staff.

SENATOR RADER asked Senator Hohman if he was funded by the State or Federal Government when he was organizing rural areas.

SENATOR HOHMAN said they were funded by both and that program is still in effect now.

SENATOR RADER told Commissioner Mallott that he believed the importance of his agency has been ignored.

SENATOR HENSLEY said they have a bill in committee to remedy that situation.

COMMISSIONER MALLOTT said they are trying to take a long range look now and he has asked for funding. He said they have reviewed the state's revenue sharing in terms of how needs in the smaller communities can be met.

MR. BILL THOMPSON, Department of Education, said he concurred with the Commissioner; the structure is there. Education and information is the biggest thing. As to what their options are without the existing structure, what does it entail other than education that they have to provide. I agree that the problem is money, he said. He said there have been three of them that go out to explain things to the rural areas.

SENATOR RADER asked if that should be an activity concentrated in one department.

MR. THOMPSON said it should be in the Department of Community and Regional Affairs because education is only one service.

MR. ROBERT VAN HOUTE, President NEA said he felt there is a strong feeling of democratic representation. Every village needs to have means of being represented. Most villages want water, electricity, schools, health services, etc. this comes down to \$\$\$\$. There is an element of time. We can't wait too long. Galena is 1st class with their own school district. 4 or 5 of the villages around Galena should be included in the Galena service area. If you take a major part out of a community area you destroy both. They all have to be included. You need projected planning. He said after 1980 all the area which is not organized should be mandated into boroughs. School funding should be done 100% foundation level. You are going to have to pump in money. 3rd class boroughs do not have any taxes mandated on them. He said he would like to go to the map and say these are the boundaries and let the people come and say we don't want to be in there and reorganize the map until you get it the way everyone likes it. He said there is a great desire for some kind of control by them for what goes on in their region. Time is of the essence.

MR. OVERSTREET, Alaska School Board Representative: He said we have overly consolidated rather than too much decentralization. He said he didn't find alarming 2 or 300 school districts. There are going to have to be a lot of small districts. Pelican runs K-10 with 45 kids under the existing structure. With whom might they consolidate is an impossible situation. Representatives of Education and Community and Regional Affairs should get out to these communities and let them know a way to provide more services without assuming responsibilities that they don't feel they can handle. He said he favored full State funding for education.

DR. FISCHER said he was glad to hear these views and he said he agrees with all. What is brought out here underlines the needs to go at this more systematically than we have been. He said we can draw 15 boroughs, 15-25 or 200 school districts, are they cities, boroughs or what? What are we talking about? He said in their report they had a long discussion over a relationship between form and function. Juneau is a borough but it is a city; it will perform urban functions. The same thing with Anchorage. The Kenai borough is a totally different creature. The functions performed in each would be totally different. There is a link between form and function. It is necessary to not only look at function. He said he thought we should hold down the size of central government as much as possible. We ought to put as much responsibility at the local level as possible. Schools need not be area wide functions. The financial aspect is really important not only for providing money for functions and for these two departments. It is important when the State is going to have a few billion dollars for oil alone that might be spent for state government--the alternative is to give the money to the people, to the cities, etc. This is going to be very important. We need a governmental structure that would be suited to representing the people and the areas of Alaska effectively. It is time to act. If you