

SCOMM

#10-75

M E M O R A N D U M

TO: Steve Reeve, ^{Planning} P & C, ADL

DATE: February 2, 1979

FROM: Vic Fischer

SUBJECT: Zoning in Unorganized Borough

Under AS 38.05.037, ADL has a general grant of authority to exercise zoning powers within the unorganized borough. Until recently, this has not been a problem because the zoning power was never used. Enactment of the homesite program, however, has forced ADL into the zoning game. And the Coastal Management Act is potentially going to expand this involvement into horrendous proportions. Unless the Division of Lands is ready to get bogged down in a massive morass, it will be wise to initiate and support legislative action that would eliminate need for ADL exercise of this zoning power.

Homesite Program

Under the act establishing the homesite program in 1977, the legislature required that zoning cover lands under the homesite disposal program both in the unorganized boroughs and in organized boroughs that do not exercise zoning covering such lands.

ADL promulgated zoning regulations in July, 1978: AAC 53. Chapter 53 provides for administration, zoning changes, variances, conditional use permits, nonconforming uses, appeals, etc. A board of adjustment is established, composed of the commissioners of Natural Resources, Community & Regional Affairs, and Environmental Conservation, or their designated representatives.

Zoning districts are classified (Article 2) as general zoning, homesite entry, and open-to-entry. All state land not specifically included in geographically defined districts (Article 3) is in the general zoning district. Use provisions and limitations are set for homesite entry and open-to-entry districts. The general zoning district permits all use not otherwise prohibited by law or regulation.

As ADL is becoming engaged in widespread disposal of state lands, administration and enforcement of zoning for lands located all over the state could become an increasingly time consuming and frustrating entanglement for the state. (I'm sure it's not necessary to elucidate the horrendous problems and conflicts that could arise, whether or not ADL chooses to seriously follow up on its own regulations.)

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Coastal Management

The Coastal Management Act presents a potential burden of far vaster proportions than the land disposal program, for the latter requires zoning only for state owned lands.

Under the act, implementation of an approved district coastal management program is required on the part of the appropriate state agencies. Such implementation must be in accord with comprehensive use plans or statements of needs, policies, objectives, and standards adopted by the coastal districts. Where land-use controls are involved in the unorganized borough (and most of the coast falls outside of organized local government jurisdiction), zoning will have to be established and administered by the Division of Lands.

The scope of such coastal area zoning would obviously go far beyond the regulations so far established by ADL. Likewise, the administrative machinery would have to be extremely complex, and the entire program would become extremely expensive and burdensome, especially since each coastal area would likely have different objectives, different regulations, and different local enforcement needs.

Conclusions and Recommendations

Neither the Division of Lands nor the whole Department of Natural Resources derives any particular value from the exercise of zoning authority. ADL already has authority to establish use requirements and restrictions with respect to lands disposed of by the state, even though it would probably not want to carry permanent or long term responsibility for assuring that every lot or tract conforms to specified uses. Aside from the existing zoning authority, which was never examined from a policy-application standpoint by the legislature, ADL has no reason to concern itself with non-state lands.

If the state is deemed to have an overriding interest that requires it to exercise zoning authority in the unorganized borough, or at least within its coastal areas, neither ADL nor DNR appear to be the appropriate agency to manage the zoning program, with its strictly localized zoning, adjustment, appeals, and other aspects of continuing zoning administration. If the state is to engage in zoning, by far the most appropriate agency for the exercise of the functions is the Department of Community and Regional Affairs. (DCRA did not exist at the time ADL was granted zoning authority many years ago.)

In general, states have played only a minor role in the exercise of zoning authority beyond authorizing its use by local governments. The only exception is Hawaii, where general zoning classification is handled by the state, supplemented by local, i.e., county, regulations in urban and other development areas. Elsewhere, zoning has been applied as a local government police power.

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Except for the special authority given ADL, zoning in Alaska has traditionally been a power of cities and, more recently, of boroughs. Zoning would not have to be exercised by the state at all if provision were made for (1) reorganization of the unorganized borough into a series of organized boroughs with planning and zoning authority (and this could be done without forcing them to tax or even manage schools) or (2) delegating the planning and zoning power to service areas within the unorganized borough, much as was done by the legislature in the case of coastal management planning.

In view of all this, I would strongly urge the Division of Lands to do everything possible to divest itself of the existing zoning authority. I recommend that ADL and DNR take all of these three actions:

1. Obtain DCRA cooperation in resolving the zoning issue, including transfer of zoning authority to that department if it were continued to be vested in the state.
2. Obtain funds from the office of Coastal Management to examine the inter-land use control and zoning administration issue. This should be done well before the district program implementation phase is reached, so that appropriate policies and mechanisms can be established in sufficient time, especially if ameliorative legislation is found to be required. Such a study should probably be undertaken in cooperation with or through DCRA.
3. Obtain Governor's Office support for a legislative or a legislative/executive study directed toward establishment of organized boroughs or some other form of local area planning and management within the unorganized borough. A study along these lines is likely to be considered by the legislature this year.

If none of these approaches bear fruit and nothing else materializes, ADL will need to proceed on its own to figure out how otherwise to get out of this mess or, if all else fails, how to effectively manage the zoning of state lands and coastal areas.

VF:la

cc: Mike Smith
Ted Smith
Tom Morehouse

PROGRESS REPORT
NANA REGIONAL STRATEGY

INTRODUCTION

The NANA Regional Strategy is a cooperative effort between the Federal, State, local governments, and private corporations to formulate an overall management program for the NANA Region. The management program will provide a guide for planning, construction, and delivery of programs and facilities for community development, economic development, transportation, and land management. The project may soon include health, education, and social services. To the extent that these last three (3) involve construction of facilities and land, they will already be involved.

The Regional Strategy will provide:

1. A coordinator mechanism.
2. Facility programming assistance.
3. Regional development policies.
4. A continuing planning process.
5. Projections.
6. A set of projects appropriate for and consistent with local needs and conditions.

In short, the Regional Strategy will provide a mechanism to tie together the programs in the region, including Coastal Management, so that projects are formulated as an integrated set, consistent with the goals, objectives, and policies of the region. For the NANA Region, this would mean a package

of programs and projects which would promote regional self-sufficiency, subsistence protection, facilities within local ability to pay life cycle costs, local training and employment in appropriate sectors, and protection of future options.

Feasibility of the process will depend on as little deviation as possible from established procedures and mechanisms.

Implementation will require continuing coordination between agencies and communities. Coordination will be provided by Mauneluk, whose role will be to provide a central coordination point, prepare supporting information such as projections, help villages prepare long-term management plans, consolidate and distribute agency planning and programming information, establish agreements and commitments, and coordinate preparation of the final document. Coordination will also be through the A-95 Clearinghouse. Federal and State agencies will be expected to continue present planning efforts, submit requested information, comment on proposals, and participate in task force planning sessions. Communities will be expected to comment on proposals, prepare community land-use and facility plans with technical assistance and review the final strategy document.

The products of the strategy will include the following:

1. Summaries of existing information.
2. Data gaps.
3. Long-term projections and scenarios.
4. Maps of preferred development locations.
5. Upgraded data base.
6. A master schedule of proposed projects.
7. Lists of development issues.
8. An implementation agenda.

The implementation agenda will include recommended agency and community actions for a several year period. The implementation agenda will include a prioritized list and sequence for:

1. Facility construction.
2. Regulation changes.
3. Allocation changes.
4. Program changes.
5. Future studies.
6. Joint funding opportunities.
7. Proposed legislation.

Recommendations will be based on needs assessments and priority lists developed with the communities earlier in the process. The recommendations for meeting the needs will be based on comments from communities and agencies. A board of communities will be able to clarify the character and the extent of problems and provide local policy guidance.

Benefits of participation by agencies will be 1) improved information sharing, 2) economies of scale, 3) improved administrative efficiency, 4) targeted service delivery, and 5) accelerated permitting. For communities, the strategy provides 1) improved access to State and Federal planning and decision making processes, 2) influence on decisions, 3) an organized approach. Eventually these opportunities could lead to expanded program allocations, improved technical assistance, and improved effectiveness of programs.

Experience to date has demonstrated that most agencies are willing to cooperate. The Department of the Interior has incorporated subsistence policies into its land management regulations, the Public Health Service has opened up its facility design process to greater public involvement and new ideas, and the Alaska Public Forum has helped formulate a neutral

set of goals, accurately reflecting the attitudes and positions observed by residents at the public meetings.

The U.S. Soil Conservation Service has offered to provide soil surveys to every community in the region within a single year, including assessments of engineering and land use suitability. The Bureau of Indian Affairs (BIA) has provided cooperative study money to the U.S. Forest Service for a forest inventory and assessment which could become the foundation for further community development projects. The U.S. Fish and Wildlife Service has cooperated in reviewing with the Bureau of Land Management (BLM) the availability of timber on the proposed Selawik National Wildlife Refuge for local harvesting for log homes in Selawik. Economic development projects such as timber harvesting, distribution, and milling could be fostered by use of NANA lands and funding of mills by the Economic Development Administration (EDA). Secondary effects of such programs will help achieve goals of regional self-sufficiency by substituting wood for oil in household heating, provide employment opportunities, reduce imports of lumber and labor from outside the region, and reduce the costs of materials for future development projects.

The NANA Lands Department is providing land planners to accompany the Regional Strategy staff to over twenty (20) community meetings, so communities can plan land management to meet goals of local economic development, community population growth and facility needs, and subsistence protection. Assistance will be provided by NANA in preparation of resource maps on land ownership and gravel resources. NANA will also establish consistent procedures for gravel removal, purchasing, and usage for community development projects. Gravel shortage is a limiting factor for development projects such as transportation, community buildings,

housing projects, and water and sewer. The Department of Transportation & Public Facilities (DOT/PF) is contributing financially to help with such work. DOT/PF is also considering other means of obtaining gravel to help on development projects.

Other agencies have offered to make similar efforts to adjust policies, accelerate schedules, and increase allocations. The willingness demonstrated by agencies to adjust their programs to fit with the regional strategy is an affirmation of the feasibility of a cooperative approach. If the rest of the project continues with this kind of cooperation, substantial benefits will be achieved. So far it appears probable that future cooperation will even exceed original expectations in some categories. There have been some difficulties in communication among the twenty (20) agencies and eleven (11) communities, but we expect these to be worked out during the course of the project.

DRAFT GOALS AND OBJECTIVES

(Formulated by the Alaska Public Forum and Mauneluk Association)
To be submitted to communities for review.

OVERALL QUALITY OF LIFE GOALS.

1. TO MAINTAIN FREEDOM OF CHOICE IN LIFESTYLE: WHETHER SUBSISTENCE, CASH ECONOMY OR BOTH;
2. TO MAINTAIN THE CULTURE OF THE INUPIAT PEOPLE;
3. TO PROTECT FISH AND GAME RESOURCES FOR SUBSISTENCE USE;
4. TO MAXIMIZE LOCAL CONTROL IN DECISIONS WHICH AFFECT LOCAL PEOPLE;
5. TO INSURE THAT THE COSTS AND BENEFITS OF COMMUNITY OPTIONS ARE PRESENTED TO THE COMMUNITY BEFORE DECISIONS ARE MADE;
6. TO ENCOURAGE THE FULL DEVELOPMENT OF THE HUMAN POTENTIAL OF NANA RESIDENTS;
7. TO IMPROVE COMMUNICATIONS AMONG VILLAGES SO THAT MUTUAL PROBLEMS AND POTENTIAL SOLUTIONS MAY BE SHARED;
8. TO ELIMINATE ALCOHOLISM IN THE REGION.

These goals provide the overall framework for planning in the NANA region. Subsistence remains a key element in the lives of all communities in the NANA Region. Employment is being perceived as increasingly important to pay for basic goods and services. The survey results and village workshops repeatedly emphasized the desire of individuals, families and villages to pursue both subsistence and cash economy activities. To meet those needs, planning for government programs and development projects must be presented in a manner that allows choices to be clearly identified by each community. Time must be allocated in the planning process to allow adequate public involvement in decision making that affects local people. This includes time:

- a. To assess and to digest information.
- b. To discuss the advantages and disadvantages of various options.
- c. To discuss the consequences of any actions.

COMMUNITY SERVICE GOALS

1. TO PROVIDE FAST AND EFFICIENT MEANS OF LOCATING MISSING PERSONS.

Objective:

- a) Improve the regional system of search and rescue for people in need of aid;
- b) Establish communication links to assure responsive and efficient rescues.

2. TO ENCOURAGE THE ACQUISITION AND USE OF ONLY EFFICIENT AND RELIABLE UTILITIES. THESE UTILITIES SUCH AS WATER, SEWER, AND ELECTRIC GENERATORS, MUST BE APPROPRIATE TO THE ENVIRONMENT, THE NEED, AND VILLAGE ABILITY TO OPERATE AND MAINTAIN THEM.

Objectives:

- a) Allow each community the opportunity to have safe, sanitary waste disposal systems provided within their fiscal means;
- b) Provide electrification at a reasonable cost to users;
- c) Ensure that each community is presented with the cost and complexity of operations and maintenance of all new facilities before they are built.

3. UPGRADE THE QUALITY OF CRIMINAL JUSTICE AND PUBLIC SAFETY SERVICES PROVIDED IN THE NANA VILLAGES.

Objectives:

- a) Explore methods for expansion of jail facilities and local police;
- b) Explore methods to expand local ability to handle firefighting.

