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ISSUES OF REGIONAL GOVERNMENT IN ALASKA

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PREFACE

Those portions of the state not in organized boroughs constitute, under existing law, a single unorganized borough. This area is largely a governmental no-man's land, although it does contain a large number of widely-scattered incorporated as well as unincorporated villages and towns. Most of these places lack the resources and scale necessary for effective local government. The result is that most of rural Alaska is without self-government and lacks governmental structures needed for the delivery of services to a significant part of Alaska's population.

Increasingly, regional governmental needs are being recognized and new organizational moves are anticipated in the near future. The purposes of this study are to help policy makers and local citizens to understand more fully the issues and the complexities involved, place the problem in the perspective of regional organization to date, and suggest approaches to policy making and action.

This study builds upon and continues previous ISEGR research on local and regional institutions and intergovernmental relations. Earlier work was funded by the U. S. Department of Housing and Urban Development, the Title I program of the Higher Education Act of 1965, administered by the Office of Education, U. S. Department of Health, Education and Welfare, and the Economic Development Administration. The present report was supported in part by the National Science Foundation through ISEGR's Man in the Arctic Program, which is concerned with the utilization of research for dealing with major social and economic problems of Alaska.

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I. INTRODUCTION

Alaska's governmental system is only partially developed. Despite frequent complaints about too much government, vast reaches of the state have little if any governmental presence. Settlement of the Alaska Native land claims and authorization of the trans-Alaska oil pipeline have directed increased attention to establishing new regional governments -- boroughs -- and related local institutions in rural areas as means of achieving several objectives:

- Local self-government.
- Provision of better public services in rural areas.
- More equitable distribution of state wealth.
- Assumption of appropriate property tax burdens in rural areas.
- Local taxation of resource development properties.
- Decentralization of educational and other state services.

These objectives are, however, subject to conflicting interpretations and emphases by divergent urban and rural interests, the state and its local areas, have and have-not regions of the state, Natives and non-Natives, and public and private interests. Moreover, these conflicts are likely to be exacerbated by construction of the pipeline and further oil and gas development, as well as by implementation of the lands claims settlement: these developments will intensify competing demands for shares of greatly increased wealth within the state and effect a redistribution of economic and political power.

Apart from and preceding these recent developments, the most insistent demands for rural organization have come not from rural legislators or groups in the unorganized areas of the state but from urban-based legislators and groups in organized boroughs who have sought to extend regional governmental

services and taxation to unorganized Alaska. Their complaint has been that people in organized boroughs are paying borough taxes as well as state taxes, while people outside of these places pay state taxes only and thus receive a "free ride" from the state for certain essential local-based services, principally education.

In their defense, rural leaders have pointed out that taxable resources are so sparse in their areas that tax assessment and collection would be impractical in most places. On the other hand, where resources clearly exist -- the North Slope being the outstanding instance -- governmental organization and taxation programs have followed. (Even here, however, the state government has recently moved to restrict local tax authority and to transfer tax revenues to other parts of the state.) Now, with implementation of the Native land claims settlement underway throughout unorganized Alaska, and the prospect of new revenue-producing enterprises in rural regions, pressures are increasing in rural as well as urban regions to establish new boroughs of one form or another in the unorganized rural areas. It is now the forms, conditions, and timing of extending regional government to rural Alaska that are increasingly at issue.

Alaska's brief history with regional government has demonstrated that thoughtless tinkering with the borough system can be a dangerous game, both politically and institutionally. Needed now is understanding of the implications of establishing boroughs, of what boroughs are and could be, of what they should do and should not do. In fact, it is knowing the extent to which boroughs cannot solve problems that may be most important right now. Furthermore, the process of creating the North Slope Borough has demonstrated that the policies and precedents of a decade and more ago, devised to meet the

objectives of borough organization in Alaska's urban areas, are ill-adapted to the current problem in unorganized Alaska.

One obstacle today is absence of clear state government policy for responding rationally to new circumstances and for acting to establish a statewide system of boroughs. We have previously written on borough government and the state role in Alaska's local governmental system,* and it is clear to us that state government must be "out front" on this issue. It is only when the state has a concept of what rural boroughs and the statewide system of regional governments should be that there can be adequate assurance that legislation and other actions toward governmental organization will be responsive not just to special pressures or whims of the times, but will be in the long-term public interest.

We attempt in this study to interpret Alaska's experience to date and apply it to the situation that now faces the state and its regions. Our intention is to complement studies currently being conducted by the Department of Community and Regional Affairs, and related efforts of the Local Boundary Commission, Department of Education, and other state and local agencies. The task is undertaken in the belief that the broad objectives -- maximum local self-government, optimal decentralization of government services, and fair-sharing of public costs and benefits -- are commonly held and that this paper can contribute to meeting these objectives.

We do not argue for immediately "organizing the unorganized borough." There is really no pressing need to finally "solve" the unorganized borough question. More important, Alaska's regions remain much too diverse,

*Thomas A. Morehouse and Victor Fischer, Borough Government in Alaska (Fairbanks: Institute of Social, Economic and Government Research, University of Alaska, 1971).

their governmental needs and capabilities much too varied, their prospects for economic development much too uneven and uncertain to support a single, fully elaborated policy of regional government organization that would apply uniformly, once and for all, throughout the state.

What we are suggesting is an open-ended and flexible statewide policy framework for regional organization, one that will guide the state through the process of filling out the regional government pattern during the next few years. Basic to our approach is the concept of new boroughs, and the restructuring of existing boroughs wherever possible, as regional governmental units between state and local governments. These regional boroughs would be both organized and unorganized. Given a general scheme for subdividing the state into regional government units, local action to incorporate boroughs can be accommodated, and later state legislatures and administrations can, in the light of changing conditions and needs, establish future policies affecting the state-regional-local allocation of functions and finances.

This study first analyzes the borough situation to date: the constitutional base, the establishment of existing boroughs, and some of the problems and ambiguities that have evolved. We then review recent proposals to organize the unorganized borough and go on to discuss recent trends in borough organization. Finally, we present conclusions relating to establishment of regional boroughs throughout Alaska, and some suggestions for state policy and its implementation. Throughout, we keep in mind that the choice both of goals for regional government and of means to achieve them must ultimately involve political decisions. The purposes of this paper will be accomplished if we succeed in indicating some of the choices available, identifying significant criteria for choice, and showing the kind of analysis that is needed to support

rational policy making for borough organizational development in Alaska during the 1970's.

II. THE BOROUGH SYSTEM TO DATE

Eleven organized boroughs have been established so far, primarily in the urban areas of the state. The geographic bulk of Alaska remains a single unorganized borough. (Figure 1) Actually, this area is a non-borough, for it has no structure or functions, it has no geographic rationality, and it meets no constitutional criterion for boroughs. It is simply what is left over after subtracting the organized boroughs. This persistence of the unorganized non-borough in most of rural Alaska -- and in some areas of urban Alaska as well -- is an apparent violation of the state constitution.

Alaska's constitution provides that "The entire State shall be divided into boroughs, organized or unorganized," and further that "The legislature shall provide for the performance of services it deems necessary or advisable in unorganized boroughs, allowing for maximum local participation and responsibility." The state legislature is specifically authorized to "exercise any power or function in an unorganized borough which the assembly may exercise in an organized borough."* Not only has the legislature chosen not to exercise this authority (it is not required to do so, and it may well be politically unwise to try), but "unorganized boroughs" have never been established anywhere in Alaska.

Constitutional Background**

The Alaska state constitution provides only a very general framework for establishing organized and unorganized boroughs; it does not define borough forms or functions, or establish the process by which boroughs are to be created.

*Alaska Constitution, Article X, Sections 3 and 6. The assembly is the legislative body of an organized borough.

**This section draws directly from Morehouse and Fischer, Borough Government, pp. 39-41.

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The idea was to provide the basis for evolution of the local government system by laying out fundamental principles and objectives, such as maximum local self-government, flexibility to adapt to regional differences and changing conditions, and active state participation in making the system work.

The constitution writers intended that all of Alaska be subdivided into logical borough units. Depending on readiness and capability for government, these would be classified as organized or unorganized boroughs, and the people of each area would then be able to determine the details of their own governmental units. It was visualized that boroughs could proceed from unorganized or limited-function status to self-government under home rule charters. Boundaries were to be left flexible in order to permit future adjustment to growth and changing requirements for the performance of regional functions. Recognizing the varying fiscal capabilities of different regions, constitutional convention delegates anticipated that state subsidies would be necessary.

Unlike organized boroughs, legally municipal corporations, unorganized boroughs were regarded as instrumentalities of the state. They would serve as vehicles for decentralizing and regionalizing state services and for fostering local participation in the administration of state programs within regions not ready or suited for corporate municipal status.

Although the convention perceived that some parts of the state would not soon be ready for incorporation as organized boroughs due to fiscal and administrative inability to support areawide functions, it was nonetheless intended that people of unorganized boroughs should assume as much responsibility as they were capable of at any given time. The purposes were to ensure that both state and federal programs serving the area were responsive to the needs and the conditions of the particular region, and to encourage at least partial self-government.

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The constitution writers concluded that organized and unorganized borough government boundaries should be determined at the state level for several reasons:

first, the delineation of boroughs required a statewide analysis of pertinent considerations; second, the state had a direct interest, since the borough was to serve not only as a local government but also as a unit for the provision of state services; third, it was generally believed that an objective analysis of relationships between adjacent local units could only be made at a higher level; and fourth was the belief that strictly local political decisions do not usually create proper boundaries.*

The state-level Local Boundary Commission was thus established under the constitution to exercise broad authority for boundary setting and change, while the Local Government Agency (now the Department of Community and Regional Affairs) was created to "advise and assist" local governments and to function as the state's central policy unit for local government affairs.

The constitution writers did at one point consider leaving some areas of Alaska outside of any organized or unorganized borough. But they rejected this notion and decided that all of the state should be brought within borough divisions.** At the same time, there was some concern that areas might prefer to remain unorganized, letting the state fund and administer necessary services. However, delegates believed there was sufficient reason to expect that people in all parts of the state would eventually seek organization. In the first place, they anticipated that the state would offer special benefits to organized boroughs, e.g., refunding of state taxes. Second, it was assumed that there would be a desire for home rule. And third, it was expected that the state would offer additional (unspecified) inducements to organize and move toward home rule.***

*Ibid., pp. 51-52.

**Alaska, Legislative Council, Alaska Constitutional Convention Proceedings, November 1955 to February 1956 (Juneau, 1965), p. 2650.

***Ibid.

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Some convention discussion was devoted to the possibility of the state requiring borough organization once an area reached a given stage of development, which was not defined, but the consensus seemed to be, as stated by one delegate, that "if we force [organization] upon the people, . . . you're going to have it taken with resentment and probably a lack of good government.*

The key provision, which the convention delegates finally adopted, reads as follows:

The entire state shall be divided into boroughs, organized and unorganized. They shall be established in a manner and according to standards provided by law. The standards shall include population, geography, economy, transportation, and other factors. Each borough shall embrace an area and population with common interests to the maximum degree possible. The legislature shall classify boroughs and prescribe their powers and functions. Methods by which boroughs may be organized, incorporated, merged, consolidated, reclassified, or dissolved shall be prescribed by law.**

Explicit constitutional language, together with the record of convention proceedings, thus strongly suggests that a number of unorganized as well as organized boroughs were to be created in Alaska, that they would emerge through local voluntary action prompted by state "inducements," and that the state would retain authority over boundary determinations.

After the 1955-56 convention, one of the convention's local government consultants as well as the first state Local Boundary Commission urged that initial state laws implementing the borough provision of the constitution reflect a cautious, minimum, step-by-step approach. They shared the view that only a small number of large "regional-type" boroughs (possibly as few as four) should be created. The consultant in particular recommended that boroughs

*Ibid., p. 2651. Also see Morehouse and Fischer, Borough Government, pp. 61-62. Eight of the nine original organized boroughs incorporated in the mid-1960's were nonetheless created under a state imposed mandate. Circumstances and consequences are discussed further below.

**Alaska Constitution, Article X, Section 3.

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initially be unorganized and designed to serve primarily rural areas. In urban areas, on the other hand, it was felt that expansion of existing cities to encompass urbanized and urbanizing areas around them would be the most reasonable course, and the one most in keeping with the constitutional purpose of providing "maximum local self-government with a minimum of local government units, and [preventing] duplication of tax-levying jurisdictions.* These and other authorities were, however, ignored or overridden when the state legislature passed the basic borough laws in 1961 and 1963.

Evolution of Boroughs 1959-1973

Accounts of the borough formation experience in urban Alaska have been presented elsewhere in detail.** Here we will focus on some of the more pertinent problems of the borough formation and subsequent periods, discuss current organizational trends among the existing boroughs, and, finally, draw some implications for the present case of the unorganized borough.

In establishing the borough system in the early years of statehood, state policy makers worked from inadequately developed interpretations of constitutional provisions and loose definitions of borough forms and purposes. The result was local resistance to borough formation, which in turn led to state-imposed incorporation, and, for several years thereafter, resentment and suspicion of boroughs and of the state officials and agencies identified with these initial borough government policies.***

*Ibid., Article I, Section 1. See Public Administration Service, Local Government Under the Alaska Constitution, by John E. Bebout (Chicago, 1959), p. 71; and Alaska, Local Boundary Commission, First Report, to the Second Session of the First Alaska State Legislature, February 2, 1960 (mimeo), pp. 7-9.

**Morehouse and Fischer, Borough Government; and Ronald C. Cease and Jerome R. Saroff, eds., The Metropolitan Experiment in Alaska (New York: Praeger, 1969).

***See Morehouse and Fischer, Borough Government, especially chapter 4, "Establishing the Boroughs," for full discussion of the problems and events discussed in this section of the paper.

It is now clear that neither constitutional nor statutory standards for borough incorporation are sufficiently definitive in meaning or effort. They are written in broad terms, leaving policy makers with too little guidance. As noted earlier, the constitution states that organized and unorganized boroughs must be established in accordance with "standards provided by law" and that the "standards shall include population, geography, economy, transportation, and other factors."* Neither in their initial 1961 form, nor in their current revised form, do the required statutory standards say very much more than that.**

*Alaska Constitution, Article X, Section 3.

**The revised and consolidated municipal code of 1972 includes the following provision, which relates to organized boroughs only:

Sec. 29.18.030. ORGANIZED BOROUGHES. An area may incorporate as an organized borough if it conforms to the following standards:

(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;

(2) the boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of local services;

(3) the economy of the area includes the human and financial resources capable of providing local services; evaluation of an area's economy includes land use, property valuation, total economic base, total personal income, resource and commercial development, anticipated functions, expenses, and income of the proposed borough;

(4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated local government.

For a practical demonstration of how such standards may be interpreted and applied in a given case, see Judge Eben H. Lewis' Memorandum Decision, No. 72-834, Superior Court for the State of Alaska, Third Judicial District, January 19, 1973, in the case of Mobil Oil Corporation vs. Local Boundary Commission, et. al. In this case, Judge Lewis ruled against the oil company's challenge to incorporation of the new North Slope Borough, and he was applying the standards of previous law, which were somewhat more confining than those quoted here. The Alaska Supreme Court subsequently upheld his decision.

Although the constitution writers specified that boroughs and cities were to be the only legal forms of local government, and that special districts were to be absorbed by boroughs when the latter were organized, they did not set a time limit for incorporating boroughs and integrating special districts.* The state legislature, with the Borough Act of 1961, nonetheless set a two-year time limit for the integration of special districts (independent school districts and public utility districts), anticipating that boroughs would be incorporated within that period by local action.**

As the end of that period approached and little but conflict and stalemate had resulted from state efforts to move local groups toward borough incorporation, the legislature passed the Mandatory Borough Act of 1963.*** This act required, by the end of the year, incorporation of boroughs in eight urban areas containing special districts. If these areas were not incorporated by local action before the year-end deadline, then the state would step in and incorporate them directly. Thus, forced incorporation occurred in all eight areas, although the state exercised its power directly in only four. The Ketchikan, Sitka, Juneau, and Kodiak boroughs were incorporated, under duress, a few months before the deadline. The Anchorage, Kenai, Matanuska-Susitna, and Fairbanks boroughs were incorporated directly by the state on January 1, 1968. The Bristol Bay borough was the only one of the original nine boroughs to incorporate voluntarily,

*Alaska Constitution, Article X, Sections 2 and 15. However, another part of the constitution (Article XV, Section 3) apparently "froze" all existing laws applying to special districts, and this was used as an argument for establishing boroughs as soon as possible.

**Chapter 146, Session Laws of Alaska, 1961.

***Chapter 52, Session Laws of Alaska, 1963.

in 1962. The third-class Haines Borough was not incorporated until 1968, despite the presence of an independent school district.*

During this whole period, there was particularly strong local resistance to extensive regional boroughs that would, for the first time, extend local government taxing and other powers into areas where education and minimal public safety and road maintenance services were already being provided by the state at no extra cost to local property owners. Generally, on the question of borough size and boundaries, localistic interests prevailed and the contenders settled expediently on election district boundaries for boroughs in the selected areas.

Such were the circumstances under which local government regulation and taxation were extended to people living in areas adjacent to incorporated cities and special districts at the time. Like today's proponents of mandatory incorporation for the unorganized borough, at least some of the partisans of borough incorporation ten years ago were insistent on forcing local taxation on areas previously served, without local contribution, by the state. Then, however, the areas concerned could reasonably be considered part of and brought into relatively developed regions, and the argument for greater tax equity was correspondingly strengthened. In most of rural Alaska today, this does not appear to be the case. Moreover, it can be anticipated that an across-the-board policy of mandatory incorporation may be met with "resentment and probably a lack of good local government" in rural Alaska, as it was a decade ago when boroughs were mandatorily incorporated in the urban areas of the state.

*Haines, in effect, was granted an exception to borough law requiring incorporation as a first- or second-class borough where independent school districts were located. In our view, this ad hoc authorization of a third-class or "school" borough was special or local legislation in the guise of general legislation, and compounded the original error of establishing boroughs on an independent school district base. The third-class borough now stands as an option that further complicates the problem of achieving a rational pattern of general local and regional government in the state.

The exception to the earlier pattern of borough creation in urban areas came about in 1972, when the 88,000-square-mile North Slope Borough was incorporated. This extensive rural region, containing some 3,500 people in five widely-scattered villages, was organized despite local legal challenges by oil companies and through the aggressive action of the Arctic Slope Native Association, which was motivated directly by the hundreds of millions of dollars in taxable property values at the Prudhoe Bay oil fields. At the same time that its powers of taxation were still under oil industry attack in the courts, the new borough's tax base was severely restricted by new ad valorem tax legislation enacted in the 1973 special session of the legislature.*

In summary, state policy makers, starting from open-ended and non-definitive constitutional provisions, focused narrowly on the question of integrating the special districts, set themselves a time limit, failed to meet it, and then forced boroughs into being. The result was not only local resentment, which has since for the most part dissipated, but narrowly defined, limited function borough governments, most having expedient and largely accidental boundaries.**

*Chapter 1, Session Laws of Alaska, First Special Session, 1973. The legislature established a direct tax upon specified classes of petroleum related properties and limited the effective tax of local governments within whose jurisdiction such properties were located. Most urban legislators were particularly insistent upon limiting the amount of tax revenue accruing to the North Slope Borough, while protecting existing and prospective revenues of the Kenai and Fairbanks boroughs.

See David H. Getches, "The North Slope Borough, Oil, and the Future of Local Government in Alaska," UCLA-Alaska Law Review, Vol. 3, No. 1 (Fall, 1973) pp. 55-84, for discussion of legal and political aspects of the incorporation and taxation issues.

**Officials of the state Local Affairs Agency in 1961 disingenuously rationalized the one unorganized borough by arguing that, since 1913, when the First Territorial Legislature was established, Alaska had been, in effect, one large unorganized borough under the legislature, and that the Borough Act of 1961 provided the tools for carving several organized boroughs out of it. What remained, they argued, would continue directly under state legislative supervision as "an unorganized borough within the meaning of the state's constitution." (Alaska, Local Affairs Agency, Alaska Local Government, Juneau, May 1961.) We question both the logic and constitutionality of this line of reasoning.

These problems of definition, functions, and boundaries have persisted and now present major difficulties in dealing with the issue of the unorganized borough. For the question of what to do about the unorganized borough raises basic questions about the concept and entire system of borough government in Alaska, particularly about what boroughs are and are likely to become.

The Emerging Character of Boroughs

The question -- What are boroughs? -- has been asked ever since the concept was first discussed at the constitutional convention. It was accompanied by another query -- What areas should they cover? Both questions are still pertinent today.

Constitutional convention delegates were vague in providing answers. Their approach was to devise a scheme that would fit the needs of the many diverse parts of Alaska -- then, now, and in the future. They did not want to specify functional or geographic standards. Rather, they conceived of the borough as a unit that could do anything: it could range from the ultimate self-governing, home rule jurisdiction to an area within which minimal services were provided by the state.

The constitution, therefore, is completely silent on the functions of a borough. It is a unit of local government that can be an incorporated municipality or a service arm of the state. Its boundaries are not fixed, though it is to be established taking into account population, economy, geography, and other factors. The task of giving life to the constitutional concept of the borough was left to the legislature, which, as indicated, acted in short-run, ad hoc terms in establishing the original boroughs.

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Borough Functions

The 1961 legislature provided for boroughs in two classes: first-class boroughs that could exercise any municipal powers and second-class units that were more restricted in scope and authority. In both types of boroughs certain minimum functions were required: tax assessment and collection, education, and planning and zoning. The legislature subsequently authorized third-class boroughs, which were permitted only to provide for public education and to assess and collect taxes. First-class boroughs were permitted to write and adopt home rule charters. Although, with the exception of third-class boroughs, few statutory constraints have been imposed upon the potential scope of borough functions, the procedures for actually assuming new functions are sometimes very cumbersome if not restrictive.*

Though present statutory authorities may be restrictive or inappropriate, particularly in rural regions, they can be changed by charter or by the legislature if necessary. The legislature may amend existing provisions of law or establish a new class or classes of boroughs. More complex -- and more important because of the longer-term effect -- is determining the boundaries of future boroughs, given the varying degrees of rigidity of present borough boundaries and the lack of any guiding state policy.

Borough Definition and Boundaries

A fundamental ambiguity built into the borough concept from the beginning was whether the borough should be regarded as an extensive rural regional unit of government, a more limited urban area or "metropolitan" government, or both.

*See Morehouse and Fischer, Borough Government, pp. 73, 92; also, for statutory procedures, including recent amendments, see Alaska Statutes, Title 29, Chapter 33, Article 5, and Chapter 38.

The actual course of borough organizational development and the confusion surrounding it can be traced largely in terms of this issue. Dealing with the unorganized borough problem will entail reducing or eliminating this ambiguity and attendant confusion, in the first instance in state policy and ultimately in the actual structures of borough government. Thus, we disagree with those authorities who, in answering the question of "whether the borough is a 'metropolitan' or 'regional' government," have argued:

Actually the borough is a regional form of government. The main question is whether it is a metropolitan region or some other sort of region . . . We do not see a need to impose one definition or another, but note that, depending on circumstances, the borough can be used as a flexible and adaptable tool of government.*

Openness and adaptability are generally to be desired in such matters, but this clearly is semantical sleight-of-hand and a form of question begging. To "impose" or not to impose was not the real issue; it was to rather to define either or both forms so that a rational statewide pattern of borough jurisdictions might ultimately emerge. As indicated, the record of the constitutional convention provides little guidance on this or other significant questions concerning the very definition of borough government. The need for an "areawide" unit was simply taken for granted, and there was little discussion of its practical scope, purpose, or functions.**

Failure to deal directly with the question of geographic definition -- particularly the "regional" versus "urban area" or "metropolitan" distinction -- either by the constitution writers or subsequently by state legislators and administrators, resulted in the development of an improvised, often irrational, pattern of organized boroughs.

*Cease and Saroff, The Metropolitan Experiment in Alaska, p. x.

**See Morehouse and Fischer, Borough Government, p. 39, et. passim.

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The 11 organized boroughs today include a variety of types: the home-rule city-boroughs of Juneau and Sitka, the urban-oriented second-class boroughs of Anchorage, Fairbanks, and Ketchikan, the "dispersed area" boroughs of Matanuska-Susitna and Kenai, the small and somewhat anomalous Bristol Bay Borough, the third-class (education only) borough at Haines, and the immense North Slope Borough. These boroughs were established not in any systematic, adaptive fashion, but in response to an extremely irregular pattern of pressures and demands. State agencies and local groups fought over their size, powers, functions, and, in several cases, even the very need for them. In addition to the Mandatory Borough Act of 1963, the results were determined largely in terms of how effectively local groups resisted uncertain state agency directions.*

The diversity that resulted might seem to suggest a desirable adaptation to different conditions and needs throughout the state, something the constitution drafters were striving for. The combination of non-policy, laissez faire, and urgent action approaches actually followed, however, now handicaps the further development of a regional governmental system for the state. The difficulty lies not so much in the fact that the borough concept has been further obfuscated, but in the fact that the large and the small, the urban and the regional boroughs established to date, with their frequently irrational boundaries, have preempted much ground that is needed to deal with the unorganized borough problem.

Urban and Regional Boroughs

Today's borough geography thus reflects the difficulties of the formation period. As indicated, some boroughs are regional in nature, others cover urban and surrounding areas, and, in yet other cases, boroughs either do not cover any definable type of region or they extend partially into adjacent regions distinguishable from them.

*Ibid., pp. 74ff.