TRANSPORTATION GOALS

1. TO PROVIDE A RELIABLE, ALL WEATHER TRANSPORTATION SYSTEM, AT REASONABLE COST IN THE NANA REGION.

Objectives:

- a) Design options to minimize the cost of transporting fuel to villages;
- b) Study the effects of frequency of transportation service on costs of moving goods and people;
- c) Strive to provide a safe, dependable trail network in the region.

2. TO INCREASE THE DEGREE OF SAFETY IN AIR TRANSPORTATION SYSTEMS.

Objectives:

- a) Evaluate the current system for collection and dissemination of weather information from villages;
- b) Explore ways to improve navigation into village air strips;
- c) Provide for adequate, reliable, year round air strip maintenance.

3. TO IMPROVE THE SAFETY AND CONVENIENCE OF TRAVELERS IN THE REGION.

Objectives:

- a) Explore ways to improve the safety of winter travel between villages;
- b) Design options to increase convenience of airplane passengers awaiting flights.

4. INCREASE LOCAL INFLUENCE ON LOCAL TRANSPORTATION DECISIONS.

Objectives:

- a) Ensure that opinions and comments of community people are included in all decisions affecting the region before beginning transportation project;
- b) Encourage government agencies to coordinate their planning with regional organizations such as Mauneluk Association and NANA Regional Corporation.

5. IMPROVE ACCESS TO VILLAGE WASTE DISPOSAL SITE.

EMPLOYMENT GOALS

1. TO PROVIDE EMPLOYMENT OPPORTUNITIES IN THE NANA REGION.

Objectives:

- a) To ensure maximum local hire on development projects in each village;
- b) To minimize conflicts between scheduling the availability of employment opportunities and the pursuit of subsistence activities;
- c) Create employment in seasons when there normally is none;
- d) Encourage the development of employment opportunities which allow periodic return to communities.

2. TO DEVELOP LOCAL TRAINING PROGRAMS FOR REGIONAL EMPLOYMENT OPPORTUNITIES.

Objectives:

- a) Encourage the school district to develop its curriculum in such a manner that High School courses offered are relevant to employment opportunities available;
- b) Provide opportunities for village residents to gain employment skills in their communities;
- c) Assure the provisions of local training programs in any economic development projects in the NANA Region;
- d) Encourage the transfer of traditional skills (e.g., boat and sled building, arctic survival and subsistence skills, customs, crafts, etc.) to young people.

SOCIAL GOALS

1. TO FOSTER A STRONG, HEALTH, COMMUNITY ENVIRONMENT IN THE NANA REGION

Objectives:

- a) To encourage family participation in community activities;
- b) Reduce the dependence on alcohol and drugs;
- c) Increase the level of independence, self-reliance and pride.

2. TO IMPROVE AND MAINTAIN THE HEALTH OF THE NANA PEOPLE.

Objectives:

- a) To minimize disease and health problems through the study of alternatives such as prevention programs;
- b) To provide high quality, locally available health services;
- c) To supply each community with an adequate number of well-trained health aides;
- d) Improve telecommunications between village health aides and medical personnel in Kotzebue.

3. TO ENCOURAGE THE DEVELOPMENT OF THE HIGHEST QUALITY LOCAL GOVERNMENT FOR EACH COMMUNITY IN THE REGION.

Objectives:

- a) To improve local management capabilities;
- b) To maximize cooperation and communication between city administrations and local IRA (traditional) councils;
- c) To maximize public participation in local and regional decisions.

4. TO PROVIDE MEANINGFUL, ENRICHING, EDUCATIONAL OPPORTUNITIES FOR ALL NANA RESIDENTS.

Objectives:

- a) To assure continued communication between the School Board and the village residents on issues such as local needs and curriculum;
- b) To enhance student and teacher motivation towards quality education;
- c) To provide diverse educational opportunities for students and adults.

HOUSING GOALS

1. TO PROVIDE SAFE, EFFICIENT, HOUSING AT REASONABLE COST FOR NANA RESIDENTS.

Objectives:

- a) Secure housing which is energy efficient in design;
- b) Provide flexibility in choice of building materials and fuel source;
- c) For prospective public housing residents, increase information about monthly costs associated with those homes;
- d) Assure that the distribution of low-income housing is equitable among villages in the NANA Region;
- e) Provide new housing to those in most need;
- f) Ensure that comments of local people are included in developing housing projects in their community.

MEMORANDUM

File

To: Byron I. Mallott
Commissioner
Department of Community and
Regional Affairs

From: Regional Government Study Team
(Sig Strandberg, Al Widmark, Al Adams, Kevin Wering,
Michael Jones)

Subject: Regional Government Study Design

This memorandum reports the results of a series of meetings of this past weekend by members of your staff. At these meetings we considered several alternative approaches for formulating a comprehensive approach to the establishment of regional government structures in the unorganized borough with substantial citizen involvement. We did not attempt to establish potential regional structures per se, rather we focused our energy on creating a process through which the issues of local government can be legitimately and knowledgeable examined.

At the outset, we recognized the fact that the unorganized borough contains diverse people and diverse governmental entities. For example, the unorganized borough includes by statute all areas of the state which are not presently within the boundaries of organized boroughs and unified governments. Such incorporated municipalities as Kotzebue, Bethel, or Valdez and Delta Junction, as well as unorganized communities such as Tok and Glennallen are part of the unorganized borough. We searched for alternatives sufficiently flexible to deal with the diverse conditions found in the various parts of the unorganized borough. We searched for a format through which the people of the unorganized borough could have significant input into the development of

regional government recommendations through a form credibility both in the eyes of the Governor and the Legislature. We struck upon two related alternative approaches for accomplishing this.

1. Creation of a special regional government study commission as an adjunct of AS 44.47.050 (4) and (10). Such a commission, appointed by the Governor, would consist of sufficient membership and composition to guarantee representation of all interests of the unorganized borough areas. The commission would be responsible for holding hearings at designated locations in the unorganized borough to provide to the citizens information bearing on the question of establishment of regional governments, and eliciting from the citizens their comments and testimony. The work of the commission would be supported by staff of the Department of Community and Regional Affairs, and by a technical advisory council composed of specialists drawn from the State Federal Land Use Planning Commission, Department of Education/Alaska State-Operated School System, ISEGR, ANF, Department of HSS, Department of Law, and the Division of Planning and Research-Office of the Governor. The functions of the technical advisory council will include the following:
 - a. Act as a technical information resource to the Commission ~~and the Department of Community and~~

and the Department of Community and Regional Affairs;

- b. Develop comprehensive background papers on topics expected to be germane to the work of the Commission;
- c. Provide a formal channel for the input of state agencies and other organizations whose work relates significantly to government in the unorganized boroughs;
- d. Develop orientation materials on selected topics for members of the Commission sub-committees;
- e. Assist the Commission members in the analysis and correlation of citizen testimonies;
- f. Act in the capacity of liaison officers between the Commission and the represented agencies and organizations.

It is our recommendation that the Department of Community and Regional Affairs chair the technical advisory council.

2. The key to the study design is the regional government study commission, whose membership would be broadly representative of the variety of communities and conditions found in the unorganized borough. The responsibilities of the commission will be as follows:

- a. In cooperation with the Department of Community and Regional Affairs, and the technical advisory council, create an overall design for the holding of regional government hearings in selected localities of the unorganized borough;
- b. Determine the location of regional government hearings;
- c. To notify the people of the unorganized boroughs of hearing dates and places, and to provide them with information to enable the people to participate in the hearings intelligently;
- d. To conduct at the designated localities hearings of such a character that the people are given clear information as to the reasons for the local government study, and the various issues involved in the creation of regional government, and the people have ample opportunity to discuss with the commission members their concerns and recommendations;
- e. The commission will, in collaboration with the Department of Community and Regional Affairs and the technical advisory council, analyze all of the testimony given and make recommendations to the Governor regarding the creation of regional government entities.

It is expected that the work of the commission will yield a vast amount of information regarding the concerns and

hopes of the people in the unorganized borough with respect to the creation of regional government. This information will create a solid foundation for the design of legislation which will be appropriate to the needs of the people of the unorganized borough.

It is interesting to note that the Rural Affairs Commission, with some modification, could meet the above objectives. AS 44.19.728, sets forth the functions of the Rural Affairs Commission. "The Commission shall: (1) solicit and receive information, testimony, and documentation regarding rural progress, including land claims; (2) report findings and recommend actions designed to assist the Governor in reaching fair and equitable decisions regarding rural affairs."

Alaska's Local Government

Structure

The philosophy and general forms of the system of local government in Alaska are expressed in Article X of the State Constitution. Section 1 of that article declares:

The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units.

The delegates to the constitutional convention recognized, and sought to avoid, a ~~proliferation~~^{PROLIFERATION} of local government units and special service districts common to other states. To ~~the~~^{THAT} end, the framers established a simplified system of local government for Alaska:

All local government powers shall be vested in borough and cities. The state may delegate taxing powers to organized boroughs and cities only.

Alaska Constitution, Article X, Section 2.

Areawide, the borough was intended to be the larger of the two local government ~~units~~^{FORMS}, embracing an area with common characteristics.

The constitution further requires, in Section 3 of Article X, that "the

entire state . . . be divided into boroughs, organized and unorganized, (to) be established in a manner and according to standards provided by law.

The status of existing cities was not changed by terms of the constitution, but provision was made whereby cities could change their status by initiative of the city council. Article X, Section 7, provided, however, that cities were to be "part of the borough in which they were located," retaining certain rights and powers until transferred to or otherwise acquired by the borough in the manner to be provided by law.

Under Article _____, the state established the original borough boundary lines. While this authority was left with the legislature, members of the convention envisioned it being done only after a thorough study of economic, geographic, social and political factors. Provision was made for changing the boundaries of boroughs and cities, providing a process wherein both areawide and statewide needs could be considered.

To the legislature was delegated the task of classifying the boroughs, assigning powers and functions, prescribing the methods by which boroughs are organized and operate, and how they shall be financed.

As described in AS 29.18.030, the standards for borough incorporation are very broad, and attempt to include those considerations which will bear upon the successful administration of a government for a region in any part of the state.

The succeeding paragraphs elaborate on each of the above standards, indicating those features which should be examined in depth by an individual or group considering borough incorporation:

- (1) Population. All people with common interests should be included together in a proposed borough. The term "common interests" is, however, difficult to define. Such interests may be viewed in terms of basic economics of the borough areas, the accessibility of parts of the borough area to each other, climate, resources and topographical factors, ^{SHOULD} ~~should~~ concern for patterns of land use and employment. ^{They are} units, generally, with common problems, cohesive elements, and identifiable ^{NEEDS} ~~services~~ which a regional government structure could address. Relationship of communities within a geographic area with a large central community may exist. The relationship may be in terms of the larger community serving as a center for the area's trade and transportation facilities. In the community may also be located social services centers, a regional high school, health facilities for the region, and offices of federal and state agencies for the district.

(2) Boundaries. Natural geography - topographical features, barriers, resources, and pattern of land use - will influence the establishment of borough boundaries, on the theory that geographical features may facilitate or obstruct normal economic and social exchange among communities or groups of communities. Uninhabitable or unusable land is generally excluded as it is not necessary for integrated local government. But where such land contains natural resources or features conducive to future development, or where such lands may be included to protect subsistence patterns, the merits of including such areas within borough boundaries must be determined on an individual case basis. Specifically required to be included, however, are all areas necessary for full development of local services.

(3) Economy. It is important that an area proposed for borough incorporation have an economic base sufficient to warrant and support the function of a regional government. The borough's financial resources include the potential amount of money that is received from a consumer's sales or use tax of up to 3% and a tax on real and/or personal property not to exceed 3% of its assessed value. Other resources will flow from state tax refunds, state revenue sharing for services^{s/} provided by the borough^{s/} government, leases or sales of lands. The sufficiency and stability of the proposed borough's economy must be in terms of present land use, property valuations, and other

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factors bearing upon return of adequate revenues from local
^
sources to accomplish or assist borough functions.

- (4) Transportation. Many areas of the State of Alaska are not con-
^cected to the main rail, road or marine highways of central and
southeastern Alaska. The dominant mode of transportation ~~is~~ ⁱⁿ
this area is by air. A developing system of state airports,
scheduled airline servies, and charter carriers has facilitated
communication and exchange among regional centers and sur-
rounding communities. An area proposed for incorporation
as a new borough must contain the elements of a transportation
system as to assure that the communities within the borough
boundaries will be able to benefit from integrated regional
government, making all inhabited areas of the proposed bor-
ough readily accessible at reasonable expense. Existing and
planned roads, highways, airports, boats and the ferry sys-
tems, and railroads must be considered in determining the most
probable borough boundaries at the farthest reaches of the com-
munity of interests.

Borough Classification

The legislature has established three classes of boroughs, namely, first, second, and third class organized boroughs, and the larger unorganized borough which comprises all areas of the state not within the boundaries of an organized borough.

First and second class boroughs exercise mandatorily the areawide powers of education, tax assessment and collection, and planning and zoning. Both of these classes of boroughs may acquire additional areawide powers at the time of incorporation or subsequent to incorporation. A first class borough acquires other areawide powers through transfer from cities within its boundaries or by an areawide election on the question. Second class boroughs acquire additional power in the same manner.