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Two clear forms have evolved, however: regional boroughs and urban boroughs. Existing regional boroughs cover extensive areas and include several widely-dispersed small communities, incorporated and unincorporated. Urban boroughs, on the other hand, have a population concentrated primarily in a central city area. Table 1 lists the nine boroughs that can be identified as conforming to one or the other of the two types. Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka are urban boroughs. Kenai Peninsula, Kodiak Island, Matanuska-Susitna, and North Slope are regional boroughs.*

All boroughs, except third class, have responsibility for education, planning, and tax assessments and collection. In addition, regional boroughs are or can be concerned with economic development, recreation, transportation, and borough support of local (i.e., city) efforts. In regional boroughs prime responsibility for urban services rests with individual cities within them, while service areas meet special local needs.

Urban boroughs generally have substantial urban cores consisting of one or two cities and their suburban areas. The extent of non-urban area coverage varies greatly, with the Anchorage and Ketchikan boroughs being relatively small (1,500 and 1,240 square miles respectively), while others cover much larger areas (Sitka, 2,900, and Fairbanks, 7,500 square miles). Outside of their urban centers, most urban boroughs are undeveloped, though there may be a few scattered settlements in the outlying areas. In each of these boroughs, the central urban area includes at least three-fourths of the total population. Public service needs, both inside and outside of the incorporated cities, are primarily for urban services: water, sewer, garbage collection, fire protection, libraries, and the like.

*The two boroughs not listed are Bristol Bay and Haines. Neither conforms well to either the urban or regional type, or even to the very general legal standards for boroughs set forth in the 1961 borough act or in the 1972 Municipal Code cited earlier.

TABLE 1

REGIONAL AND URBAN BOROUGHES

Regional Boroughs

Borough	Area (sq. mi.)	Pop. of Borough	Pop. of Major City	No. of Other Cities	Pop. of Other Cities
Kenai Peninsula	25,600	16,309	3,533	5	4,545
Kodiak Island	4,500	6,695	3,859	4	367
Matanuska-Susitna	23,000	8,868	1,500	3	76
North Slope	88,281*	3,500**	2,307	4	981

Urban Boroughs

Borough	Area (sq. mi.)	Pop. of Borough	Pop. of Major City	No. of Other Cities	Pop. of Other Cities
Anchorage	1,500	154,610	76,610	3	257
Fairbanks	7,500	34,124	24,238	1	265
Juneau	3,100	16,458			
Ketchikan	1,250	10,379	7,532	1	209
Sitka	2,900	6,109			

SOURCE: Directory of Borough and City Officials, 1974, Alaska Local Government, Volume XIII, No. 2. Juneau: Department of Community and Regional Affairs, January, 1974.

*North Slope Borough Reconnaissance Study - An Inventory of the Borough and Its Communities, Dupere & Associates, 1973, p. 4.

**Ibid., 1970 estimate.

Some Current Problems of Geographic Delineation

While existing organized boroughs do function in their own different fashions, we have indicated that their geographic coverages complicate the task of establishing new boroughs in unorganized Alaska. In southeastern Alaska, for example, major settled and undeveloped areas are included in four boroughs, while most of the panhandle and its communities remain part of the extended and physically divided unorganized borough. Other difficulties in subdividing the unorganized borough are associated with the Bristol Bay, Fairbanks, and Matanuska-Susitna boroughs, which create subregional enclaves in an otherwise unorganized area or inter-regional overlaps and conflicts. Still another geographic problem exists in the greater Cook Inlet region, which consists of the Matanuska-Susitna, Anchorage, and Kenai Peninsula boroughs. These boroughs carve into three separate parts one socio-economic and geographic region centering on the expanding urban area of Anchorage.

Further, some areas still remain unincorporated although they exhibit or exceed conditions associated with borough incorporation in other areas. The major criterion for determining where borough incorporation would be required under the 1963 Mandatory Borough Act was whether there was an independent school district in the area. These districts existed in urban areas where, during the preceding two decades, development had expanded beyond corporate city limits and voters approved establishment of an areawide (more-than-city) unit for administration of schools. But similar growth occurred in other communities that did not choose to incorporate independent school districts. The result is that in a region such as southeastern Alaska, some urban areas are in boroughs (Haines, 1970 population, 463; Sitka, 3,370; Ketchikan, 6,994) while others are not (Skagway, 675; Petersburg, 2,042; Wrangell, 2,029). Also, in the same region,

three sets of paired (physically proximate) cities present contrasting cases: Juneau and Douglas are now in one borough, Petersburg and Wrangell are outside of any borough, and Haines is in a borough while Skagway is not.

Approaches to the unorganized borough problem that would account for, and hopefully resolve, the complex geography of existing borough jurisdictions are discussed below. First, however, some pertinent recent developments on the borough scene should be noted.

Continuing Problems and Trends

After some years of turmoil, uncertainty and resentment, organized boroughs are for the most part accepted wherever they exist. They have experienced (except for the statutorily limited Haines Borough) continuing expansion of public service demands, functions, and budgets. This trend has been reinforced by Alaska's state-local revenue-sharing program, which is designed to encourage boroughs (as well as cities) to take on more than the minimal functions required by law.

Another important development is the borough-city unification movement. This movement, beginning in the Anchorage area within a few years after incorporation of the original boroughs in 1963-64, was stimulated largely by competition and conflict between areawide borough and city interests over the division of territory and functional authority. Significantly, unification efforts have been made in each of the five "urban boroughs" where the two forms of local government converge on a common urban core. Since 1970, unification charters consolidating city and borough governments have been adopted in Juneau and Sitka. Similar efforts have so far failed, however, in Anchorage, Fairbanks, and Ketchikan.* In any case, single areawide municipalities are now emerging that

*See Morehouse and Fischer, Borough Government, pp. 104-107 for further background discussion of the unification movement.

would not have occurred by means of city annexation, which has been consistently thwarted in Alaska's major urban areas. The problem of localized resistance to absorption in urban areawide municipalities (city-boroughs) is being met in unification charters through use of differentiated tax and service areas together with related local institutional checks on decisions made at the areawide level. Similarly, the use of service areas and incorporation of cities within boroughs may in part neutralize local resistance to organized and unorganized regional boroughs elsewhere.

There is, further, a concurrent movement toward "regional boroughs." The newly created North Slope Borough has joined Kodiak as another of the "natural" regions to be organized as a borough. In other parts of unorganized Alaska, Native regional corporations and other groups are showing interest in creating regional boroughs coterminous with corporation boundaries.

Both unification, to the extent that it does persist, and regionalism are rationalizing tendencies in Alaska's local government system. That is, they are to some extent sorting out purposes and functions of local government and are contributing to a more rational municipal geography. There are definite limits, however, to how far these developments may reach under "their own power," given inevitable inertia in the established system. But it is also worth noting that these adjustments have been and are occurring largely in the absence of any state guidance or encouragement. Now, as pressures mount to deal with the unorganized part of the state, the legislature is beginning to give further consideration to steps in the development of Alaska's borough system.

III. PROPOSALS TO ORGANIZE THE UNORGANIZED BOROUGH

Bills have been introduced in the state legislature almost perennially since statehood in 1959 to do something about the unorganized borough, which persists as a piece of unfinished constitutional business. But what steps must be taken in order to "finish" this business?

There is nothing in the constitution specifically requiring that organized boroughs exist throughout the state, or dictating their form or powers. As we have seen, the wording and intent of the constitution is only that: first, the entire state must be divided into boroughs; second, these boroughs may be either organized or unorganized; third, they are to be established in accordance with broad socioeconomic and geographic standards; and fourth, the state legislature is authorized, but not required, to act as the assembly of an unorganized borough.

The critical constraints on legislative action are thus not constitutional, but mainly political and economic. It is, of course, presumed that the political values of self-determination and participation are as valid for Alaskans in the unorganized borough as for Alaskans in organized boroughs. But the economic resources needed to sustain organized borough government in what is presently unorganized rural Alaska are, relative to urban areas, very sparse and unevenly distributed. In general, the constraints on legislative action have to do both with decisions that have already been made, i.e., the establishment of existing organized boroughs with their ad hoc boundaries, and with decisions yet to be made about the timing, functions, resources, and boundaries of new boroughs, organized and unorganized.

Although the details of future unorganized borough structures and powers can be multiplied and can vary considerably, the overall policy directions that may be taken by the state legislature are relatively few, and they consist of

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alternative structural and financial arrangements. Structurally, the legislature can make borough incorporation mandatory or optional, or it can establish unincorporated advisory structures only. Financially, the legislature can provide for the support of these structures through increased state funding and/or increased local taxes, or simply by leaving fiscal arrangements more or less as they are.

Given these alternatives, a limited number of policy "sets" and consequences follow:

1. The state can mandate borough organization and provide fiscal inducements and support, especially for the major costs of education; local funds would supplement state support.
2. If incorporation is to be mandated and state funds are not provided to pay virtually all local education program costs, then new local property or other taxes will be required.
3. If incorporation is optional or if unincorporated advisory structures only are established, then new funds would need to be available only if and when the incorporation option is exercised, or if the advisory structures were established and required to carry out any significant new functions in the area.
4. In the absence of new funds from state or local sources, then an option to incorporate -- bringing with it the obligation to operate a public education program and contribute funds to support it -- would not likely be exercised in most areas of rural Alaska during the next few years.

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5. Also in the absence of new funds, any advisory structures established would not be likely to assume any significant regional functions.

Several new borough bills, none of them enacted, were introduced in the state legislature in recent years; each can be characterized in terms of these alternatives. Most have dealt with general-government boroughs, though, most recently, proposals have been made to use the borough system, directly or through borough service areas, to meet objectives of school decentralization.

General Borough Legislation

In 1973, Representative Tom Fink, Speaker of the House, proposed a bill (H.B. 122) that would require the incorporation of organized boroughs in all of unorganized Alaska by 1977. The Fink bill included no provisions for new financial support for these boroughs, nor was any companion legislation introduced for this purpose. The bill would, therefore, deny a local option to incorporate, and, in effect, force new local taxation. Governor William Egan and rural area legislators took exception to the Fink bill because of the mandatory approach and, as stated by the governor, because "in most cases an adequate revenue base for local government does not yet exist" in rural areas.* Representative Fink, on the other hand, argued that "government should be as local as you can make it," that borough organization should indeed be "forced," and that the land claims settlement should soon begin to provide the necessary local revenue bases in rural areas.**

*William A. Egan, "Remarks" before Alaska Federation of Natives board of directors meeting, Juneau, Alaska, January 27, 1973.

**Anchorage Daily Times, January 24, 1973.

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The Fink-Egan "exchange" thus touched on major underlying issues of borough formation in rural areas: the political advisability of forcing borough organization and the economic viability of new boroughs that may be created. Other approaches to borough organization in rural Alaska have attempted either to deal directly with the question of financial support, or to moot that issue by authorizing local optional incorporation or by establishing "low-cost" advisory structures supported, insofar as necessary, from existing sources. (See Table 2)

Table 2. Comparison of Selected Unorganized
Borough Bills Introduced in State Legislature, 1969-1973

Finances	Structures		
	Mandatorily Organized	Unincorporated - Advisory	Optional
Mainly Increased State Support	ADE Bill 1973 (S.B. 122)		RADG Bill 1970 (H.B. 738) Gov's 1972 "Package" (H.B. 596, 597, 598)
Mainly Increased Local Taxes	Fink Bill 1973 (H.B.122)		
Little Fiscal Change		Gov's Bill 1969 (S.B. 101) Gov's Bill 1971 (H.B. 161)	Gov's Bill 1972 (H.B. 596) Gardiner Bill 1973 (H.B. 291)

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Former Governor Keith Miller in 1969 proposed, for example, that only unincorporated borough advisory structures be created for various planning and coordination purposes (S.B. 101, 1969). In 1971, Governor Egan proposed similarly that "regional service areas" and advisory commissions be established in the unorganized borough, again with various planning and coordination functions only (H.B. 161, 1971). Neither of these bills would have significantly changed matters in rural Alaska in the short run. However, they would have created a structural and jurisdictional pattern that, once legislated and in effect, might have been very difficult to revise in the future, regardless of subsequent changes in their legal status and in concepts of their purposes and functions.

Contrasting with these minimum change, low-cost (at least in the short run) proposals are 1970 and 1972 proposals of the Rural Area Development Group (RADG) and the governor, respectively. RADG was an informal coalition of rural Alaska leaders who, following on the \$900 million North Slope lease sale of September 1969, developed a borough organization plan that would serve primarily as a conduit for state money to rural areas (H.B. 738, 1970). "Regional unorganized boroughs" headed by elected regional councils would have been established primarily to receive and determine the expenditure of money from a fund consisting of a substantial portion (40 per cent) of state mineral leasing revenues. (That the boroughs would be unorganized or unincorporated, but the councils would have more than advisory powers, accounts for the placement of this bill, spanning two categories, in Table 2.)