First and second class boroughs may ~~also~~ exercise additional functions in the borough area situated outside incorporated cities. First class boroughs may exercise additional non-areawide (outside cities) by ordinance. A second class borough requires an election in the area outside cities in order to add additional power in that area, except with respect to certain special matters specified by law including regulation of fireworks, animals, vehicles and snow machines, garbage and solid wastes, and water pollution. The latter are conferred in the municipal code for second class borough exercise in the area outside cities without a vote in the area. Acquisition of additional non-areawide power and duties may be proposed by petition as well as by the assembly.

The third class borough is required to exercise only the areawide power of education and tax assessment and collection.

The following is a brief description of the three mandatory powers exercised by organized boroughs and the measure of acquisition of additional areawide and non-areawide powers:

The unorganized borough contains all the area outside organized boroughs, with cities being parts of the borough in which they are located. The unorganized borough - generally all of rural Alaska - bears no relationship to any local government. Rather, it is intended to be a means by which the legislature may encourage citizens to participate in activities of concern to residents. As the assembly, or governing body, for the unorganized borough, the legislature may establish service areas to "provide for the performance of services it deems necessary or advisable in unorganized boroughs." In this respect, the legislature, may - though it has never so acted - identify general criteria and procedures for establishment of service areas in the unorganized borough or enact separate acts establishing one or more service areas. Additionally, the legislature may provide service area functions separately to each service area established.

~~Draft~~

BOROUGH FUNCTIONS

A. Education

Each organized borough of the State of Alaska constitutes a borough school district and must establish, maintain and operate a system of public schools on an areawide basis. The borough's school responsibility is supervised by an elected school board composed of either five or seven members. A borough district with an average daily pupil membership exceeding 5000 has a school board of seven members; a borough district with an average daily membership of 5000 or less has a school board of five members, except that the governing body of the borough- the assembly -may, by ordinance concurred in by a majority of the school board, increase the number of members to seven.

To serve as a member of a school board, an individual must be a citizen of the United States, qualified to vote in a state election, and registered to vote.

As its first meeting following an election, each school board must organize and elect from its members a president, clerk, and treasurer. The president presides at all meetings, and has authority to vote on all matters before the board. Other powers may be conferred upon the president by state regulation or by-laws adopted by the board to assist in administration of the district. The clerk attends to correspondence of the board and exercises the functions of

- (c) recommendation of hiring;
- (d) planning for maintenance and expansion of building and site facilities;
- (e) submission of the school calendar;
- (f) completion of the annual and all special reports; and
- (g) advising members of the school board in the conduct of their meetings.

Thus, the school administrator or superintendent is a key person in the organization and operation of the district's educational program, and the selection of a competent administrator is probably the single most important decision ^{an} ~~the~~ board may make.

Schools exist for the curriculum and instructional program which are offered to elementary and secondary students. Obtaining professional staff, negotiating conditions of employment, and providing adequate guides and materials are matters which though the immediate concern of the district superintendent, must come to the board for approval. After contracts are signed, the board should also concern itself generally with teacher training, expansion and enrichment of the educational program, and other matters which contribute to a well-rounded educational program. Likewise, the board should

understand those laws and regulations established governing the dismissal of employees of the school district and, where documented evidence supportive of a recommendation by the superintendent confirms dismissal, a board may so act.

Finally, the borough school board must concern itself with ~~planning~~ ~~and~~ adoption of a budget and other business affairs of the school district. The budget process involves, first, a determination of the educational needs of the community, ^{CONSISTENT WITH} ~~and~~ the financial ability of the school district to meet those needs. A draft budget is prepared by the district administrator and submitted to the board for consideration. After review and amendment, the budget is adopted.

State law requires that the budget of a borough school district be presented to the borough assembly. The assembly has the authority to determine the amount of funds to be made available for school purposes, but may not veto or challenge specific items in the school budget. Approval by the borough assembly is followed by adoption of a property tax levy or adjustment of sales tax rate, if necessary, to assure return of local revenues in support of school operations.

School board business transactions and keeping of financial records should follow approved accounting procedures. Adequate accounting is essential because reports to the state and federal government must be filed periodically by the district, from information to be founds within the financial records of the district. Purchase of sup-

plies and equipment, maintenance of inventory records, procuring adequate insurance coverage, and supplemental program, including the school hot lunch program, are other aspects of the business function of the district of which the members of the board should have knowledge.

Responsibility for school facilities is a responsibility of the board. Though the assembly of the borough is responsible for constructing necessary and suitable facilities and providing funds to maintain them, the school board has the major role in planning for additional facilities. Determination of classroom needs and space for special services, school site selection, and building design are concerns of the board. Capital improvements projects should involve residents of the community in the planning and survey, for public participation assures greater support in the community or region served.

Each of the three classes of organized boroughs has the authority to levy and collect taxes. Revenues collected through imposition of a local tax on real and personal property and taxes on sales and services are generally the chief means of support of ^a ~~the~~ borough's administrative function, and may contribute to local support of operation of the borough's schools.

Property tax assessment and collection is a function of the organized borough. Taxes levied may be imposed against each of the two major property classifications - real property, including land and improvements on it, and personal property, furniture, automobiles and other vehicles, inventory and merchandise, and other items.

The assessment function with respect to real property requires, first, the identification of taxable property, supplemented by additional information on land sales, appraisals, rentals, market data and other evidence tending to show the value of the real estate or improvement property. In this regard, preparation of maps, forms, and a system of permanent records indicating physical characteristics, legal description, and improvements to parcels of real estate will provide the basis for subsequent use of the information by borough officials.

Determination of land values and valuation of improvements situated on the land follow from on-site inspection, backed by computation of estimated costs and applicable depreciation, if any. With complete information, an assessment of real property should be completed that is equitable and valid.

Valuation of personal property - if the borough assembly determines that items of personal property shall be taxed - also requires that taxable personal property be identified. Generally, the items are discovered by mailing of a personal property declaration form for completion by the taxpayer and return. The information returned is classified by type and location, allowing the ready comparison of items^s in determination of values.

^A~~The~~ primary task of the assembly of a new borough, then, is to establish the necessary administrative machinery that will provide for return of information to complete an assessment. An assessor should be hired or retained by agreement. With members of his staff, he should proceed to the identification of the real and personal property located within the borough generally in the manner outlined above.

Units of regional government - boroughs - established in rural Alaska labor under the handicap of an absence of existing information about real and personal property located within the unorganized borough. The expenditure of man hours in support of an initial identification and appraisal of the property will probably constitute a very signi-

ficat part of the borough's first year budget. Thereafter, the cost of maintaining property tax rolls should become less expensive. But the continuing cost of appraisal and assessment is a financial obligation of the borough and must be met on an annual basis to assure return of other borough functions.

By state law, certain property is exempt from taxation by a borough:

- (1) real and personal property owned and held by the government of the United States;
- (2) certain property belonging to Alaska Natives under the absolute control of the United States;
- (3) religious property, including structures for worship, land on which it stands, furniture and fixtures within it, and adjacent lots providing for enjoyment of the rights of public worship;
- (4) the first \$200 of household furniture owned by the head of a household;
- (5) certain oil and gas properties; and
- (6) the property of cooperatives where taxes are paid to the state.

In certain other areas, the governing body of the borough may enter a determination as to how the property shall be taxed. Of particular interest to residents of the unorganized borough may be methods of taxing boats and vessels, mining claims, electrical cooperatives, ~~private~~ ^{PRIVATE} leaseholds or interests in land owned by the United States, and ~~lease~~ ^{LEASE} hold interests on state lands.

Once the initial appraisal and assessment has been completed, thirty days are provided to every taxpayer to notify the borough assessor as to any ^{ERROR OR} omission. The assessor, based on additional information provided by the taxpayer, may enter an adjustment of the initial assessment, but if he does not, the taxpayer may carry his appeal to the members of the borough assembly sitting as a "board of equalization." Individual appeals ~~are heard~~ ^{ARE HEARD} and decided in a manner which permits both the taxpayer and assessor an opportunity to offer testimony and evidence, but the burden rests with the taxpayer who is submitting an appeal that a particular assessment should be reduced.

Within seven days of a final hearing by a borough assembly sitting as a board of equalization, such changes as are to be made must be approved. The assessor then completes the assessment roll, certifies its accuracy, and returns the roll to the borough assembly. The assembly, having before it the proposed budget for the following fiscal year, reviews the roll and determines the rate of levy. Tax

notices are then mailed to owners of property subject to taxation.

The assessor is not involved in the tax collection function. ^{AN} ~~an~~ administrative procedures, collection may be handled by the city clerk with legal assistance from the attorney.

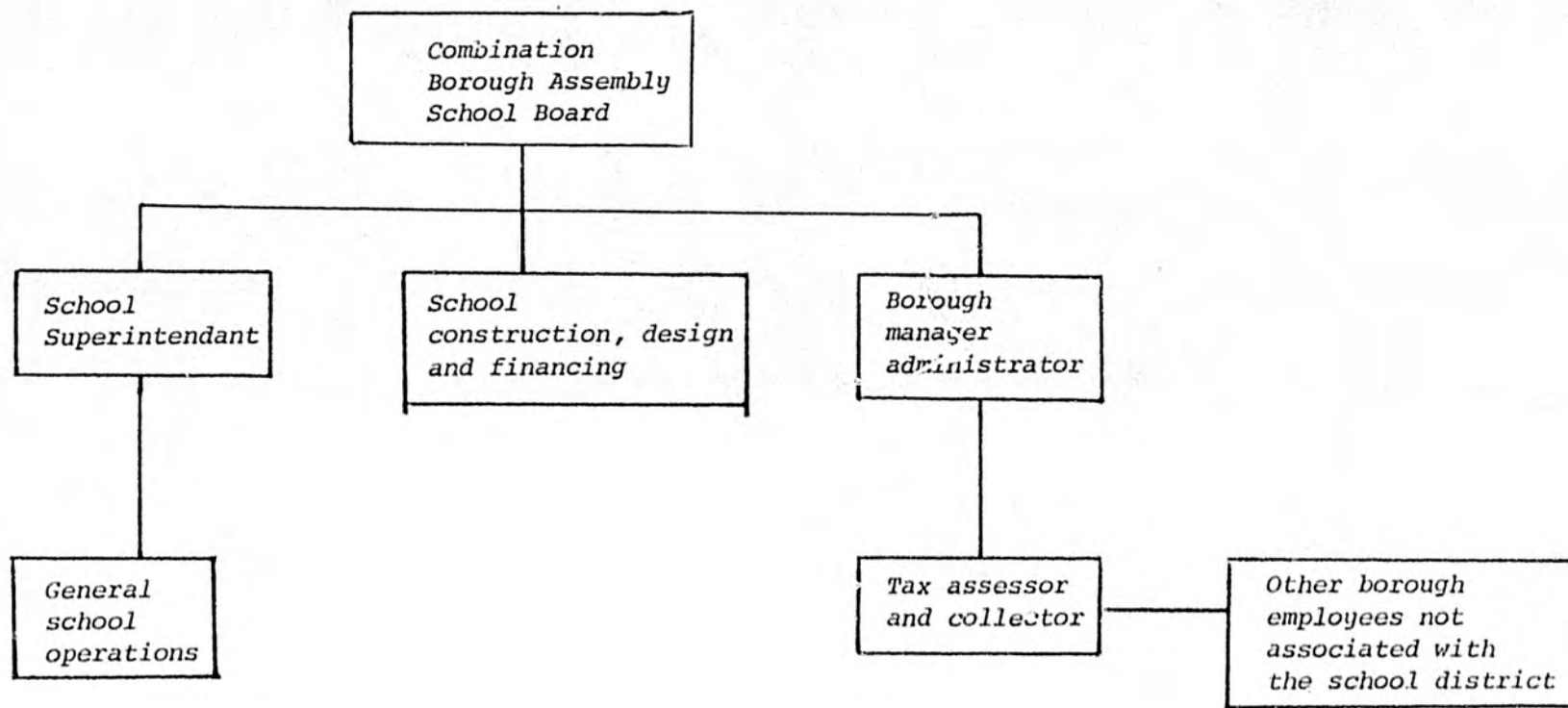
Tax bills sent to owners of real and personal property should be simple to understand, show the amount due, and rendered on a definite schedule. Establishing the proper mailing address is most important for, if not properly addressed, taxes become delinquent and penalties and interest are added. Collection and accounting procedures should also be simplified to keep the taxpayer well-informed and tax delinquencies to a minimum.

Penalties and interest should be legal and adequate to assure that a taxpayer that it is not cheaper to avoid taxes than to borrow money. State law establishes a maximum penalty of ____% and a maximum rate of interest of ____% which may be charged on the entire unpaid balance, not including penalties, from the due date until paid in full.

The clerk or collection of taxes is responsible for establishing and maintaining a roll of delinquent taxes on real and personal property. The roll, with respect to real property, also called the foreclosure list, is certified and must be publicized for four successive weeks in a newspaper designated by the borough assembly. Thereafter,

one action instituted by the borough assembly may foreclose the tax lines against all real property included on the foreclosure list. Real property subject to foreclosure must be held for a one year redemption period, during which time any person having an interest in the property may redeem the property by payment of the full amount of the judgment. At the end of the redemption period, after publication of notice, the borough may acquire lists to the property.

Owners of personal property assessed are personally liable for the amount of taxes assessed against their personal property. This tax together with penalty and interest, may be collected after it becomes due by action brought by the borough against the owner.



BOROUGH GOVERNMENT - a brief outline of the powers and duties of organized boroughs.

A borough is a regional form of government desinged to provide specific municipal services over a specific geographic region.

There are three kinds of boroughs, known as first, second and thirid class boroughs.

POWERS - First and second class boroughs both have three mandatory powers. They are:

Education - responsibility for providing an areawide school system within the borough;

Planning - responsibility for all matters relating to planning, platting and zoning within the borough; and

Tax Assessment and Collection - responsible for assessing all taxable property within the borough and also responsible for collecting all taxes levied against that property. Would also have responsibility for collecting all sales tax levied within the borough.

First and Second class boroughs may also acquire the following additional powers:

- (1) streets and sidewalks;
- (2) sewers and sewage treatment facilities;
- (3) harbors, wharves, and other marine facilities;
- (4) watercourse and flood control facilities;
- (5) health services and hospital facilities;
- (6) cemeteries;
- (7) police protection and jail facilities;
- (8) cold storage plants;
- (9) telephone systems;
- (10) light, power and heat;
- (11) water;

- (12) transportation systems;
- (13) community centers;
- (14) libraries;
- (15) recreation facilities;
- (16) airport and aviation facilities;
- (17) garbage and solid-waste collection and disposal service and facilities subject to § 33 of this chapter;
- (18) fire protection service and facilities, not in conflict with AS 18.70.075, but not limited to AS 18.70.075;
- (19) parking and parking facilities;
- (20) housing and urban renewal, rehabilitation and development;
- (21) preservation, maintenance and protection of historic sites, buildings and monuments;
- (22) consumer protection.

The major difference between a first and second class borough is the manner in which these additional powers are acquired.

First class boroughs can acquire additional powers in the area outside cities simply by adopting an ordinance authorizing the power. Second class boroughs may acquire additional powers in the area outside cities by holding an election on the question: if the voters authorize exercise of the power the borough can adopt an ordinance so providing. If the voters say no to the exercise of the power, the borough cannot exercise it.

In both first and second class boroughs authority to exercise additional powers inside cities is acquired by having the city council transfer the power to the borough or by having an election in the city to transfer the power to the borough.

All first and second class boroughs are governed by a borough assembly composed of a number of members specified in the incorporation petition. Additionally, there is a Planning and Zoning Commission which is responsible for reviewing and making

decisions, subject to assembly action, concerning all planning, platting and zoning matters. Finally, there is a school board which is responsible for preparing the school budget and establishing school policy.

The only other major difference between first and second class boroughs is that a first class borough may adopt a home rule charter and a second class borough may not.

The other kind of borough is a third class borough. Third class boroughs have the mandatory powers of:

Education

Tax Assessment and Collection

All other powers (those listed as optional for first and second class boroughs) may only be exercised on a service area basis and only after residents of the service area have voted to authorize the borough to exercise the power.

A third class borough may not exercise any optional powers on a areawide or non areawide basis.

Third class boroughs are governed by a combined assembly/school board. Unless the borough established a planning service area there is no borough planning commission because the borough does not have planning powers.

HOW IS A BOROUGH FORMED

The first step in organizing a borough is to thoroughly educate all of the residents of the proposed borough about what boroughs are.

Once the education process is complete a petition is prepared. The petition must include:

1. The proposed boundaries;
2. How the assembly will be composed;
3. What powers the borough will exercise;
4. What class the borough will be;
5. A proposed budget for the borough; and
6. Evidence showing that the proposed borough meets the following standards for incorporation.

Sec. 29.18.030. Organized boroughs. 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 valuations, 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.

Once the petition is complete, it is filed with the Department of Community and Regional Affairs. They determine if the petition contains all the necessary information.

After Community and Regional Affairs accepts the petition it is filed with the Local Boundary Commission. The local Boundary Commission then holds public hearings in the region proposed for incorporation. The purpose of the hearing is to hear public comment for or against the petition. After the public hearings the Commission will hold a decisional meeting and may do one of the following:

1. accept the petition as presented;
2. amend the boundaries and accept the petition; or
3. reject the petition.

If the petition is accepted the Lt. Governor conducts an election to allow local residents to determine whether or not they wish to form a borough. If local residents vote yes - a borough is formed; if they vote no the process is ended and a borough is not formed.

I. Introduction

Among all the states in the Union, Alaska is unique in that vast portions of its territory are not divided into regional structures for state or local governmental purposes. Such areas of the State, referred to by the Alaska Statutes as the unorganized borough, depend upon the State Legislature for the mechanisms and fiscal means by which needs are defined and met. A variety of State and Federal agencies, whose jurisdictions are for the most part inconsonant, serve to administer governmental functions and programs some of which might otherwise be handled by regional governmental structures, were they in existence.

Recent events indicate an emerging interest on the part of some citizens toward the subdivision of the unorganized borough into borough governments. Legislative attention has focused upon the question of establishing by mandate the formation of borough governments covering the entirety of the unorganized borough or in the alternative the formation of regional service areas for the purpose of accomplishing a decentralization of the education function to allow maximum participation in and control over this function by residents in the unorganized borough.

The intermediate position of regional government between the State and city governments in rural Alaska is a largely untested mechanism, but one which deserves closer consideration than has been given to date. For those who would study the borough model, basic information about the structure, function, and resources is essential. It is, then, to those who are interested in the incorporation of an organized borough that this manual is directed.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

Historical Perspective
II. ~~Historical Perspective~~

When the framers of the Alaska Constitution confronted the question of establishing structures and mechanisms for regional government they selected the concept of boroughs. A derivative of the concept of areawide government under consideration in other states during the 1950's, the Alaskan borough concept was adopted by the 1956 Constitutional Convention as a structure which would bridge the local service gap between city and State governmental levels. Such areawide units would be broadly flexible, and adaptable to the diverse circumstances found in various parts of the State. Conditions at the time did not seem to warrant subdivision of the entirety of the State into boroughs and as a consequence the Constitutional Convention chose to merely define the concept of boroughs, leaving to the Legislature the responsibility of determining a scheme for classification, definition of the conditions and standards under which they would be formed and their powers, duties and functions.

While recognizing that some areas of the State required a regional form of government which would have the authority to administer and support a wide range of services and functions, the Constitutional Convention noted that other areas beyond metropolitan centers were not as yet "ready" for regional organized boroughs, but would benefit from the formation of regional structures to be administered by the State with maximum local participation in an advisory capacity. Hence the concept of the unorganized borough was prescribed. Unorganized boroughs would be administered by the Legislature which would be the governing body comparable in function to the assembly, the governing body of organized boroughs. The entire State would be divided into boroughs, organized or unorganized. It was assumed that once adequate administrative capabilities and finances were available, unorganized boroughs would move to organized borough status.

After two years of extensive study, hearings and evaluation, the Legislature enacted the first borough act in 1961. The act provided for first and second class boroughs, prescribing methods and standards by which they would be incorporated, their structure and powers and functions. A third category, the single unorganized borough, was designated to include all areas not included in organized boroughs. Under the act, first and second class boroughs would be initiated voluntarily by petition of residents. Minimum standards for incorporation were stated in general and flexible form. An essential feature of the first borough act was the requirement that existing special districts (Independent School Districts, Public Utility Districts, etc.) were to be integrated into organized boroughs or cities, or established as service areas in the unorganized borough no later than July 1, 1963. The effect of this provision was to focus attention on the more developed metropolitan areas of the State for application of the organized borough concept.

In the face of reluctance on the part of Alaskan citizens to voluntarily incorporate, the 1963 Legislature enacted a measure calling for mandatory incorporation of boroughs in eight developed areas of the State containing special districts. These areas included Anchorage, Palmer, Fairbanks, *Kenai*, Kodiak, Juneau, Sitka and Ketchikan. The major thrusts of the mandatory borough act were the equalization of local property tax burdens and the integration of the previously mentioned special districts into constitutional forms of local government.

Only one organized borough, the Bristol Bay Borough, was incorporated by local action prior to 1963. Since the formation of the boroughs mandated by the Legislature in 1963 only two other boroughs have been organized, the Haines Borough (1968) and North Slope Borough (1972). The Haines Borough incorporated by local action in response to a special district problem, that of integrating the Haines Independent School District into a constitutional form of local government. The North Slope Borough was incorporated largely in response to recognition by local residents that a sufficient financial base had developed to enable residents to undertake responsibility for government in their own region.

~~_____~~

During the past four years a number of events have taken place which have radically altered the social, economic and political context of the unorganized borough. The Alaska Native Claims Settlement Act provides for an eventual cash settlement of nearly \$1 billion and 40 million acres of land. In addition, the Act empowers 12 regional Native corporations to assume extensive responsibilities in the administration of the Claims Settlement Act, and involves them in some functions associated normally as government prerogatives, such as land selections. There has been developing over a period of time a change of climate and awareness among residents in the unorganized borough, as expressed in heightened interest in assuming local responsibility for the administration of certain services and programs, including health services, operations of schools, and control of school curricula. These and other changes indicate development of what one might call pre-conditions for borough formation.

In addition to a growing interest among residents in many areas of the unorganized borough in greater participation in determining how various programs and services will be administered on an area basis, some residents have openly expressed interest in exploring the possibilities of borough formation. A principal example would be the Ketchikan-Kobuk region. Some expressions of interest have also been heard from the Aleut League, from some residents in the Bethel area, and from residents of Prince of Wales Island in Southeast Alaska.

A number of proposals before the first session of the Eighth State Legislature give serious consideration of the problems of the development of governmental structures in the unorganized borough. SB 122 and HB 192 propose to decentralize the education function to return a greater degree of control over school operations to local residents. Under these bills communities with schools now administered by the State Operated School System Board of Directors would be resolved into educational services areas in the unorganized borough and would contain two or more communities, with elected school boards. Alternative proposals have also been offered which would create an Unorganized Borough School District within which local control could be achieved through optional formation of second class city school districts, contractual operation of community schools by agreement with existing municipal school districts, consolidation of several community schools with adjacent municipal districts for school administrative purposes only, or the formation of school service areas.

Of equal import to residents of the unorganized borough is HB 122, an act providing for the incorporation of new boroughs. Under this bill areas mandated for incorporation are defined along the boundaries separating the twelve Native Regional Corporations formed under the Alaska Native Claims Settlement Act of 1971. These areas would be incorporated mandatorily, effective January 1, 1977, unless earlier organized by local option procedures under existing law.

When one looks at the ~~more~~ contemporary pattern of initiatives and expressions of interest in borough formation, it becomes apparent that the interests and efforts being made are disconnected, and certainly are not part of an overall policy or plan initiated with any significant degree of analysis of the questions involved. Inasmuch as the boroughs that have been created are centered around either large population centers, or areas with some degree of development or sources of financial resources, and the great majority of communities and areas within the unorganized borough have not heretofore shown any serious interest in borough formation, it should be acknowledged that residents have at least intuitively recognized that the balance between responsibilities of borough governments and the availability of resources and skilled people is not adequate. When one begins to consider the questions and ramifications seriously, it becomes apparent that forms of regional government which have proven appropriate and workable in the more urban and developed areas may not be as suitable for more rural and less developed areas of the state. The subdivision of the unorganized borough would have profound impact on rural areas and it ought not take place without extensive consideration by residents of the unorganized borough themselves, and a thorough analysis of the questions involved by the State.

Borough Planning

Borough^{ACC} of the first and second class an authorized and must undertake respon-
sibility for areawide planning. Planning is not a new concept, nor is it new
to Alaska. Larger cities and organized boroughs in the state have adopted plans
which include plans for ^{comprehensive} and transportation systems and the means and
for land use ~~and construction of~~ public facilities. ^{and the means and} The joint federal state land ^{priorities for}
use planning commission established in the Native Claims Settlement Act has ^{within the}
under consideration recommendations for land use of large tracts of federally- ^{Borough for its}
owned public lands. Various state departments concerned with public facilities ^{ability to}
and economic development have formal plans. ^{pay.}

Borough planning combines land use, public facilities construction and develop-
ment planning. As an areawide function, it concerns areas within and outside
cities, and reaches to all aspects of community life.

Planning, if it is worth the time and money spent, must be action - oriented. ?

Members of borough planning commissions, understanding the problems pecu-
liar to the area, ^{should be} ~~are~~ prepared to address the needs of a village or region and
submit recommendations as to location of new buildings, limits on land use,
or general controls or patterns of commercial ^{industrial} and residential settlement. The
planning commission must also explain to the public the notices of recommenda-
tions offered and seek to encourage public support of the planning program.

Generally, responsibility for planning rests with the borough assembly and
borough mayor. A successful planning effort requires an enabling ordinance,
funds appropriated to support the work of the planning commission, enactment
of a zoning ordinance to implement recommendations of the planning commission

and adoption of a comprehensive plan for the community or area served; all of these are the immediate concern of the assembly and mayor.

The mayor appoints the members of the borough planning commission, a body of not less than five members each of whom serves a three-year term. Appointments must be approved by the borough assembly, and the membership should be broadly representative of the areas within the borough.