In 1972, on the other hand, Governor Egan proposed that boundaries be drawn subdividing the one unorganized borough into several unorganized boroughs whose residents would have the option of incorporating as organized boroughs

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at a future time of their choosing (H.B. 596, 1972). This bill was part of a local government legislative package that would also have provided new tax revenues to be used, in part, to support the new unorganized boroughs. Revenues would have been derived from state imposed property taxes on the trans-Alaska oil pipeline and on property in unorganized borough areas generally (H.B. 597, H.B. 598). The Governor's 1972 package was resisted by rural area legislators, among others, in part and for some of the same reasons that they (and the Governor) opposed Representative Fink's bill a year later, in 1973: both would have imposed new property taxes in many areas where resources were very sparse and where local resistance to new taxes was inevitable in any case.*

The last bill to be mentioned here not only rejected mandatory incorporation but avoided the tax issue. Representative Terry Gardiner of Ketchikan in 1973 introduced a bill, almost identical to the Governor's 1972 bill (H.B. 596). Gardiner's bill (H.B. 291, 1973) would establish structures that could either remain unincorporated (unorganized), with elected advisory councils, or choose to incorporate at a future date as boroughs of any class or as home rule boroughs. The Gardiner bill avoids the financing problem, as did previous "minimum cost" proposals of Governor Miller in 1969 and Governor Egan in 1971. It accomplishes this by inclusion of the incorporation and home rule options that would be exercised if and when the people of an unorganized borough area feel ready to support an organized borough. Presumably under this approach it would be for the people, and not a state agency, to decide when they are ready and able -- meaning, primarily, financially readiness and ability.

*There were other important reasons for failure of the governor's 1972 package as well. The 1972 program and its outcome are discussed in detail by Richard W. Garnett, III in a companion paper, "Equalization of Local Government Revenues in Alaska," ISEGR Occasional Paper, No. 9, Institute of Social, Economic and Government Research, University of Alaska, January 1973.

Educational Organization

Use of the borough structure to meet the special needs of educational decentralization in rural areas is appropriate, but it could, if misdirected, lead to problems similar to those that both the state and urban areas faced in the initial establishment of boroughs in organized areas -- jurisdictional problems stemming directly from the decision to base new forms of local organization on single-function school district units. Such problems have not arisen in the case of the North Slope Borough, as education was conceived more as an integral function of the regional borough. In several recent proposals, however, school needs would be the basis for (1) organizing rural areas into "educational service areas," (2) creating third-class boroughs throughout the existing unorganized borough, or (3) otherwise establishing single-purpose educational units throughout rural Alaska.*

Among proposals for decentralization of educational decision-making and administration submitted to the 1973 legislature was that of the Alaska Department of Education (ADE, S.B. 122). Also proposals were made, but not submitted as legislative bills, by the Alaska State-Operated Schools (SOS), the school district that directly serves rural areas and military installations in Alaska. The proposals sought to transfer a greater share of local educational authority and responsibility to local and regional areas. While the specific schemes differed, they were alike in ignoring the relationship of education to general government at the local level and to the exercise of other local and regional functions.

* See, for background discussion and analysis of these and other proposals, Frank Darnell, Kathryn A. Hecht, and James M. Orvik, Prehigher Education in the Unorganized Borough: Analysis and Recommendations (Fairbanks: Center for Northern Educational Research, University of Alaska, January 1974).

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Both the ADE and SOS proposals essentially accepted the continued existence of the single unorganized borough. Using somewhat different approaches, they provided for a variety of localized and regionalized arrangements for educational services and local school control. At the same time, the state, through ADE or SOS, was to carry out certain centralized functions for unorganized borough school programs.

The vehicle for the state school officials' approaches was the constitutional provision for establishment of service areas in organized or unorganized boroughs. With the legislature authorized to act as the governing body for unorganized boroughs, ADE suggested that the state legislature authorize the state Board of Education to delineate, and subsequently revise, boundaries of educational services areas throughout the existing unorganized borough. As proposed in the ADE bill (S.B. 122), the only criteria the Board of Education had to consider were the location of existing administrative centers and other factors designed to ensure the creation of "effective educational units" and "sound educational administration" in rural Alaska. Establishment of educational service areas would have been mandated under the bill. Each area would, thereafter, have its own school board having the same powers as boards in cities and organized boroughs. Funds for the operation of service areas would be appropriated by the legislature to the state Department of Education. Thus, the proposal combined mandatory establishment of local school units with provisions for full state financial support.

Subsequently, in late 1973, the Department of Education apparently receded from its proposal and instead took the position that "until broad-based citizen input could be obtained and analyzed in light of the larger educational issues facing the state," educational reorganization in the unorganized borough should be postponed. Another consideration of the department's was that of local

control of education in relation to "the larger question of governmental organization and the assumption of other governmental duties and responsibilities."* The department's position was that it would seek to avoid alternatives that called for any special (school) patterns of local government organization. This apparent change of position put the problem of educational organization where we believe it belongs -- back into the context of the general local governmental structure under the state constitution.**

Comment

All of the proposals discussed above would divide the existing unorganized borough into regional units, and attempt to promote local participation in regional governance. However, the specific objectives vary widely, from, for example, forcing rural areas to tax themselves to providing for rural sharing of state wealth. Means of implementation also diverge: some would provide no new state support, while others would provide specific revenue-sharing and full state support. Some would establish organized boroughs, others would create unorganized regional boroughs only, and still others would maintain the existing unorganized borough within which various types of service areas would be established. Finally, some would mandate creation of boroughs or service areas (under ADE's original proposal), and others would provide for options and voluntary local action.

The essential problem with most of these proposals is that they ignore the lessons of borough formation in the 1960's. We believe that they would reproduce, even if not by design, the problems and conflicts that accompanied

*"Position Paper" of the Alaska Department of Education in Ibid., Appendix, p. 17.

**The DOE position is described as an "apparent" change because there were still proponents of school service areas within the department in early 1974, and a consistent position on the issue was yet to be developed and clearly enunciated by the state administration.

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the establishment of boroughs in urban areas. Forcing ill-defined boroughs upon people who didn't know what they were, and in any case didn't want them, resulted in a decade of turmoil in Alaska local government. Further, schemes that assume continued existence of the unorganized borough are especially vulnerable to disruption as new boroughs are created. And the third-class borough option being promoted now seems to us undesirable because it could easily become fixed in its single purpose mold (education) and thus obstruct movement toward a system of general purpose regional governments.

Apparently little thought has been given to the political and economic consequences of most proposals. Currently in Alaska, the timing, location, and extent of economic development are all very uncertain. This, in turn, limits the reliability of proposals for new tax and revenue-sharing programs, which, even in their own right, are complex and controversial policy matters. Further, there is something ironic and potentially self-defeating in attempting to force incorporation on people, particularly where economic capacities are inadequate. It is ironic to justify borough organization as a means of "forcing self-determination," and it would be self-defeating to force what may well be "pauper governments" into existence as that may only increase the "drain" on state funds, which some of the advocates of organized status hope to stop.

None of this is to say that all proposals are without merit. At a minimum, they indicate many of the issues that must be accounted for in future policy actions. The extremes of mandatory creation and laissez faire, wait-and-do-nothing attitudes define the outer limits within which policy will be set.

Similarly, local taxation and state revenue-sharing are both relevant to any regionalization scheme.

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Two bills, in particular, provide a point of departure for future legislation: Governor Egan's 1972 bill to subdivide the unorganized borough (H.B. 596) and Representative Gardiner's 1973 proposal (H.B. 291), which followed the governor's approach but was not part of any tax or revenue-sharing package. These proposals were most in keeping with the current economic and political realities of rural Alaska. Essentially, this is because they:

- divide the state into boroughs,
- do not assume that all parts of the unorganized borough need or should have incorporated status either now or in the future,
- permit a local option that can be exercised consistent with variable local political and economic conditions in different rural regions,
- do not presume financial capacities where they do not now exist and may not exist for some time to come, and
- establish a basis for consistent state guidance to local groups and responses to organizational proposals, in place of reacting aimlessly to isolated local initiatives.

The Egan-Gardiner approach would not foreclose future policy options. Subsequent policy on borough functions and financing can be determined in the light of changing economic and political conditions in rural Alaska and in the state generally. This kind of minimum cost, open-ended policy obviously would not finally dispose of the unorganized borough issue, nor should any attempt now be made to do so.

A major reason why the legislature has yet to act on this issue is that uncertainty about the consequences of any action has been too great. In one important respect, at least, the lessons of the past have not been lost on state policy makers: the experience of forming urban boroughs ten years ago clearly has led to legislative wariness of all proposals for action on the unorganized borough question.

IV. TOWARD A REGIONAL GOVERNMENTAL MODEL

In approaching the problem of designing a system of regional boroughs, we make no attempt to produce a single, fixed scheme. Rather, we attempt to define and examine key considerations without pretending to resolve all inconsistencies and political conflicts, or to surmount other obstacles in the path to a fully developed regional government system. Further, we anticipate that no "solution" will completely satisfy any major interest and that, in any case, further policies will need to be developed over time and subjected to critical and extensive public discussion.

Here we deal with the problem of borough forms and functions; these, in turn, lead to more specific problems of application in the various regions of the state, which we will address in section V of this paper.

Borough Forms and Functions

Ideally, borough functions would directly determine borough forms, i.e., their geographic extent and organizational structures. But, in fact, there is no standard set of borough functions beyond the minimum required of first- and second-class boroughs by law -- education, tax assessment and collection, and planning and zoning. Moreover, the way in which even these are structured will vary as between urban areas and rural regions, and from region to region depending on such factors as the number and locations of villages and towns.* Further, the geography of prospective regional boroughs will be strongly influenced by the jurisdictional pattern of Native regional corporations and

*For example, in the North Slope Borough, operating responsibilities for local education are assigned to village boards, with the elected school board for the region performing advisory, coordinating, and broad supervisory functions. See "Position Paper" of the North Slope Borough in Darnell, Hecht, and Orvik, Prehigher Education, Appendix, p. 55.

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existing boroughs. Finally, the functions performed beyond those required by law will vary from region to region, and, in some part, these will be influenced by geography and organizational structure. Thus, rather than form following function, there is and will be a complex interaction, where form will sometimes more strongly influence functions than function will influence form.

Form could follow locally-determined function only if each borough could exist in total isolation. However, when the Naknek area -- only a very small part of the Bristol Bay region -- decided to establish a borough for its own local reasons, it preempted an instrumentality that might better serve the entire region. If each local area could set borough boundaries for its own local reasons, ever more complex and unmanageable portions of the state would remain. Further, the potential use of the boroughs as an intermediate level of government between local community and state would be made virtually impossible. Another difficulty in applying the design principle "form follows function" lies in the impracticality of defining a specific set of functions that will be carried out in all boroughs over time.

We believe that it is within regional boroughs that different organizational arrangements can best be designed to meet local conditions and serve locally defined purposes. Thus, for example, localized school boards may be linked in various ways to regional governing bodies,* and different districting, apportionment, and weighted vote schemes may be used to structure a regional assembly that effectively represents the people in all parts of a region.

Yet, the broader problem of defining regional borough purposes cannot be ignored. The planning of a borough system requires concurrent attention to the

*See previous note.

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purposes or functions of boroughs, the differentiation between urban and regional functions and governmental structures, and borough organization options.

Purposes and Functions

We can identify four general purposes for boroughs:

- self-government,
- state government decentralization,
- provision of basic services, and
- redistribution of wealth.

Self-government is an elusive but nonetheless critical objective. Just as Alaskans sought statehood in the name of self-government, so people throughout the state are increasingly demanding greater control over their own regional and local affairs. Under the constitution, "maximum local self-government" is the principal purpose of the local government system, and boroughs were intended to serve this purpose throughout the state. Rural leaders are increasingly viewing boroughs in just these terms, often emphasizing control over education programs and land uses. Their increasingly more active interests in such matters have in part been generated by their experience in winning a land claims settlement from the U. S. Congress. These interests also reflect more deeply the growth of political identity and awareness which is both a cause and effect of the land claims movement.

A second, and related, purpose of the borough system is decentralization of state government functions. This objective is rationalized in two ways. First, the diversity and geographic extent of Alaska require that organization for the delivery of state services be established as close as possible to the people served. Second, regional decentralization is seen as a means of limiting the growth of remote and insufficiently responsive central bureaucracies.

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A third borough purpose is to provide public services. The experience of organized boroughs, existing regionalized activities of the state, and plans and programs of Native regional associations and corporations suggest relevant functions for new regional boroughs: education and manpower services, health and sanitation, welfare and other social services, planning and land use regulation, economic development projects and activities, housing and community development, law enforcement, transportation and communication, tax assessment and collection, and others. Services provided in any given region would depend on regional conditions and needs, local readiness to assume service responsibilities, and financial resources available.

The fourth major purpose of boroughs pertains to the resource problem -- to taxation, revenue-sharing, and other means for redistributing wealth. More specifically, it is argued that:

- All individuals and properties throughout the state should carry tax burdens to meet their own service needs, and only uniform exemptions should be made.
- Rural areas require a mechanism for receiving their share of common wealth found in urban and other regions.
- Conversely, the wealth of one area, rural or urban, should be shared with the rest of the people of the state.

These arguments, though given different emphases by different interests, have often been resolved into vague agreements among them. The agreements then hold up only to the point that specific legislative proposals are made. Thus, the general objective of redistributing wealth underlies the Rural Area Development Group bill, the Fink bill, and the governor's 1972 proposals discussed earlier. But the RADG bill's specific purpose was to direct

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statewide wealth to rural areas, the Fink bill would have rural areas tax themselves, and the governor's proposals attempted to combine both purposes.

The early proposals from Native and other rural leaders were intended to direct state wealth from oil development to rural areas. But when the riches did not materialize due to pipeline construction delays, the rural leaders' enthusiasm for boroughs dissipated rapidly.* Seeing that organization of boroughs could not immediately or soon benefit them, rural and Native interests subsequently objected to all proposals that would impose taxes in areas outside of existing taxing jurisdictions without providing an offsetting greater amount of revenues from the state. These interests still see the borough, organized or unorganized, as a vehicle for redistributing wealth, among other purposes, and the imminence of pipeline construction is redirecting their attention to borough organization.

The fiscal equity goal also underlies proposals that would directly or indirectly require tax levies in the now unorganized borough so that rural areas help pay for services received by them in some proportion to property values. Yet it is still the case that relatively few rural properties of any significant potential taxable value exist. The costs of assessing, levying, and collecting taxes state- or region-wide to "catch" the few significant property holdings may in fact exceed the revenues derived. A more effective means of collecting from those most able to pay may well be direct state taxation of specified holdings, such as oil properties, with or without boroughs.

*Only in the case of the North Slope Borough could regional government organization provide means for directly tapping the resources of the petroleum industry. In this case, as noted earlier, the state intervened during the 1973 special session, entering the property tax field and limiting the amount of ad valorem tax that could be levied by the North Slope Borough. (Session Laws of Alaska, Chapter 1, First Special Session, 1973.)

The oil and gas property tax legislation enacted during the 1973 special session does just this.*

Performance of Urban Area Functions

While the extensive Matanuska-Susitna Borough has little concern for urban problems, that is the total concern in Anchorage. How do urban areas fit into a statewide system of boroughs, and how should urban services be provided?

Traditionally, cities in Alaska and elsewhere performed strictly local, urban functions. Like urban growth patterns everywhere, urban growth in Alaska frequently resulted in development overflowing city boundaries into adjacent areas. A further result, prior to statehood, was the creation of independent school districts and public utility districts as separate, special taxing jurisdictions. This trend, however, was stopped when the constitution limited taxing powers to cities and boroughs only. Thus, today, some urban areas are wholly contained by cities, while in other areas, urban boroughs (unified and not) provide services both inside and outside the city.

The use of the borough as an urban area service unit, however, has made it more difficult to define logical borough boundaries in the remaining unorganized areas, as described earlier. The situation is well illustrated in southeast Alaska. Boroughs there serve only the major cities (though not even all of those). Beyond them is an amorphous non-governmental region that would make little sense as an organized borough if it did not include the main regional urban centers within it.

In the southeastern region, an "ideal" pattern might include city governments covering entire urban areas and a regional borough covering the entire

*However, by allowing local taxes of up to seven mills on the same property, the legislature has provided an incentive to the formation of "pipeline boroughs" along the pipeline corridor, which may further distort the borough jurisdictional pattern. This problem will be discussed further below.

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panhandle. Realistically, however, the closest possible approximation to this may be unified city-boroughs, redefined as cities, at the urban area level and an organized or unorganized borough at the regional level. A similar arrangement can be envisioned in the Cook Inlet region centering on Anchorage and in the Interior region around and including Fairbanks.

An alternative or supplement to the city as an urban government is the service area. This unit of borough government is not a municipal corporation. Rather, it serves local needs without expanding a city or establishing another self-governing unit. A service area could cover an entire urban area within a larger regional borough, or it could be established only to serve residents outside a central city.

Borough Organizational Options

Boroughs were initially established in an effort to solve urban area problems. In the future they should be used for regional purposes only. The basic regional forms considered here are

- unorganized boroughs,
- the three existing classes of general law boroughs, and
- home rule boroughs.

Unorganized boroughs: These can serve three major purposes. First, they can be used for purposes of regionalization and decentralization of state services. Second, they can serve as means of local participation in state regional decision making and service delivery. Third, unorganized boroughs can lead the way toward organized status. The Department of Community and Regional Affairs is the logical state unit to provide state services, coordinate the activities of other state agencies, promote "maximum local participation," and help prepare regions for organized status.

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General law boroughs: These were not designed with rural regions in mind, but they do provide a range of options which may be adapted to rural conditions and needs.

The third-class borough would appear least suited to any of the major regions of Alaska. Since it is authorized to exercise educational and tax powers only, it would be a limited purpose unit with restricted opportunities for self-governance. An area could administer its own schools, but it would in every other respect have to be treated as an unorganized borough of the state.

On the other hand, a third-class borough does have the power to establish service areas and, under a liberal interpretation of this power, might assume an increasing array of functions from small area to region-wide in scope. (There seems to be no legal barrier to establishing service areas as large as the borough itself.) Moreover, the third-class borough combines an assembly and school board in one body, thus avoiding problems of policy fragmentation and conflict associated with their separation in first- and second-class boroughs. However, these advantages are more theoretical than real at this point, since there are as yet no precedents for the use of service areas in third-class boroughs, the limits of law have yet to be tested, and the practical consequences and limits of depending wholly on a service area approach to expanding borough powers in rural regions have yet to be determined.

In rural areas, first- and second-class borough status is essentially little more than third-class status, except for the mandatory planning and land use regulatory function and the authority to assume additional functions through transfers from cities and elections. More flexible borough forms need to be considered for rural regions. In particular, the executive, legislative, and administrative structures directly required or implicit in each of the general

law classes may be either inappropriate to or restrictive of rural regional organization.

Home rule boroughs: The constitution authorizes home rule boroughs to exercise any powers not specifically denied by law or charter. The legislature has established relatively few statutory limitations applicable to home rule boroughs, and most of these do not seriously hamper local self-determination on important issues. The home rule route may thus provide the most direct way for each region to design its own organizational forms, representation arrangements, delineation of powers, and delegation of authority to town or village level governing bodies. Recent legislative proposals for borough organization have authorized unorganized boroughs to adopt home rule charters.* This would circumvent the existing requirement that an area must first become a general law borough of the first class before it can proceed to home rule.

*Egan 1972 (H.B. 596) and Gardiner 1973 (H.B. 291).

V. APPLYING A REGIONAL BOROUGH STRUCTURE

Earlier, we discussed the interrelationship between borough form and functions in rather abstract terms. Now we address a series of more specific questions, in an attempt to clarify some of the practical problems that will have to be resolved in applying a regional government model to Alaska: What geographic forms might regional boroughs take, given the extremely diverse conditions in Alaska's several regions? How should Alaska socioeconomic and physical regions be defined for governmental purposes? Would Native regional corporation boundaries, established under the Alaska Native Claims Settlement Act, best serve to define borough boundaries? Where should organized or unorganized boroughs be created? How would they relate to existing urban and regional borough jurisdictions? To what extent can and should present borough boundaries be modified?

Alaska Regions

Many different regional patterns have been imposed on Alaska for a variety of planning and administrative purposes. Some of these patterns are irrelevant to regional government, while others may provide some guidance in drawing borough boundaries. Most physiographic regions, for example, are pertinent only insofar as they also relate to socioeconomic factors, for it is boundaries that define areas primarily of human habitation and use of land that are needed for regional governmental units. (Figure 2)

Several types and sizes of socioeconomic regions have been delineated in Alaska. At one extreme, Alaska has been divided into three, four, or five macro-regions for both planning and administrative purposes. Such very large

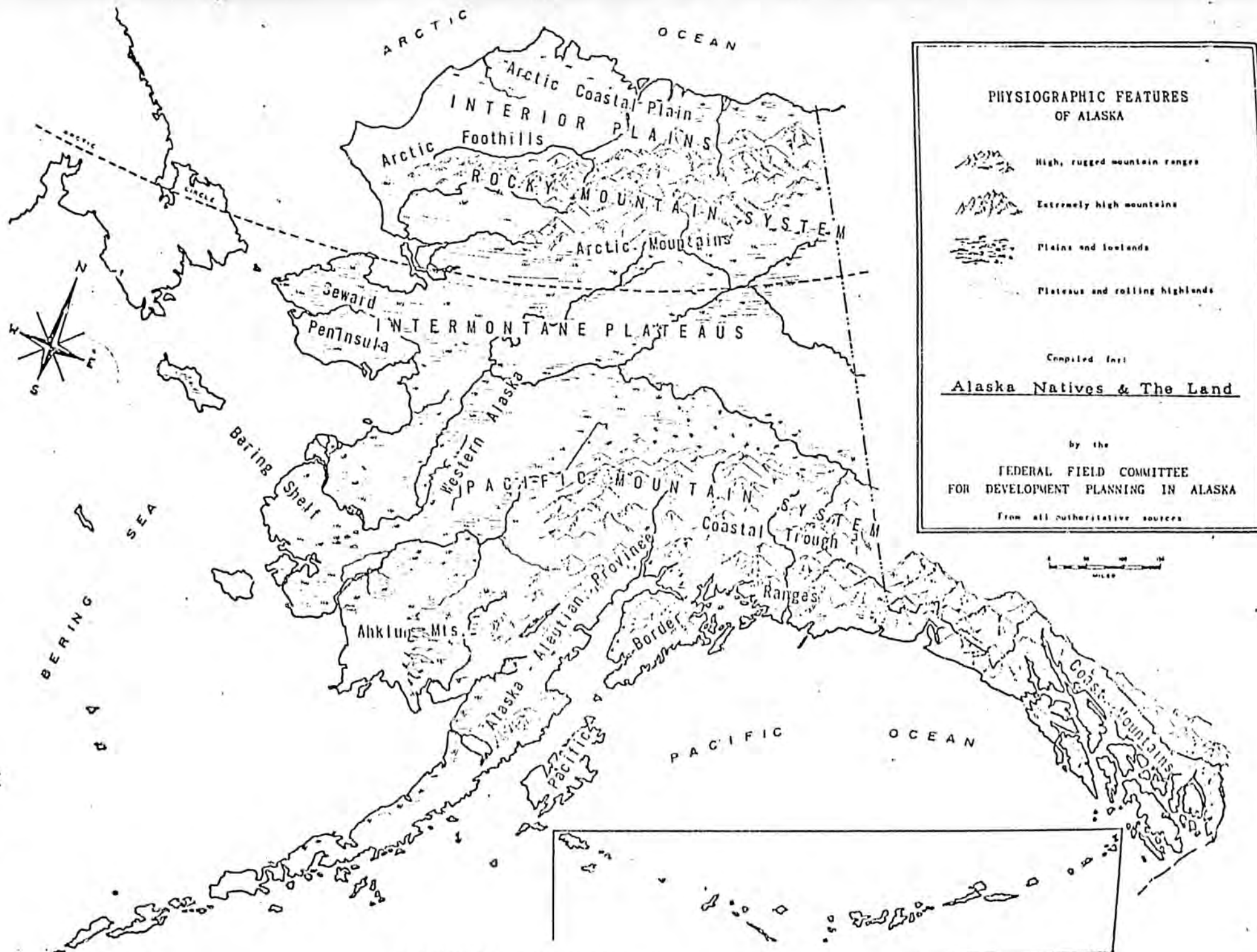


FIGURE 2. PHYSIOGRAPHIC REGIONS OF ALASKA

regions, however, have little rationale as units for self-governance. In the following sections we consider regional delineations which, taken singly or in combination, would appear useful in determining a regional government pattern for the state.

Legislative Districts

The 24 legislative districts established by the 1956 constitution (Figure 3) were drawn in accordance with social, economic, transportation and related criteria for purposes of legislative apportionment. These units defined areas with more or less equal populations, with exceptions in the larger urban areas where more than one person was to be elected from a single district. While, for the most part, the boundaries defined logical socioeconomic areas, in several cases a single socioeconomic area was divided into two or more subareas. These units remain useful for analytical and planning purposes, since they are used as data collection and reporting units by the U. S. Bureau of the Census and can be aggregated as necessary into larger regions.*

Native Corporation Regions

Another obvious basis for subdividing the state is the Native corporation regions established under the Alaska Native Claims Settlement Act of 1971. (Figure 4) These ethnic regions reflect traditional habitation and use patterns dating back to aboriginal times and, as such, account for areas of resource

*The districting scheme has been changed since Alaska became a state, primarily to reflect changes in population size and distribution. The current boundaries are less useful for drawing boroughs than were the initial ones. See Thomas A. Morehouse and Gordon S. Harrison, An Electoral Profile of Alaska (Fairbanks: Institute of Social, Economic and Government Research, University of Alaska, 1973), Appendix III, "House Election Districts Under Three Apportionment Plans," pp. 85-91.