The planning commission's duties are described in state statutes. Generally, the commission:

- (1) Prepares plans for systematic development of the borough;
- (2) Suggests the employment of necessary staff;
- (3) Considers plan for public facilities in the capital improvement program;
- (4) Develops a comprehensive plan;
- (5) Proposes for consideration by the borough assembly, zoning and subdivision ordinances and amendments to those ordinances; and
- (6) Proposes plans for renewed projects.

Because members of a borough planning commission are laymen with other jobs and interests, all boroughs having responsibility for areawide planning may find expert assistance necessary. A planning staff may be used to conduct necessary studies or administer regulations. To other boroughs too small to maintain a permanent staff, the resources of the Division of Research and Planning of the Department of Community and Regional Affairs are available.

The first step in preparing a general plan for a borough is to describe the characteristics of the borough. The members of the planning commission must take account of the history of the area's economy, topography and natural resources, current and past employment, population and the activities and interests of proper, patterns of existing land use, and present and projected commercial activity. Once the summary is prepared, the commission must provide broad guidelines for the borough's development. Alternatives in land use policy should be considered.

One method of planning the future use of land is to map the current land uses and future requirements. Future land requirements for housing, commercial activity, or public use, should take into account road construction or relocation and easements for utilities. The ^{designation} ~~location~~ of land for commercial activity ^{should} ~~may~~ ^{be located} ~~be located~~ near existing or proposed transportation facilities and ^{location of} ~~near~~ principal customers. Public facilities - including schools - serving the entire community should be sited only after due regard for residential construction. Public land for recreation should be identified and set aside before development occurs. Some land, particularly areas subject to flooding or erosion, may be placed in a conservation category. Area redevelopment within single communities - changing the use of land already developed - may properly be the subject of the commission's concern.

Assessment of a borough's potential economic development and future activities by federal, state, and local groups has a bearing on the land use plan and the capital improvement program. Public facilities often generate interest by private developers; in preparing a capital investment program, the planning

commission should strive to accommodate the decisions on plans of public and private investors. A capital improvements plan must also take into account available revenues and resources and expected patterns of growth within the region. Finally, the commission should work to prepare and refine a list of project, costs, and priorities and present its land use plan and capital improvements program to the borough assembly for review and approval.

A borough does not have authority to levy taxes within a city except for public improvements that are borough wide. But the borough plan and capital improvement program include facilities within the cities because the planning commission is charged by law with responsibility for areawide planning. Therefore, close cooperation between the borough planning commission and city advisory planning commission is essential if improvement projects of the borough are to be built within cities.

Zoning is a well-established function of local government. It is a legal and administrative device by which that part of the comprehensive plan adopted by the borough for land use may be enforced. Zoning identifies land and the best uses to which it may be set, and attempts to set controls on encroachments to the use recommended.

When new housing units are to be built, or a community relocated, the assembly may consider subdivision regulations. A subdivision ordinance specifies standards to be followed in determining the location of streets and easements, size of lots, preservation or protection of natural features, and encouragement of good building lots.

In support of improvements of benefit to the area of a borough, or to the area within a borough outside of incorporated cities, the borough has the power to incur bonded indebtedness. As an essential part of a capital improvements program, consideration of financing and decisions about how projects can be financed are important. Preparing the capital improvement program involves decisions about how projects may be financed out of current funds available to the borough, federal or state grants-in-aid, or proceeds of bond sales.

REGIONAL GOVERNMENT IN ALASKA

During the past three years there has been considerable thought about creating further regional governments in Alaska. The term "borough" is used to designate a regional government. Two years ago, on July 1, 1972, the North Slope Borough was formed; this is the last borough formed to date.

There are only two types of local governments in Alaska:

Cities

Boroughs

Cities are classified as follows:

Home-rule

First-class

Second-class

Boroughs are classified as follows:

Home-rule

First-class

Second-class

Third-class

We will not be discussing home rule in this pamphlet other than to say

that a home-rule city or borough is a first-class city or a first-class borough that by a favorable vote of the people has adopted a home-rule charter. Home-rule municipalities (municipality is another word for a city and a borough) have all powers not prohibited by law or charter.

As you can see by the map (organized cities and boroughs) some areas of your State have already organized as boroughs. These are the parts of the map that are colored red. The rest of your State, which has not been organized into boroughs, is called the unorganized borough. You can immediately see that the unorganized borough constitutes more areas of your State than the organized boroughs.

In the unorganized borough, we find three classes of cities:

Home-rule--those cities designated by a red circle

First-class--those cities designated by a red diamond

Second-class--those cities designated by a red triangle

You will also note some cities designated by a red cross and one by a red star --forget about them at present.

All of these cities in the unorganized borough have certain powers granted to them by law, and those powers are listed in Chapter 48 of Title 29. Title 29 is a part of the Alaska Statutes or Alaska law which deals with municipal government. Alaska law is referred to as follows:

AS 29.48.010

AS means Alaska Statutes or law

29 is the number of the title

48 is the chapter

010 is the section of the chapter

In addition to the powers listed in AS 29.48.010 through AS 29.48.330, the home-rule and first-class cities in the unorganized borough have other powers; among those powers that must be exercised, these are called mandatory powers, are the following:

1. They must establish, maintain, and operate a system of public schools. In other words, they operate their own schools.
2. They must provide for planning, platting and zoning. This means

But, the second-class cities cannot operate their own schools. Their schools are operated by the BIA or SOS (State-operated schools). Here is the picture.

Home-rule or first-class city in the unorganized borough:

CITY OF HOPE (Pop. 525) *(1st Class City)*

The eligible voters elect their own school board and run their own school or schools. We call this local control of the schools

BUT

CITY OF DISPARE (Pop. 287) *(2nd Class City)*

The eligible voters do not run their school. It is run from Anchorage, Juneau, Colorado or some other place. There may be an advisory school board--but someone else calls the shots--not the voters living in the City of Dispare.

This is the situation in most of the unorganized boroughs, and citizens want something to say about their schools. Thus, all of these cities which are second-class cities have choices:

1. They can stay as they are and let the outside operate their schools.
2. If they have a population of over 400 people, they can go through the process of reclassifying to a first-class city.
(AS 29.08.040)
3. Several cities and villages in an area can petition to form a borough.

This pamphlet is being prepared for circulation to the citizens of an area who are considering a regional type of government. We want to give you as much information as possible, but we may not answer all of your questions. Thus, feel free to write us and we shall promise to answer your questions.

State law (AS 29.18.030) says that an area may incorporate as an organized borough if it conforms to or meets 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:

Interrelated and integrated as to its social, cultural and economic activities means that there is something in common among the population seeking incorporation. The population or most of the population have the same cultural background; they get along with one another and have an understanding of the jobs their friends perform, or that they are familiar with hunting and fishing. Large and stable enough to support organized borough government, means an area of several cities and villages that are permanent places.

2. The boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of local services:

Conforms generally to natural geography; we shall illustrate:

Here the mountains separate the two cities on the east from those cities and villages on the west and a borough would not conform to natural geography and most certainly communications between the cities and villages on the west of the mountains and the cities on the east would be impossible.

So,

the cities and villages on the west would not include the mountains and the two cities on the east and thus would conform generally to natural geography.

The second part of this standard states that all areas necessary for full development of local services should be included in the boundaries. Again we shall illustrate:

Here we have nine cities and villages included in our proposed boundaries and we also have two villages and a city left out. The borough must operate its own schools. In order to develop a better school system, involve more young people and maybe have better athletic teams, the two villages and the city should be included in the proposed boundaries and thus include the area shown by the broken lines.

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 valuations, total economic base, total personal income, resource and commercial development, anticipated functions, expenses and income of the proposed borough.

The first part of this standard speaks to the economy of the area to be incorporated and is divided into two parts:

- a. Human resources: Regional government, in order to be effective, will demand that all elected officials be willing to spend long hours in the performance of their duties. The elected members of the assembly (this is the name for the governing body of the Borough--it is like the council, the governing body of the city) will meet at least monthly and perhaps twice a month. The assembly

may also be the school Board and thus add responsibilities.

b. BUT all citizens share the responsibility for good government by

- (1) voting,
- (2) attending assembly meetings and expressing opinions about ordinances (laws),
- (3) obeying ordinances, and
- (4) working on committees, etc.

c. The second part of this section deals with financial resources capable of providing local services. In other words, good regional government demands not only your time but your money. This may be true if you only run your own schools. Let's suppose an area is seriously considering local self-government and they request the State Department of Education to work out the total costs involved in operating the schools and the results are as follows:

Total basic need	\$1,500,000.00
State Support	1,450,000.00
(at least 90%)	

\$50,000 is needed and must come from local support

which can be

- (1) Sales tax up to 3%
- (2) Real property tax
- (3) Personal property tax
- (4) National Forest Receipts
- (5) Business License Tax Refunds
(areas outside cities only)
- (6) Liquor License Tax Refunds
- (7) Raw Fish Tax Refunds

The following is a discussion of local sources of revenue:

- (1) Sales tax up to 3%. The assembly of the borough does not have the power to impose a sales tax. In order to levy such a tax a referendum vote must be held. In other words, the eligible voters have a chance to vote for or against a sales tax. If the voters favor a sales tax then the assembly by ordinance will enact such a tax. When the assembly holds a public hearing on the ordinances, all citizens have the opportunity to speak. So, if you feel some items ought to be exempt from the sales tax, speak up and let your assembly know your feeling. Also, please remember that the sales tax must

be paid by all persons who make purchases in your borough.

(2) & (3) Real and personal property tax. If the eligible voters within the area to be incorporated as a borough vote favorably for a borough, the assembly has the power to assess property and levy a tax on both real and personal property up to 30 mills. As citizens of the borough you do not have a separate vote on real and personal property taxes and you cannot have a vote on limiting the amount of the millage. Here is how it works:

Let's say that the borough has the property within the boundaries assessed. To assess a property means to place a value on the property and Alaska law says that a property shall be assessed at 100% true value.

So your home and the lot on which your home stands is assessed for \$20,000.00. This is just for your home and property or land. It does not include your personal property such as a boat, snowmobile or car. If the tax levy is five mills you would have to pay \$100.00 a year real property tax. Or, if your home and land were appraised for \$10,000.00 you would pay \$50.00

a year.

REAL PROPERTY

Personal property is another matter and it could include your boat, motor, snowmobile, tractor, car, fish nets, etc. All these items would have a value placed upon them; and if a two-mill tax was imposed, it would work this way:

Boat	\$100.00
Motor	200.00
Snowmobile	<u>350.00</u>
Total	\$650.00

$$\$650.00 \times 2 \text{ mills} = \$13.00$$

1 mill is 1/10th of a cent

2 mills is 2/10ths or 1/5th of a cent

Now, a little more about real property taxes:

(a) There are some exceptions we ought to consider:

- 1) If the land and building (the home) is owned by an Alaskan native and the owner has a restricted deed, one given to the owner by the Secretary of the Department of the Interior, this owner does not have to pay real property taxes. But, this owner has to pay personal property taxes.

The owner would have to pay personal property taxes on such items.

- 2) The borough has the power to give up to a \$10,000 exemption on all real property. Thus, with such an exemption, if your real property was assessed at \$20,000 and the exemption was

\$10,000, you would pay the millage on \$10,000 only.

Example: 5 mills on \$20,000 assessed value is \$100. With the \$10,000 exemption, \$20,000 minus \$10,000 equals \$10,000 and 5 mills on this would be \$50.

3) The Senior Citizens Property Tax Exemption.

The real property owned and occupied as permanent place of abode by a resident 65 years of age or older is exempt from taxation of the assessed value of the real property. More detailed information regarding this matter would be available, if a borough was organized, from the borough clerk or assessor.

PERSONAL PROPERTY

The remaining items listed as local support will not be discussed in detail:

- (4) National Forest Receipts. Your assembly does not make application for these funds. If there is a part of the national forest within the boundaries of your borough, the commissioner of Administration will pay your borough its share which shall be proportioned to the area of the national forest.

Example: 4% of the national forest is within the boundaries. The commissioner has \$100,000 to distribute. Thus your borough would receive \$4,000. This money can be used for schools or roads only.

- (5) Business License Refunds. 60% of the money collected in your borough outside cities will automatically be sent to the borough by the State.

Example: If there were 30 business licenses issued within the borough and the State received a total of \$16,000, your borough would receive \$9,600.

- (6) Liquor License Refunds. Again your assembly does not make application for those funds. But, twice a year the borough would receive the money derived from licenses issued outside cities, except wholesale licenses. In order to receive this refund, the borough must enforce its ordinances, the laws of the United States, the laws of the State and the regulations relating to the manufacture and sale of intoxicating liquors in the State. If the borough of intoxicating liquors in the State. If the borough fails to enforce the laws and regulations, the commissioner of the Department of Revenue may deny the refund.

Example: the State collects \$22,000 from licenses issued outside cities and sends the borough \$22,000.

- (7) Raw Fish Tax. This is another automatic refund. Ten percent (10%) of the amount of the tax revenue collected outside cities is refunded.

Example: the State collects \$50,000 and sends the borough \$5,000 and an additional 10% goes to the borough from all tax revenues collected in the borough.

Example: Over and above the \$50,000 of tax revenue collected outside cities, an additional \$40,000 is collected in cities; so the borough would receive an additional \$4,000, or a total of \$9,000.