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ALASKA— ELECTION DISTRICTS AND PLACES OF 25,000 OR MORE

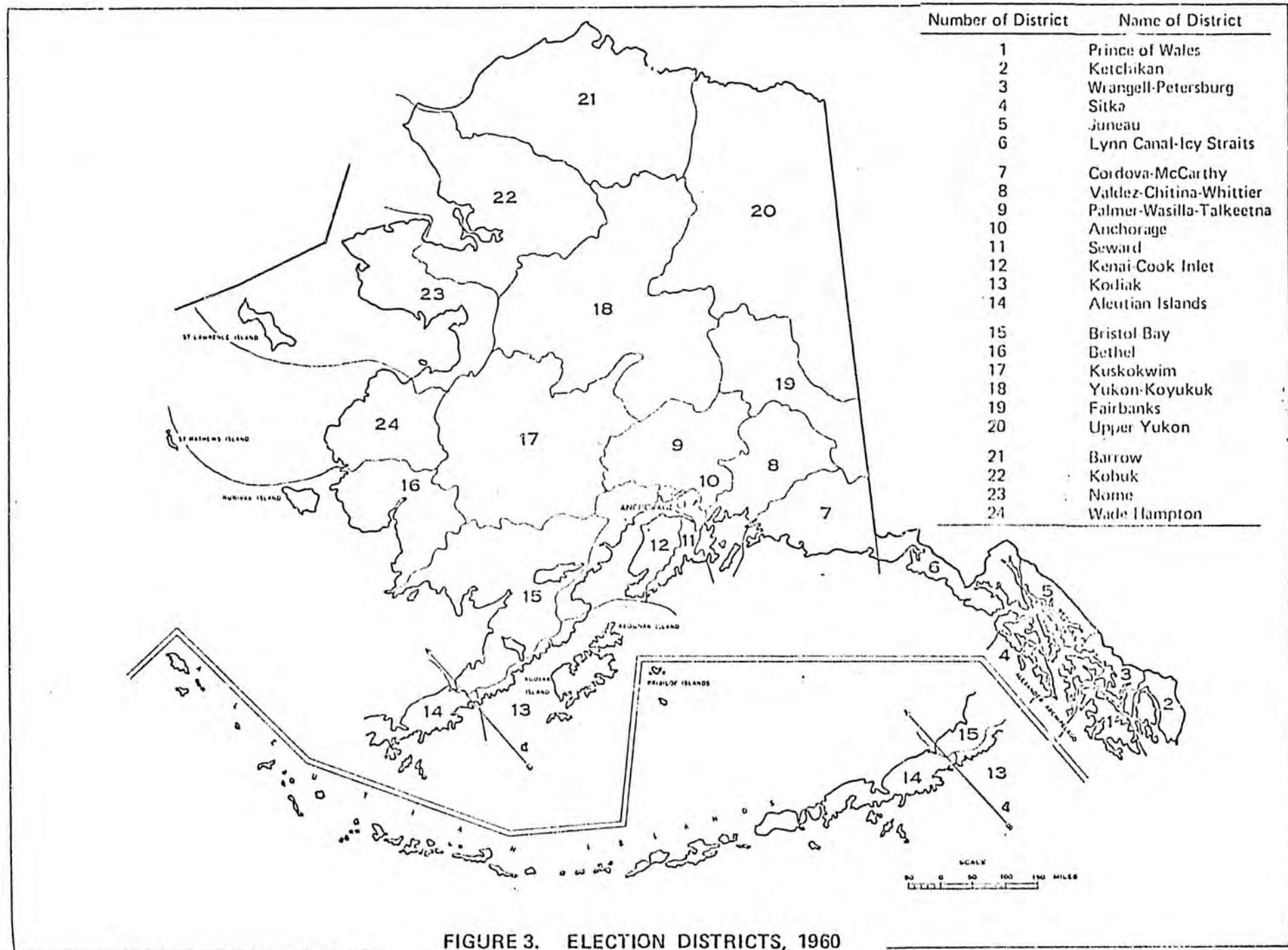


FIGURE 3. ELECTION DISTRICTS, 1960



FIGURE 4. NATIVE CORPORATION REGIONS

use, traditional transportation routes, and major physical barriers. To a significant degree, the twelve regions also reflect current socioeconomic and political realities in rural Alaska.

The pertinence of the Native regions to borough delineation appears greatest where they coincide with the original election districts, taken singly or in combination. After discounting minor differences, we find that this coincidence occurs in most regions. In fact, in two areas -- Arctic Slope and Kodiak -- coterminous election districts and Native regions are already organized as boroughs. Other Native regions that essentially coincide with single election districts are the Aleutian, Bering Straits, Bristol Bay, and Northwest regional corporation areas. Southwest Alaska's regional corporation -- Calista -- includes two original election districts and part of a third. Few difficulties are anticipated in incorporating these seven Native regions into a statewide structure of boroughs. Each could constitute a separate borough. Two areas, Bering Straits and Northwest, could be combined to form a single borough.

Five other areas, however, present significant problems. In southeast Alaska, the Sealaska Native corporation is coterminous with six original election districts. It covers an area generally recognized as one of the traditional regions of the state, but it includes four separate organized boroughs. The Doyon corporation similarly covers all or parts of several extensive election districts in Interior Alaska, including the Fairbanks borough. The Cook Inlet Native region covers most of three election districts and overlaps three organized boroughs. The two remaining corporations -- Ahtna and Chugach -- straddle three election districts.

These five regions, where urbanization and governmental organization are most advanced, present the most critical issues of borough delineation. The

problems in these areas lie in delineating regional boroughs and in relating organized urban boroughs and cities to a regional borough structure.

Southeast Region

Southeast Alaska illustrates several issues -- concerning the size and functions of boroughs and the role of existing governments -- that arise in developing a regional government structure for the state.

For many state and federal government agencies, southeast Alaska constitutes a single administrative region. The region has an integrated marine highway system. It is a separate ethnic region incorporated under the Alaska Native Claims Settlement Act. Southeastern has traditionally been viewed as a distinct socioeconomic, political, and judicial division of Alaska. (Figure 5)

Each of the four existing boroughs -- Juneau, Ketchikan, Sitka, and Haines -- includes a relatively small urban area and covers an additional one or two thousand square miles of land for purposes of controlling future development, obtaining timber revenues, and taxing remote canneries and other facilities. These boroughs are, in effect, extended urban areas.

In our view, no useful purpose would be served by establishing new urban boroughs for Petersburg and Wrangell, or by making Skagway a separate borough or even combining it with Haines. As has been demonstrated through borough-city unification in Juneau and Sitka, a single government can serve an entire urban area. As discussed earlier, it is also our view that, ideally, local urban needs would be met through city governments, leaving the borough as a regional unit. It would then follow that existing southeast boroughs would be redesignated as cities, with their boundaries adjusted to delimit areas that are and are likely to become urban in character.

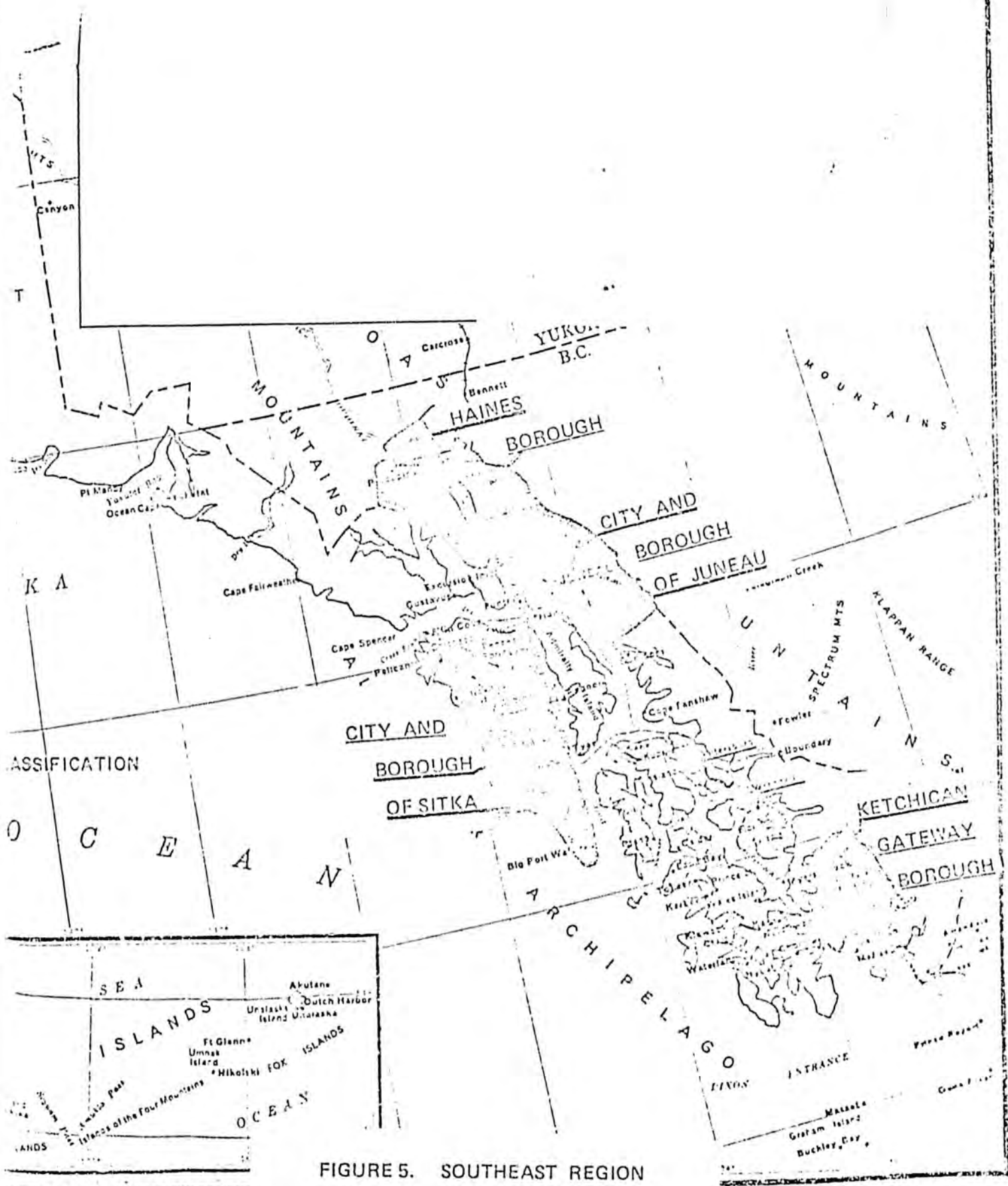


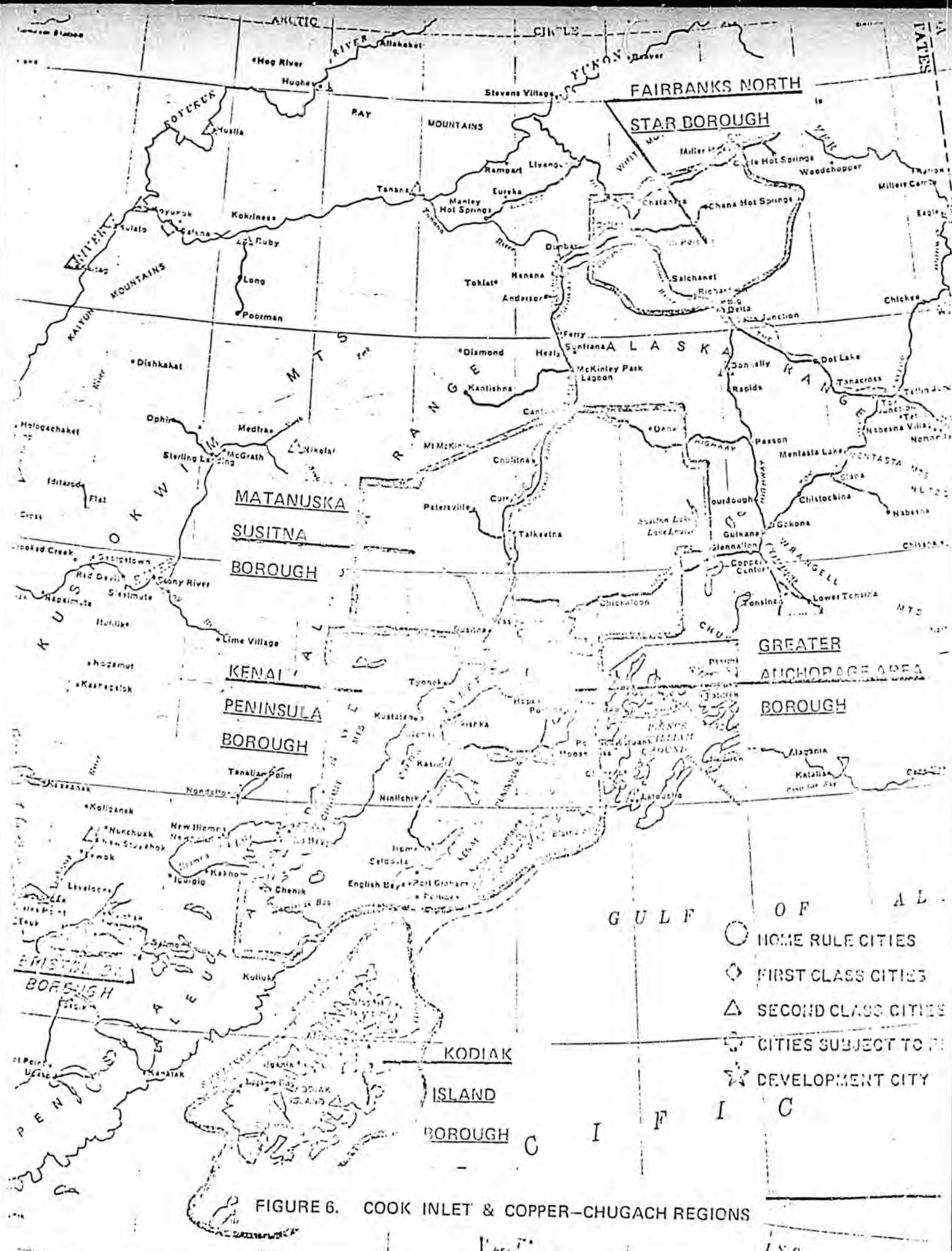
FIGURE 5. SOUTHEAST REGION

Such a course would leave the option of dividing Southeastern into several subregional boroughs or establishing one borough for the whole region. Lacking a valid rationale for the first course, the "simple" solution is to create a single regional borough. The land area of such a southeastern borough would amount to only forty per cent of the size of the North Slope Borough. However, there would be difficulties in devising a workable representation scheme and in relating urban and local community level activities to a region-wide government unit.