(8) Other sources of revenue will be derived from:

- (a) Coin-operated Amusement and Caming Tax
- (b) Aviation Fuel Tax
- (c) Electric and Telephone Cooperative Tax
- (d) State-shared revenue for services performed
- (e) Federal revenue sharing
- (f) Grants

When all information is available regarding the financial resources, a tentative borough budget could be prepared and assistance will always be available from the Department of Community and Regional Affairs.

4. The final standard reads as follows:

Land, water and air transportation facilities allow the communication and exchange necessary for the development of integrated local government.

What's really being said is this: Can you get from place to place in your proposed borough either by land, water or air so that Joe Zimmer, a member of the assembly living fifty miles from the borough seat (the borough office) , could get to a meeting .

CLASSES OF BOROUGHs AND POWERS

There are three classes of boroughs, first, second and third. The standards we have discussed apply to all boroughs but the powers boroughs exercise and the way they assume additional powers, both areawide (this means throughout the whole borough) and non-areawide (this means the area outside cities) differ.

First-class boroughs must establish, maintain and

1. Operate schools
2. Perform planning, platting and zoning

First-class boroughs may assess and levy taxes

Second-class boroughs must establish, maintain and

1. Operate schools
2. Perform planning, platting and zoning

Second-class boroughs may assess and levy taxes

Third-class boroughs must establish, maintain and operate schools

Third-class boroughs may assess and levy taxes

As soon as a borough, either first, second or third class, is formed, it assumes the administrative responsibility for all State-operated schools within its boundaries as well as any schools in a first-class city. Transfer of direct administration of the schools should be made shortly after incorporation, prior to the beginning of the next fiscal year. The Department of Education for SOS has no authority to continue maintaining and insuring school buildings after the formation of a borough. If a brief period is necessary for the details of the transfer to be arranged, a use agreement must be executed, whereby the borough assumes the major responsibility of ownership, including costs of maintenance and insurance. The Department of Education has the responsibility to provide financial support as provided by statute.

If there are BIA schools within the boundaries of the borough, it would be up to the borough and the BIA to work out the details of an orderly transfer of BIA schools to the borough.

First- and second-class boroughs must provide for planning, platting and zoning on an areawide basis. We have discussed this on page as far as a home-rule or first-class city in the unorganized borough is concerned. In the case of a borough, this power is exercised areawide--which means in the cities as well.

Third-class boroughs, you will note, do not have the mandatory power of planning, platting and zoning and cannot exercise this power either on an

areawide or non-areawide basis. First-class cities in a third-class borough must exercise this power and second-class cities may exercise the power.

Each class of borough may assess and levy taxes. This matter has already been discussed on page forward. But it must always be remembered that if citizens demand services from their borough, that services cost money, and sales as well as real and personal property taxes constitute a local source of funds to provide services for residents.

AS 29.48.010. General powers. [Municipalities] Boroughs have the following powers, subject to other provisions of law:

- (1) to establish and prescribe the functions of municipal departments, offices or agencies;
- (2) to establish and prescribe salaries for the elected and appointed municipal officers and employees;
- (3) to make investigations of the affairs of the municipality and make inquiries into the conduct of a municipal department;
- (4) to enter into agreements, including those for cooperative or joint administration of any functions or powers with a local government, with the state, or with the United States;
- (5) To require periodic and special reports from a municipal department to be submitted through the municipal executive;
- (6) to sue and be sued;
- (7) to levy taxes and special assessments;
- (8) to enforce ordinances and to prescribe penalties for violations;

(9) to acquire, manage, control, use and dispose of real and personal property for a purpose authorized under this title, federal law, or other law, or in accordance with such law, and irrespective of whether or not the property is situated within or outside the municipal boundaries;

(10) to acquire membership in organizations which promote legislation for the good of the municipality;

(11) to expend funds for community purposes for the good of the municipality;

(12) to borrow money and issue evidences of indebtedness.

AS 29.48.030. Municipal facilities and services. (a) A [municipality] borough may exercise the powers necessary to provide the following public facilities and services.

- (1) streets and sidewalks;
- (2) sewers and sewage treatment facilities;
- (3) harbors, wharves, and other marine facilities;
- (4) watercourse and flood control facilities;
- (5) health services and hospital facilities;
- (6) cemeteries;
- (7) police protection and jail facilities;
- (8) cold storage plants;
- (9) telephone systems;

- (10) light, power and heat;
- (11) water;
- (12) transportation systems;
- (13) community centers;
- (14) libraries;
- (15) recreation facilities;
- (16) airport and aviation facilities;
- (17) garbage and solid-waste collection and disposal

service and facilities subject to § 33 of this chapter;

- (18) fire protection service and facilities;
- (19) parking and parking facilities;
- (20) housing and urban renewal, rehabilitation and development;
- (21) preservation, maintenance and protection of historic sites, buildings and monuments;
- (22) consumer protection.

(b) First and second class boroughs may exercise the powers conferred by (a) of this section or § 33(a) of this chapter only after they have been assumed in the manner required under AS 29.33.250-29.-33.290 for areawide exercise or in the manner required under AS 29.-38.010-29.38.050 for exercise in the borough area outside cities, or are conferred by § 20 of this chapter for exercise in the borough area outside cities. However, as to powers conferred under (a) (12) of this section, exercise of the powers areawide or in the borough area outside cities is at the option of the borough and is not subject to those restrictions on acquisition of additional borough powers. With respect

only to boroughs which on September 10, 1972 are not exercising powers conferred under (a) (12) of this section on an areawide basis, objection which a city may raise to areawide exercise of the powers by a borough shall be reviewed by the Alaska Transportation Commission. The commission shall decide whether exercise of the powers exclusively by the borough areawide is to be approved as in the public interest under the particular facts and circumstances at issue. (§ 2 ch 118 SLA 1972)

You will note here that third-class boroughs are omitted in (b) above. Third-class boroughs can provide these public facilities and services only on a service-area basis. Service areas will be discussed in page forward. AS 29.48.035. Regulatory powers. (a) A [municipality] borough may regulate the operation and use of its public rights-of-way, public facilities and services. It may also regulate the following:

- (1) licensing and operation of motor vehicles, including snow vehicles, and operators;
- (2) licensing of drivers of taxicabs, for-hire automobiles, motor buses, or other vehicles for the transportation of passengers or baggage;
- (3) vehicle parking and traffic;
- (4) transportation fares;
- (5) licensing, impounding and disposition of animals;
- (6) selling of goods;

- (7) selling of food;
- (8) abandoned property;
- (9) dangerous and disorderly conduct;
- (10) alcoholic beverages as provided by AS 04.15.070;
- (11) recreational devices as provided by AS 05.20.100;
- (12) control of insects and rodents;
- (13) offering for sale, exposure for sale, sale, use, or explosion of fireworks;

(14) building, housing and related codes, which may be provided by cities within cities or, in the manner required in (b) or (c) of this section, by first or second class boroughs in the borough area outside cities or areawide; exceptions to requirements of the codes may be made in the codes among other reasons, in order to provide for the preservation, maintenance and protection of historic sites, buildings and monuments;

- (15) condemnation and abatement of public nuisances and hazards;
- (16) garbage and solid-waste collection and disposal;
- (17) water pollution control;
- (18) air pollution control as provided in AS 46.03.140-46.03.240;

(19) other powers and functions affecting the general health, safety, well-being and welfare of its inhabitants. (Am § 44 ch 53 SLA 1973)

(b) First and second class boroughs may exercise the powers

conferred by (a) of this section only after they have been assumed in the manner required under AS 29.33.250-29.33.290 for areawide exercise or in the manner required under AS 29.38.010-29.38.050 for exercise in the borough area outside cities or are conferred by § 20 of this chapter for exercise in the borough area outside cities. However, as to powers conferred under (a) (5), (17) and (18) of this section, exercise of the powers areawide or, as to (a) (5) and (17) in the borough area outside cities is at the option of the borough and is not subject to those restrictions on acquisition of additional borough powers. Upon adoption of a borough ordinance to provide for areawide exercise of the powers specified, no home rule or general law city within the borough may exercise the powers, unless the borough ordinance provides otherwise or the borough by subsequent ordinance ceases to exercise the power.

(c) The provisions of (b) of this section notwithstanding, boroughs which on September 10, 1972 are exercising building, housing or related code powers, except as those code powers relate to flood control, on an areawide basis or in the borough area outside cities shall, subject to acquisition of the powers on an areawide basis by transfer or election as provided in (b) of this section, exercise the powers in the borough area outside the cities and, upon agreement of the city and borough, within any city, home rule or otherwise, in which the powers are being exercised on September 10, 1972; if the city does not agree to

continued borough exercise of the powers within the city, the city shall exercise the powers within the city. (§ 2 ch 118 SLA 1972)

Again you will notice in (b) above that there is no mention of third-class boroughs. Third-class boroughs may perform the above ^{regulative} ~~regarding~~ powers only on a service-area basis.

SERVICE AREAS

Above shows an area known as Alaska Village with 75 residents. The residents want a library. The two cities are quite a distance from the village. The first- and second-class boroughs are not providing libraries on an areawide or non-areawide basis and by ordinance establish the service area. In a first-class borough the assembly may exercise within a service area any power granted to a first-class city by law. (These are the facilities and services as well as the regulatory powers listed for boroughs.) In a second- and third-class borough the

power to be exercised in the service area must be approved by a majority of the qualified voters residing within the service area and voting on the question at a regular or special election. The assembly may provide for appointed or elected boards to supervise the furnishing of special services in service areas, and may levy taxes, charges or assessments in the service area to finance the special service.

Other areawide powers can be exercised by first- and second-class boroughs only and such powers can be secured in three ways:

1. Designated on the petition for incorporation
2. Transfer from a city or cities
3. Areawide election on the question

BOROUGH OFFICERS AND EMPLOYEES

The governing body of the borough is called the assembly. The assembly shall be composed of the number of members and be apportioned in a manner set out in the incorporation petition approved by the voters. But the composition and apportionment must be consistent with the equal representation standards of the Constitution of the United States.

Let's suppose the petition calls for an assembly of nine members. These members could be elected at large, which means that all eligible voters in the

proposed borough would vote for nine members, or districts could be created and the eligible voters in each district vote for 1 or more members, according to population. Here is an example of districts:

The above is called a weighted vote and the total number of votes is nine. District "A" representative with only 50 people would have 1/2 a vote and District "C" representative with 150 people would have 1 1/2 votes.

Assemblymen are elected for a three-year term and must be borough voters. By ordinance, new terms can be prescribed, not to exceed four years, but the term of incumbent assembly (those already elected and serving) cannot have their terms changed.

Suppose an ordinance is passed that staggers terms of councilmen, then after serving three years an election would take place and assemblymen could be elected as follows:

3 councilmen elected for 1 year

3 councilmen elected for 2 years

3 councilmen elected for 3 years

This rotation system has one great advantage. There is continuity on the assembly and this is important.

In the third-class borough the assembly also acts as the school board. In second- and first-class boroughs there is an elected school board; but, if the public school enrollment within the borough is 500 pupils or less, then a borough ordinance approved by the assembly and ratified by a referendum of a majority of the qualified borough voters voting on the question at a regular or special election can make the assembly also the school board.

The borough executive and chief administrative officer can be an elected mayor or borough manager.

BOROUGH MAYOR

1. Elected by people
2. Must be a borough voter
3. Term of office-- 3 years unless otherwise provided by ordinance not to exceed 4 years
4. Veto power with some exceptions
5. Participation in assembly discussions but no vote

BOROUGH MANAGER

1. Plan adopted by borough voters at regular or special election; motion by assembly or petition by voters
2. Appointed by assembly and must have executive and administrative qualities
3. Subject to terms of contract, manager serves at pleasure of assembly
4. Veto
5. Participate

STATE ASSISTANCE TO ORGANIZED BOROUGH

A. Organizational Grants

The state provides organizational assistance to boroughs in the form of a cash grant. The purpose of the grant is to assist an area in the transition to borough government. Under the terms of Alaska Statute 29.18.180, each organized borough is entitled to an organizational grant equal to \$10 for every qualified voter who voted in the last general election. The minimum that a borough may receive is \$25,000. The law provides that the Department of Community and Regional Affairs, within 30 days after the date of the incorporation election, determine the number of qualified voters in the borough who voted in the last general election. The Department must then transmit, within 30 days of completion of its findings, from money appropriated for this purpose the grant to which the borough is entitled. However, in the case where money has not been appropriated to the Agency for this special purpose, the transmission of the grant will have to await legislative appropriation of the special funds to the agency's account.

B. Borough Land Selection

As an added incentive to the establishment of borough government, the legislature has provided for selection by an organized borough ten percent of certain state lands within the borough. These lands must be vacant, unappropriated and unreserved for any state use. Land dedicated to mental health and university use are considered reserved and appropriated for state use. Present law pro-

vides that an organized borough may select 10 percent of these unreserved state lands. The land selection will not affect any valid existing claim, location, or entry under state or federal law, whether for homestead, mineral, right-of-way, or other purpose, or affect the right of any owner, claimant, locater, or entryman in the full use of the land so occupied. Borough selections must be made in reasonably compact tracts and must consider the present and potential use of the lands. If the lands are unsurveyed at the time of selection, the Department of Natural Resources will establish exterior boundaries of the area requested. The borough bears the cost of the survey. Lands selected by the borough are patented to the borough by the Department of Natural Resources. The law permits the borough to execute conditional leases and make conditional sales of selected lands, prior to issuance of final patent.