Non-areawide borough functions might include education and other services for small communities currently under state-operated schools; health and other services for small communities could similarly be provided through the borough, if desired. For these purposes, service areas are also a possibility with changes in state law, such functions as education and zoning could be carried out by cities in larger urban areas concurrently with their exercise as non-areawide borough functions. It is doubtful that any region-wide functions would need to be carried out by an organized southeastern borough. Transportation is effectively handled as a state function. Most resources are under the U.S. Forest Service. Even regional planning can be handled by the state. In general, we doubt that a southeastern borough would need or could be accommodated to organized status.

Cook Inlet Region

The Cook Inlet basin now consists of three separate boroughs: Matanuska-Susitna, Anchorage, and Kenai Peninsula. (Figure 6) The Anchorage Borough covers only its urban area plus some of the Chugach Mountains to the east, while Matanuska-Susitna and Kenai cover approximately 25,000 and 12,500 square miles of land each. The Cook Inlet regional economy focuses on Anchorage, with the partial exception of the petroleum, petrochemical, and fishing industries. Greater regional interdependence is very likely in the future.



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The region had been proposed for incorporation as a single governmental unit, the Captain Cook Borough, after initial borough legislation was enacted in 1961. This move was strongly opposed by local groups and was defeated. In 1964, the three boroughs were mandatorily incorporated, their boundaries generally following those of the three then-existing state election districts.

Matanuska-Susitna and Kenai have not been particularly active boroughs, and they have generally operated without major conflict within their areas. The Anchorage Borough, on the other hand, has assumed an increasing number of urban functions, largely at the expense of the city, and the result has been increasing conflict between city and borough governments and city and rural residents. Proposals for Anchorage city-borough unification have been defeated twice.

Conflicts have also arisen between the Anchorage and Matanuska-Susitna Boroughs over the status and development of lands under Matanuska-Susitna Borough jurisdiction across Knik Arm from Anchorage. If a Knik Arm crossing is constructed, there will be substantial land development, which would be a natural extension of the Anchorage urban area, and further conflict between the boroughs would be almost certain to follow.

If one borough were to cover the entire socio-economic-geographic region, it would have to include the Kenai Peninsula and the area bounded by the Alaska Range on the west and north, and the Talkeetna and Chugach Mountains on the east. Within such a region, the present Greater Anchorage Borough would need to be unified and reorganized as a city, and its boundaries adjusted to cover the Anchorage urban area. This scheme does not appear politically feasible in the foreseeable future.

Copper-Chugach Region

Another potential borough region, though less socioeconomically distinct than the Cook Inlet basin, is bounded by the Canadian border on the east, Gulf of Alaska on the south, Chugach and Talkeetna Mountains on the west (adjoining Cook Inlet region), the Alaska Range on the northwest, and an extension to Eagle on the Yukon in the northeast. (Figure 6)

Development in the Copper-Chugach region is dispersed along the Gulf of Alaska coast and the interior highway system. The portion of Matanuska-Susitna Borough that now extends east of the Talkeetna Mountains would, given existing highway links, logically be attached to whatever regional unit is established in the Copper River Basin.

We question what an organized borough could accomplish in this region, and boroughs any smaller than the region would serve little apparent purpose. Viable city governments exist throughout the area. A regional borough in this area could well remain unorganized, although taxable properties resulting from construction of the trans-Alaska pipeline and the Valdez terminal may provide an irresistible incentive to incorporation of one or more boroughs.*

Interior Region

Remaining after delineation of the above regions is an extensive area in the Interior, including the middle and upper reaches of the Yukon and Kuskokwim

*It is our view that this incentive should be removed from the state oil and gas property tax law, which now permits local taxation up to seven mills. See Alaska State Legislature, Senate Committee on Community and Regional Affairs, Committee Report on Senate CS for CS for House Bill No. 1, Senate Journal, 8th Legislature, 1st Special Session, November 3, 1973, pp. 74-86. This committee report makes a strong case against local taxation of the oil and gas properties, anticipating probable incorporation of "pipeline boroughs" and maldistribution of revenues from what should be considered a statewide resource. In fact, steps are now being initiated to incorporate just such a pipeline borough in the Delta area southeast of Fairbanks.

rivers. (Figure 7) Though the bulk of the area falls within the region of the Doyon corporation, McGrath and nearby villages in the southwest portion are, in terms of economy and access, oriented toward Anchorage and not the interior. The whole southwestern portion of the area may, in terms of governmental and economic functions, be more closely related to Bethel and the Calista corporation region than to the central and northern parts of Doyon's region. Therefore, if a borough were to be established in the interior region, it might best cover an area less than that under the Native corporation, with the southeast as well as southwest portions added to the adjacent boroughs. Such a diversion from Native regional boundaries for borough purposes need have only limited effect upon Native corporate and cultural activities.

The region focuses primarily on Fairbanks. Ideally, the existing Fairbanks city and borough "enclave" situation would be accommodated by establishing a single urban municipality in the Fairbanks area, which would be part of an interior regional borough. This may not be feasible, given the likelihood of resistance both on the part of rural interests to the prospect of borough domination by Fairbanks and on the part of Fairbanks interests to possible losses of autonomy to an interior regional borough. A more practical solution therefore may be (1) the preservation of the Fairbanks area as a separate borough (which may eventually become a unified city-borough), and creating (2) one or more organized or unorganized boroughs to the south and east of Fairbanks and (3) one or more organized or unorganized boroughs to the north and west of Fairbanks. (Figure 8)

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The above analysis results in at least 11 regional boroughs throughout the state. These would be in addition to the existing urban boroughs --