C. State Shared Taxes

Business License Tax

For the privilege of engaging in a business in the state, the Alaska Business License Act requires that a person first obtain a license from the Department of Revenue. The license fee for each business is \$25 plus a sum equal to one-half of one percent of the gross receipts in excess of \$20,000 from the business during the year for which the license is issued. Gross receipts exceeding \$100,000 a year are taxed at the rate of one-quarter of one percent. Businesses and activities whose gross receipts are exempt from this tax are listed in AS 43.70.010.

The State Department of Revenue refunds to organized boroughs and cities of any

class 50 percent of the money collected in the local government unit.

Aviation Fuel Tax

The state taxes aviation fuels at the rate of four cents a gallon for gasoline and two and one-half cents a gallon for all other aviation fuels. Sixty per cent of the proceeds of the revenue from these aviation fuel taxes, excluding the amount determined to have been expended by the state in the collection of the taxes, are refunded to a municipality (city or borough) owning and operating an airport in the proportion that the revenue was collected at the municipal airport.

National Forest Receipts

The state receives national forest income from the federal government under 16. U.S.C. Section 500. Upon receipt of this income the Commissioner of Administration must immediately pay to every organized borough in which national forest land is located, a share of the income from that forest. An organized borough's share of the receipts is proportional to the area of the national forest located within its boundaries. The law requires that organized borough use the national forest income for public schools or roads.

Tobacco Tax

The state licenses all persons engaging in the manufacture, distribution, retailing, or operation of vending machines in the sale of cigarettes. In addition to the license fees, an excise tax of two and one-half mills on each cigarette imported

or acquired in the state. The proceeds of the licenses and excise tax, collectively referred to as the Tobacco Tax, are paid into a state fund entitled "School Fund." The "Fund" is used exclusively to rehabilitate, construct, and repair the state's school facilities and for costs of insurance for the life of the buildings. The Tobacco Tax monies are divided into two major divisions, state operated schools and local (city and borough school districts. The Department of Education has established a set of formulae by which the state schools and local districts share in the disbursement of the funds. These formulae are found in the Alaska Administrative Code, Title 4.

Fish Processing Tax

Persons engaged in canning, cold storage or other processing of fish and fish resources are required to pay an annual license tax to the state. The amount of tax depends upon the type of fish involved and the manner in which it is processed. The following table summarizes the nature of the taxes levied.

<u>Fishery Resource</u>	<u>Processing Activity</u>	<u>Rate of Tax</u>	<u>Measure of Taxable Value</u>
Salmon	(1) Canning (Share-based or floating canneries)	3%	Average wholesale price of finished product obtained by Alaska salmon canneries during August-December of the preceding year

	(2) Cold storage and	1%	Price paid by processor
	other processing	(4%)*	
	(3) Fresh salmon sold by processor without processing	1%	Price received by processor
Herring	All processing (canning, curing, salting, freezing, bait, meal, oil)	1%	Price paid by processor
Crab	(1) Canning	2%	Price paid by processor
	(2) Cold Storage and other processing	1% (4%)*	Price paid by processor
	(3) Fresh crab, exported without processing	4%	Price paid by processor
Clams	(1) Canning of razor and butter clams	2%(razor clams)	Price paid by processor
	clams	1%(butter clams)	

	(2) Cold storage and other processing	1% (4%)*	Price paid by processor
Halibut, scallops, shrimp, and other fishery resources	All processing	1% 4%	Price paid by processor

*Applies to freezer ships and other floating cold storages.

The State pays fisheries tax refunds to each organized borough and city of the first, second, and third classes according to the following formula:

(1) If the cannery, cold storage, or other fish processor is located within an incorporated city of the first, second, or third class, the borough receives 10 percent and the incorporated city receives 10 percent, of the revenue collected from the tax levied on the processing facility.

(2) If the fish processing facility is located within the organized borough but outside an incorporated city of the first, second or third class city, the borough receives a refund of 20 percent of the revenue collected.

(3) If the processing facility is located in a first, second, or third class city in the unorganized borough, the city receives a 10 percent refund.

Liquor Licenses

Any person, firm, corporation, organization, or company wishing to manufacture, sell, offer for sale or possess for sale or barter or exchange for goods in the state, an intoxicating liquor must first obtain an appropriate license. The following is a list of those licenses whose fees are refunded by the state to eligible local governments.

(1) Beverage dispensary license. The license fee is \$500 in all towns, villages, and other places having a population not exceeding 1,500 persons and \$1,000 in all towns, villages and incorporated cities having a population in excess of 1,500 persons. The population determination is made at the time of license application.

(2) Restaurant license. The license fee is \$300

(3) Road house license. The holder of a road house license may exercise the privilege of his license in a place which is located not less than 18 miles from the corporate limits of a city. The license fee is \$150

(4) Club License. The license fee is \$400, except that the fee is \$200 if the gross sales of liquor have not exceeded \$5000 for the preceding year.

(5) Bottling works license. The license fee is \$100

(6) Brewery license. The license fee is \$100

(7) Retail license. The license fee is \$600, but the fee for a retail liquor store with gross sales not exceeding \$20,000 in any calendar year is \$300

(8) Distillery license. The license fee is \$100

(9) Common carrier dispensary license. The license fee is \$250 for each vessel, or buffet car.

(10) Retail stock sale license. The license fee is \$100.

Money derived from licenses issued (except wholesale licenses) within organized boroughs and all classes of cities, is refunded semi-annually to the boroughs and cities, provided that all local, state, and federal laws and regulations concerning intoxicating liquors are being enforced.

Electric and Telephone Cooperative Tax

Electric and telephone cooperatives which are exempt from the provisions of the business license tax except for the initial \$25 license fee, pay to the State before March 1 of each year, instead of state and local ad valorem, income and excise taxes, a percentage of their gross revenue earned during the preceding calendar year. The gross revenue tax is computed as follows:

(1) Cooperatives which have furnished electric energy and power, or telephone service to consumers for less than five years as of December 31 of the pre-

ceding calendar year pay to the State one percent of their gross revenue.

(2) Cooperatives which have furnished the above services to consumers for five years or longer as of December 31 of the preceding calendar year are taxed at the rate of two percent of their gross revenue.

The proceeds of this gross revenue tax, less the amount expended by the state in its collection, are refunded to the local taxing authorities by action of the legislature in the proportion that the revenue was earned within the geographical area of the taxing authorities.

Amusement and Gaming Devices Tax

The State imposes a tax on any person who maintains for use or permits the use on premises under his control of a coin-operated device. The tax varies according to the classification of the device:

(1) Class 1 devices include amusement and gaming apparatuses which do not involve an element of chance. Example: Juke Box. Coin operated radios are not included in this classification. The tax is \$48 on each device.

(2) Class 2 devices include pinball machines, bingo type coin-operated devices, and hore race machines and the like, operating by means of insertion of a coin or similar object and which by embodying the elements of chance and skill, award free plays. The tax for each device is \$120.

(3) Class 3 devices include slot machines and other devices, operated by insertion of a coin or similar object, which, by strict dependence upon the element of chance, make cash or equivalent awards to the person operating the machine. The tax for each device of this classification is \$240.

<u>Classification</u>	<u>Example</u>	<u>Amount of Tax</u>
(1)	Juke Box	\$ 48
(2)	Pinball Machines	120
(3)	Slot Machines	240

One-half of the proceeds of the gross revenue from the coin-operated amusement and gaming device tax, excluding distributors' fees, penalties, and the amount spent by the state in its collection, is refunded to organized boroughs and cities of the first, second and third classes, by action of the legislature, in the proportion that the revenue was earned in the eligible local government unit.

Punchboards

A distributor who distributes a punchboard in the state is required to pay the following license tax before the punchboard is sold at retail trade:

- (1) \$2 for each board of 2,000 holes, or less;
- (2) \$4 for each 1,000 holes or fraction in each board with more than 2,000 holes

Seventy-five percent of the tax collected from sales of punchboards in an organized borough or city of the first, second, or third class is refunded to the local

government.

D. Local Governemnt Assistance Under AS 43.18

In addition to the shared revenues listed above, an organized borough may be elibible to receive the following state aid for municipal services under AS 43.18.

010 - AS 43.18.050:

- (a) \$10 per capita to a unit of local government providing police protection;
- (b) \$5 per capita to a unit of local government boroughs providing fire protection;
- (c) \$2 per capita to a unit of local government providing aire and water pollution control;
- (d) \$2 per capita to a unit of local government providing land use planning;
- (e) \$5 per capita to a unit of local government providing for parks and recreation;
- (f) \$5 per capita to a unit of local government providing transportation facilities or services;
- (g) \$1500 per mile to a unit of local government providing for road maintenance;
- (h) assistance to units of local government providing health or hospital facilities.

In fiscal year 1973-74, the program is funded for \$8,250,000. or approximately 85 percent of its maximum. The program accounts, (a) through (b) above, are effective only as long as the legislature makes annual appropriations to them.

E. State Aid for Education

The State of Alaska provides aid to borough and city school districts through the Public School Foundation Program. The purpose of the Foundation Program is to provide a basic education program for every pupil in the state without regard to the wealth of the district in which he or she resides. The objective of the program is to apportion state financial assistance on a basis which makes possible the same basic educational opportunity in all school districts.

The formula by which Foundation Program support is computed is based on the number of instructional units within a district. Instructional units are computed on the basis of number of students enrolled and attending elementary, secondary, vocational and special education classes. The number of units is multiplied by the dollar value of a unit - presently \$20,250; thereafter a percentage of the total - 5%, 10%, or 15%, dependent upon the district's remoteness - is added to complete total basic need. Of that sum, the state will pay, by way of foundation program support, not less than 90% of "basic need." The final determination is made by comparing the full and true value of property located within the district against the state total on the basis of an assumed levy of a 3.5 mill rate. "Wealthier" districts - those with substantive taxable property, generally - receive as foundation support an amount nearer 90% of basic need; "less wealthy" districts - those with property having a value less than the norm - may receive foundation program support of nearly 100% of basic need.

The difference between total basic need as computed by the formula and actual foundation program support - together with any other funds which the assem-

bly chooses to provide the district for operation of schools - is derived from "local effort." Local sources may include revenues derived from local taxes - property and sales taxes - but may also include support paid directly or indirectly to the borough by the federal government. Return of stumpage fees by the state to an organized borough located in a national forest, described above, may be counted as "local effort." So, too, may funds paid by the United States under PL 874 on behalf of children parents who live and work on federal land. The mini-874 program of the State of Alaska providing funds for the children of parents who live and work on state land may likewise be counted as "local effort." State-shared taxes returned without restriction on their use and appropriated by the borough assembly to support operation of schools are another source.

Generally, districts of the unorganized borough, utilizing contributions of revenue from other sources as "local effort" in support of schools have had to contribute little or no money derived from property and sales taxes in support of education.

F. Federal Revenue Sharing

G. Categorical Grants

H. Bonded Indebtedness

Incorporating a Borough:

Residents of rural Alaska who discovers an interest in the incorporation of a borough should consider covering an areawide meeting at which the following should be accomplished:

1. A representative of the Department of Community and Regional Affairs will presentation and answer questions .
2. Organize a Borough Study Group. This group should represent each section of the proposed area to be incorporated, and the group should be empowered to add to its membership other representatives if a larger area is to be considered for incorporation.

The Borough Study Group should be authorized to organize itself, keep accurate minutes of its findings; be sensitive to the feelings of the entire area; become well acquainted with this Manual as well as Alaska Statutes, Title 29, Boroughs (additional copies of both can be secured from the Department, and to hold frequent public meetings (some general and other in various locations in the proposed borough) to disseminate information and answer questions. This group has the responsibility of keeping the public well informed, and should use all possible resources such as newspapers, radio and television.

In addition to using the resources of the Department, the Borough Study Group will want to call upon other State and Federal Agencies as well as personnel presently in, or familiar with, local government.

Among the many responsibilities of the borough study group are the following:

To determine the class of borough.

It is a big job. Perhaps you will want to divide the study group into various committees and assign specific tasks to the committees. The committees should be responsible to the borough study group and all information coming from a committee should come through the study group.

After many meetings, much sharing and a few headaches the group will be ready to complete a petition for the Department and secure the required number of signatures.

Before preparing a petition, please do the following:

- (1) Read AS 29.18.050 carefully.
- (2) Consult with the Department of Community and Regional Affairs to ascertain what further information they require.
- (3) Consult with the Director of the Division of Elections, Office of the Lieutenant Governor, Pouch AA, Juneau to determine the number of signatures that are required to be secured.

Please remember that the petition should be directed to the Local Boundary Commission. The Department of Community and Regional Affairs, to whom the petition should be sent, will determine whether the petition and supporting materials are in proper form, conduct an investigation on the proposed borough, and report its findings together with its recommendations to the Local Boundary Commission.

The Commission will then schedule at least one public hearing in the area to be incorporated.

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B — JUNEAU 99801

REGIONAL GOVERNMENT STUDY
DESIGN

DEPARTMENT OF COMMUNITY AND
REGIONAL AFFAIRS

Byron I. Mallott
Commissioner

April 4, 1973
Juneau, Alaska

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I. ABSTRACT

Among all the states in the Union Alaska is unique in that vast portions of its territory are not divided into regional structures for state or local governmental purposes. Such areas of the state, referred to by the Alaska Statutes as the unorganized borough, depend upon the State legislature for the mechanisms and fiscal means by which needs are defined and met. A variety of State and federal agencies, whose jurisdictions are for the most part inconsonant, serve to administer governmental functions and programs, some of which might otherwise be handled by regional governmental structures, were they in existence.