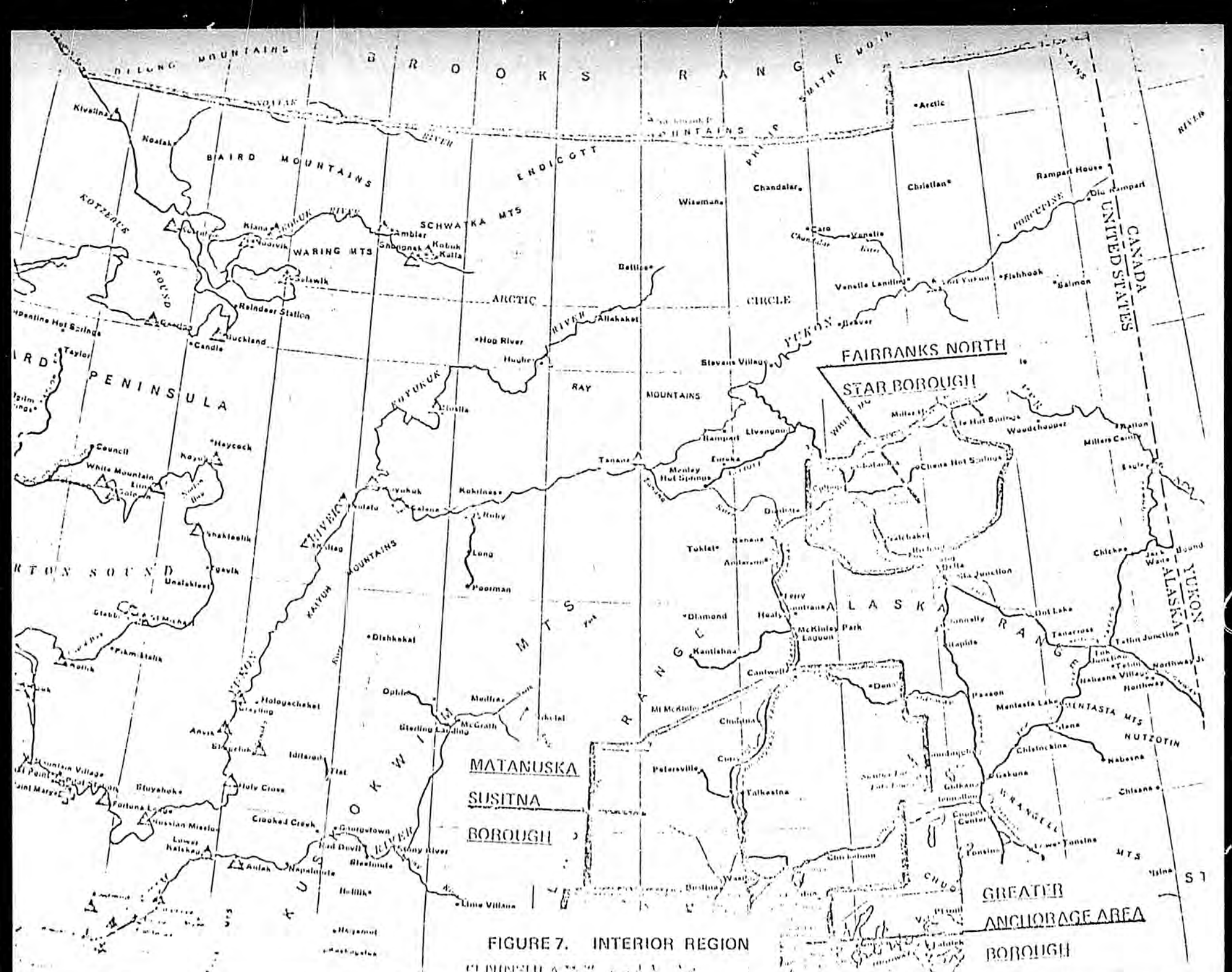


FIGURE 7. INTERIOR REGION

CENTERS FOR ECONOMIC DEVELOPMENT

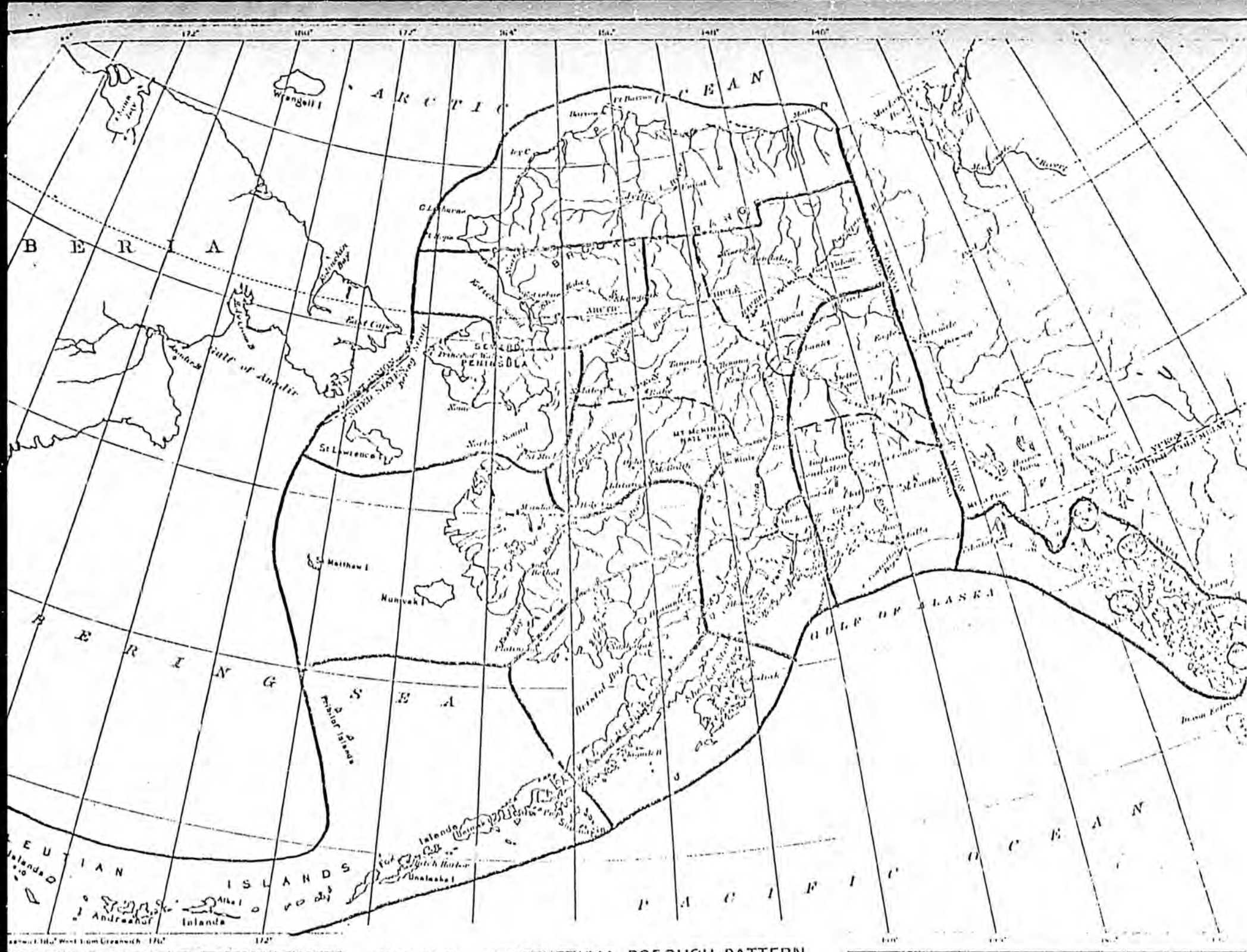


FIGURE 8. HYPOTHETICAL BOROUGH PATTERN

Fairbanks, Anchorage, and the four southeastern boroughs -- assuming that they persist. Further, both Matanuska-Susitna and Kenai Peninsula may also remain as separate entities. There is nothing magic in the number 11, or 12, or even 20. The important consideration is to create governmental units that "fit" regions to the extent feasible.

Subregionalization

Some of the regional borough units we have discussed are immense by local government standards. This does not necessarily mean that the regions would be ungovernable. Several of the Native corporation -- Calista in southwestern, Doyon in the interior, Sealaska in southeastern -- have demonstrated their viability over these large regions. The method they have used is subregionalization. For representation, administrative, and service purpose, subregional districts provide a means for more effective governance when regions extend over large expanses of land or include many villages.

The regional borough can and probably should be subregionalized. The service area method authorized by the constitution and state law is one way of establishing borough sub-units. Another would be delegation of regional decision making and administrative authority to cities within the borough.

The subregional approach may be especially desirable for organizing services such as education, where a large region might thwart objectives of educational self-determination sought by many people in rural areas. The North Slope Borough, as suggested earlier, is an example of how local area decision making can be structured into the elementary and high school education program. An alternative would be division of a borough into city and subregional school districts. The operations of such school districts could be supported by a central borough service center or they could relate directly to the borough assembly and the state education department.

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Any approach that would centralize all functions -- local as well as regional -- at the seat of a regional borough government might merely substitute one remote bureaucratic governmental administration, albeit a little closer to home, for another. How local participation and self-government might best be accomplished will vary from borough to borough. It is for this purpose that home rule charters can be of great value in adapting the borough system to the needs of each region.

Initial unorganized or general law status could be adapted to organization needs in rural Alaska. Better yet would be new legislation authorizing boroughs to proceed directly to home rule from unorganized status.

VI. ELEMENTS OF A STATE POLICY AND PROCESS

Our analysis has led us to conclude that the key factor shaping the forms and functions of boroughs are their geographic jurisdictions. Further, we have concluded that all new boroughs, organized or unorganized, should be regional units of government.

The regional borough concept seems to us reasonably consistent with actual trends in borough and city government organization in recent years -- as consistent as may be expected of any such concept that is not simply an abstract rationalization of the status quo and of various "natural" or unplanned forces of change. To the extent that the concept and approach meet criteria of political reality and public acceptability (which are implicit in the claim of consistency with actual developments), policy directions emerging from the analysis are strengthened.

That all of Alaska's major urban areas already have borough governments lends additional weight to the argument that any new boroughs would best be defined in terms of a regional rather than an urban area concept. They should, in other words, be established wherever needed as genuinely intermediate levels between state and city or other local settlements. The way, in fact, now appears open for creating, over a period of years, extensive regional boroughs, while, at the local or urban area level, cities, urban boroughs, and unified city-boroughs serve local needs.

Application of the regional borough concept in many parts of the non-unorganized borough should encounter no significant problems (e.g., northwest and southwest Alaska). In some areas, marginal adjustments of existing regional borough boundaries also should present no insurmountable difficulties (e.g., eastern fringe of the Matanuska-Susitna Borough). In other parts of the state,

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however, major revisions of existing boroughs and their boundaries would be required in order to fit urban boroughs into a consistent regional framework (e.g., Fairbanks, Anchorage, southeast boroughs). Where this requires no more than a contraction of boundaries to exclude rural hinterlands, changes should not be too controversial. But any major consolidations of areas now inside and outside a city into a single municipality (e.g., Anchorage, Ketchikan), may simply not be feasible.

Establishing new regional boroughs throughout much of the state as we have outlined is no simple technical or administrative task. Neither can it be accomplished in a single legislative enactment. But, given a general plan or framework, state policy can proceed to its implementation, compromising where necessary, responding rationally to local initiatives, and following reasonably consistent policy directions.

The earlier discussion of the constitutional and statutory basis of borough government indicates that there are no stringent legal limits on borough forms. Further, actual conditions in rural Alaska, together with the experience of forming the original boroughs, strongly suggest that new regional governments should neither be forced into existence nor established any earlier than warranted by economic capacities and political demands. The key to establishment of a regional borough system lies in agreement on policy directions, and then following a deliberate process and allocating sufficient time and money to carry it out.

The time frame for formulating and implementing a borough policy for Alaska extends over three to five years, and development of the borough system depends largely on the availability of substantial state funds. Funds will be required to provide necessary incentives for borough organization and for restructuring

urban area governments. The state will need to help finance borough functions in rural areas, and urban localities will need to be compensated for revenues lost through elimination of rural hinterlands (e.g., loss of forest receipts and land selection authority). Though substantial funds are not likely to be available for these purposes until 1978, organizational plans and regional structures can be developed in the meantime. Given the time available, the most appropriate legislative action now would be to establish the framework and elements of policy development. We suggest the following.

Statement of Policy

The legislature should provide for an overall review of the local government system rather than merely for reorganization of the existing unorganized borough as proposed under previous bills. It should adopt a policy statement saying that all unorganized areas of the state will be divided into regional boroughs and providing a mandate to eliminate existing incongruities wherever possible, such as the existing Bristol Bay Borough. The statement should also include reference to urban area governmental problems, indicating state support for borough-city unification and recognizing the need for adjustments in existing urban borough boundaries.

Products

The initial phase of the local government review and restructuring process should provide the legislature with an analysis of the current and future local government situation in the state, a plan for dividing the entire state into boroughs (unorganized and organized), recommendations for restructuring existing boroughs and cities, and proposals for changes in legislation. The legislative report should include an analysis and projection of local government fiscal

requirements and of the local and state resources necessary to implement the suggested system.

Hearings

The 1973 Gardiner bill included provision for hearings, and these should be provided for in any future legislation to assure that the public is fully informed and that local desires are reflected in recommendations for legislative action.

Responsibilities

Previous proposals concerning the unorganized borough placed responsibilities for developing recommendations on the Local Boundary Commission (LBC) and the Department of Community and Regional Affairs (DCRA); school-oriented proposals placed responsibilities in the state Board of Education and Department of Education.

Alternative 1

LBC and DCRA do not now lack the authority to examine the system of local government in Alaska and to recommend revisions to the legislature. Their relative inaction to date is due largely to lack of time and money. If these agencies are to be charged in cooperation with educational interests with developing a revised system for Alaska local government, sufficient funds will need to be appropriated. Finance assistance should also be provided to study groups in the regions themselves; these groups would work with the state agencies.

Alternative 2

A better approach may be a Local Government Commission created for a limited term to make recommendations to the governor and legislature. A commission might be composed of members such as the chairmen of the legislature's local government committees, other legislators, the commissioners of Community and Regional Affairs and Education, the chairman of the Local Boundary Commission, and some citizen members. This would assure exclusive dedication to the review of the local governmental system and would further the official involvement of a range of interests in developing and promoting recommendations to the legislature. A commission would also require adequate funding and staff, and, again funds should also be provided to regional study groups which would work under the commission.

Timing

The tasks suggested above would require more than the 6-7 months allowed in the Governor/Gardiner bills. The work, including extensive hearings, would justify a one- to two-year schedule, with interim progress reports.

Legislative Action

A simple division of the existing unorganized borough could justify following the constitutional process under which local government boundary changes become effective unless disapproved by the legislature. However, if the much broader program suggested above is to be pursued, it would seem more appropriate for recommendations to be placed before the legislature for positive enactment.

VII. CONCLUSIONS

The broad outlines of a regional jurisdictional pattern and, hence, of state policy, already exist. The existence of established units of borough government in several areas, recognized socio-economic and physical regions of the state, and regional corporations under the Native Claims Settlement Act, sets limits on the range of regional government patterns likely to emerge as a result of "natural" forces. For the same reasons, the scope of deliberate policy choices is also limited. The need as well as opportunity now exist for establishing overall policy for development of Alaska's system of borough governments.

A state policy framework for regional government in Alaska should be responsive both to "natural," largely unplanned developments (e.g., regionalism and unification) and to the need to provide state guidance and direction to local initiatives toward regional government organization. We have proposed a model of extensive regional boroughs, within which city and city-borough governments would perform local and urban area functions. The new regional boroughs could initially be unorganized and might consist of little more than boundaries drawn on a map. The people of the borough regions, however, would have the option to establish organized structures.

The presumption here is that we are concerned with a system responsive both to state and local goals, and that democratic participation in policy and decision making are basic considerations in developing Alaska's borough system. Further, the approach taken here assumes the desirability of dividing the entire state into a system of boroughs, organized and unorganized, in order to (1) promote appropriate decentralization of state services and adaptation of state functions to differential regional needs,

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(2) further self-government and participation of the people in the management of their own affairs, (3) provide a vehicle for regionalized taxation to meet regional and local needs, and (4) develop a structure for sharing state wealth and achieving redistribution of income.

The following points summarize the recommended approach:

- All of Alaska's urban areas are now organized either as cities, boroughs, or city-boroughs. There is, therefore, no need to establish additional urban boroughs. All new boroughs, organized and unorganized, should be regional in scope.
- The range of alternative patterns of regional borough boundaries has already been considerably narrowed down due to existing borough jurisdictions and Native regional corporation areas, as well as established trends and a relatively stable geographic pattern of population distribution and economic activity in the state.
- The state needs to develop and adopt a policy and program for regionalization of boroughs. A general scheme of borough regions should be delineated by a special Local Government Commission or the Local Boundary Commission with the support of the Department of Community and Regional Affairs. This should be done in consultation with state planners, Native corporations, local groups, and other interested parties. The scheme would be subject to change as various regional and urban units are organized or reorganized over time.

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- New organized boroughs should not be forced into being by the state during the next few years, nor should they be established earlier than conditions warrant. At the same time, the state should be prepared to respond to local voluntary action to organize boroughs. Such responses should be based on a broad and flexible conception of what the present unorganized borough should "look like" governmentally, say, a decade from now.
- Until the people of a region determine otherwise, borough regions delineated by the state should remain unorganized, serving only as state administrative regions. Home rule should be viewed as the more appropriate method for regional determination of borough organization and functions.
- Restructuring of the borough system should be accompanied by thorough analysis of fiscal capacities and requirements of regional and local governmental units. Reliance will need to be placed on providing positive incentives to obtain local support for state borough policies and assumption of responsibilities for self-government.

While we have not entirely accepted existing patterns and boundaries as insurmountable obstacles to the structuring of a statewide system of boroughs, we have recognized the realities of established systems and interests. We have at the same time taken account of the increasing interest in establishing boroughs and the new opportunities presented by the changing economy of Alaska. With substantial oil revenues, the state will be able to support more effective regional governments.

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There is no urgency to finally "solve" the unorganized borough question, but it is time to begin moving step-by-step toward a more rational system of regional and local governments. The state should now lead the way toward a system under which local initiatives to incorporate boroughs can be accommodated, while later state legislatures and administrations can, in the light of changing conditions and needs, establish future policies affecting the state-regional-local allocation of functions and finances.