Recent events indicate an emerging interest on the part of some citizens toward the subdivision of the unorganized borough into borough governments. Legislative attention has focused upon the question of establishing by mandate the formation of borough governments covering the entirety of the unorganized borough or in the alternative the formation of regional service areas for the purpose of accomplishing a decentralization of the education function to allow maximum participation in and control over this function by residents in the unorganized borough.

It is apparent to all concerned that no agency of the State has undertaken a comprehensive analysis of the many complex questions involved in the formation of regional governmental structures in areas beyond the metropolitan centers within the State. Such an analysis is of paramount importance to ensure the emergence of regional structures capable of responding to the governmental needs of unorganized borough residents.

The Department of Community and Regional Affairs will undertake this analysis in such a way that unorganized borough residents may have the opportunity to examine the questions themselves, and to make their needs and preferences known. The regional government study herein defined will produce a comprehensive examination and analysis of the issues involved, and will make recommendations to the Governor and the Legislature. This document is the regional government study plan, and sets forth the goals and objectives sought and the methodology, time frame and costs of the study.

II. INTRODUCTION

A. Historical Perspective

When the framers of the Alaska Constitution confronted the question of establishing structures and mechanisms for regional government they selected the concept of boroughs. A derivative of the concept of areawide government under consideration in other states during the 1950's, the Alaskan borough concept was adopted by the 1956 Constitutional Convention as a structure which would bridge the local service gap between city and state governmental levels. Such area-wide units would be broadly flexible, and adaptable to the diverse circumstances found in various parts of the State. Conditions at the time did not seem to warrant subdivision of the entirety of the State into boroughs and as a consequence the Constitutional Convention chose to merely define the concept of boroughs, leaving to the legislature the responsibility of determining a scheme for classification, definition of the conditions and standards under which they would be formed and their powers, duties and functions.

While recognizing that some areas of the State required a regional form of government which would have the authority to administer and support a wide range of services and functions, the Constitutional Convention noted that other areas beyond metropolitan centers were not as yet "ready" for regional organized boroughs, but would benefit from the formation of regional structures to be administered by the State with maximum local participation in an advisory capacity. Hence the concept of the unorganized borough was prescribed. Unorganized boroughs would be administered by the legislature which would be the governing body comparable in function to the assembly, the governing body of organized boroughs. The entire State would be divided into boroughs, organized or unorganized. It was assumed that once adequate administrative capabilities and finances were available, unorganized boroughs would move to organized borough status.

After two years of extensive study, hearings and evaluation, the legislature enacted the first borough act in 1961. The act provided for first and second class boroughs, prescribing methods and standards by which they would be incorporated, their structure and powers and functions. A third category, the single unorganized borough, was designated to include all areas not included in organized boroughs. Under the act, first and second class boroughs would be initiated voluntarily by petition of residents. Minimum standards for incorporation were stated in general and flexible form. An essential feature of the first borough act was the requirement that existing special districts

(Independent School Districts, Public Utility Districts, etc.) were to be integrated into organized boroughs or cities, or established as service areas in the unorganized borough no later than July 1, 1963. The effect of this provision was to focus attention on the more developed metropolitan areas of the State for application of the organized borough concept.

In the face of reluctance on the part of Alaskan citizens to voluntarily incorporate, the 1963 legislature enacted a measure calling for mandatory incorporation of boroughs in eight developed areas of the State containing special districts. These areas included Anchorage, Palmer, Fairbanks, Kodiak, Juneau, Sitka and Ketchikan. The major thrusts of the mandatory borough act were the equalization of local property tax burdens and the integration of the previously mentioned special districts into constitutional forms of local government.

Only one organized borough, the Bristol Bay Borough, was incorporated by local action prior to 1963. Since the formation of the boroughs mandated by the legislature in 1963 only two other boroughs have been organized, the Haines Borough (1968) and North Slope Borough (1972). The Haines Borough incorporated by local action in response to a special district problem, that of integrating the Haines Independent School District into a constitutional form of local government. The North Slope Borough was incorporated largely in response to recognition by local residents that a sufficient financial base had developed to enable residents to undertake responsibility for government in their own region.

B. Current Expressions of Interest

During the past four years a number of events have taken place which have radically altered the social, economic and political context of the unorganized borough. The Alaska Native Claims Settlement Act provides for an eventual cash settlement of nearly \$1 billion and 40 million acres of land. In addition, the Act empowers 12 regional Native corporations to assume extensive responsibilities in the administration of the Claims Settlement Act, and involves them in some functions associated normally as government prerogatives, such as land selections. There has been developing over a period of time a change of climate and awareness among residents in the unorganized borough, as expressed in heightened interest in assuming local responsibility for the administration of certain services and programs, including health services, operations of schools,

and control of school curricula. These and other changes indicate development of what one might call pre-conditions for borough formation.

In addition to a growing interest among residents in many areas of the unorganized borough in greater participation in determining how various programs and services will be administered on an area basis, some residents have openly expressed interest in exploring the possibilities of borough formation. A principal example would be the Kotzebue-Kobuk region. Some expressions of interest have also been heard from the Aleut League, and from some residents in the Bethel area.

A number of proposals before the first session of the Eighth State Legislature give serious consideration of the problems of the development of governmental structures in the unorganized borough. SB 122 and HB 192 propose to decentralize the education function to return a greater degree of control over school operations to local residents. Under these bills communities with schools now administered by the State Operated School System Board of Directors would be resolved into educational services areas in the unorganized borough and would contain two or more communities, with elected school boards. Alternative proposals have also been offered which would create an Unorganized Borough School District within which local control could be achieved through optional formation of second class city school districts, contractual operation of community schools by agreement with existing municipal school districts, consolidation of several community schools with adjacent municipal districts for school administrative purposes only, or the formation of school service areas.

Of equal import to residents of the unorganized borough is HB 122, an act providing for the incorporation of new boroughs. Areas mandated for incorporation are defined along the boundaries separating the twelve Native Regional Corporations formed under the Alaska Native Claims Settlement Act of 1971. These areas would be incorporated mandatorally, effective January 1, 1977, unless earlier organized by local option procedures under existing law.

When one looks at the whole contemporary pattern of initiatives and expressions of interest in borough formation, it becomes apparent that the interests and efforts being made are disconnected, and certainly are not part of an overall policy or plan initiated with any degree of analysis of the

questions involved. Inasmuch as the boroughs that have been created are centered around either large population centers, or areas with some degree of development or sources of financial resources, and the great majority of communities and areas within the unorganized borough have not heretofore shown any serious interest in borough formation, it should be acknowledged that residents have at least intuitively recognized that the balance between responsibilities of borough governments and the availability of resources and skilled people is not adequate. When one begins to consider the questions and ramifications seriously, it becomes apparent that forms of regional government which have proven appropriate and workable in the more urban and developed areas may not be as suitable for more rural and less developed areas of the state. The subdivision of the unorganized borough would have profound impact on rural areas and it ought not take place without extensive consideration by residents of the unorganized borough themselves, and a thorough analysis of the questions involved by the state.

Inasmuch as the consequences of creation of new boroughs in a manner that was premature and ill-prepared would have serious and undesirable effects both on residents directly affected and the state as a whole, the Department of Community and Regional Affairs proposes to conduct an extensive analysis of the issue, and to create and implement a process through which the questions involved can be explored by the unorganized borough residents themselves. The Department will bring to that process the skill of local government planners, legal expertise and other resources for analysis, and will produce for the Administration and Legislature a thorough report which will describe the pattern of attitudes regarding the creation of regional governments, highlight the strengths and weaknesses and points of inadequacy or inappropriateness of the present classes of borough systems to the range of conditions found in rural Alaska. The analysis will offer guidance to local residents, the Administration and Legislature as to the most constructive and timely approaches to regional government formation, and will offer legislative recommendations for the creation of a new form of regional government should that be indicated.

II. ASSUMPTIONS OF THE STUDY DESIGN

All study designs and proposals contain assumptions, and generally they go unstated. For clarification to the reader, some of the basic assumptions of this study design are as follows:

1) Residents of the unorganized borough can and should be involved in framing the questions, discussing the issues, and contributing to the decisions relating to the establishment of regional government entities in the unorganized borough.

2) The interest in and resources that can support regional government entities are not continuous throughout the unorganized borough, but rather vary from one area to another, and from one community to another.

3) At present no one knows the extent to which regional government is needed in the unorganized borough, nor which forms of regional government might be most appropriate. It is assumed that a process of conveying information regarding the functions, responsibilities and costs of regional government to the residents of the unorganized borough, followed by public discussions and hearings, will shed light on this question.

4) It is assumed that borough structures of the first, second and third class are not necessarily the vehicles most appropriate to the needs and conditions, social, economic and political, to the unorganized borough.

5) It is assumed that written materials alone would be ineffective in transmitting information to residents in many areas of the unorganized borough, nor in stimulating discussion, and that a 16mm color film is potentially an effective instrument for both conveying information accurately, and generating discussion.

6) This study does not assume that the majority of residents of the unorganized borough want regional government of any kind.

7) It is assumed that Native Regional Corporations set up to administer the Alaska Native Claims Settlement Act may not undertake the exercise of local or regional government powers, for reasons of statutory limitations.

V. METHODOLOGY

A. General Description

The methodology of the study will follow four steps:

1. Preparation and public distribution of informational materials about regional study areas, an overview of the powers, responsibilities, and fiscal needs of borough government to stimulate public readiness for step two.
2. Conduct a series of informal hearings and meetings throughout the State, in organized boroughs and the unorganized borough to obtain representative local opinions about feasibility, merits and problems of regional government.
3. Analysis of content of public participation.
4. Summary of findings and recommendations in a final report.

B. Study Elements and Procedures.

The following work items will be prepared for public distribution prior to public hearings and meetings:

1. Regional study area profiles summarizing for each study area data about population, natural geography, economic base, human resources, public facilities and services, transportation and communications systems.
2. A brief, simply written overview of the purposes of regional government and its outstanding features.
3. A summary of recent developments affecting the future of regional government.
4. A half-hour film presentation on regional government.

It is proposed that the above materials will be broadly distributed, particularly throughout the study areas, for the use of rural citizens.

Whenever possible, a field representative of the Department will personally distribute informational materials;

this may also provide an early opportunity to obtain useful public responses that may indicate a need to revise or strengthen parts of the study design.

Subsequently, the Department will sponsor a series of public hearings and meetings in 12 - 15 communities throughout the State to receive expressions of public opinion, interest and concern about the viability of regional government throughout the State.

The record of public participation will be closely analyzed to identify areas of general public agreement, problem areas and issues requiring further analysis. The public record will provide the basis for developing conclusions and recommendations for future State policy regarding regional government.

C. Coordination with Other Agencies

At numerous points, the Department will coordinate the progress of the study with relevant State agencies. In particular, because of the outstanding importance of education as a local public issue, the cooperation of the Department of Education will be sought for clarifying the interrelationship of educational services and local government. The Department of Education will be consulted to define issues, prepare informational materials and to participate in public meetings. Other State agencies which are expected to play a major role are the Department of Law and the Division of Planning and Research. These agencies will also be consulted during preparation of the final report.



IV. GOALS AND OBJECTIVES OF THE STUDY

The general purpose of the study is to create a process through which the many questions, economic, social, and political, related to subdivision of all or part of the unorganized borough into regional governments, can be discussed with residents of the unorganized borough, and examined in depth by staff of the Department of Community and Regional Affairs, and others. The final objective is the accomplishment of a careful analysis of the information generated, with presentation of such recommendations to the Governor and Legislature as may be indicated by the study.

Specific Objectives of the study include the following:

1) Discover the extent to which regional government is perceived as needed by residents of the unorganized borough. Further, describe the pattern of attitudes, needs and preferences that exist among resident of the unorganized borough with regard to the establishment of regional governments.

2) Formulate and convey to residents of the unorganized borough sufficient information regarding the various functions of government in general, and the functions and responsibilities of first and second class boroughs in particular, so that the residents of the unorganized borough can discuss the relevant issues among themselves, and express their considered opinions in public hearings.

3) Of all the possible functions and responsibilities of regional and municipal government, discover those for which residents of the unorganized borough are most interested in taking responsibility.

4) Determine the extent to which first and second class boroughs as presently constituted are appropriate to the social, economic and political conditions of the unorganized borough.

5) Identify potential sources of revenue which could support regional government entities, and map the extent of availability of such resources. Further, consider possible legislation providing for fiscal equalization and sharing of revenues with areas having minimal resources through some period of time until resources within such areas are identified and developed.

6) Insofar as possible within the resources and time constraints of this study, examine the difficulties encountered

by boroughs incorporated to date for the purpose of avoiding building such difficulties into any recommendations for regional government formation in the unorganized borough.

7) From information developed through hearings and research, develop and describe several possible models of regional government that may be appropriate to the social, economic and political conditions of the unorganized borough, including models intermediary to borough forms of government which may require minimal local tax effort, and may build upon such devices as regional councils of state and federal agencies with representatives of community governments.

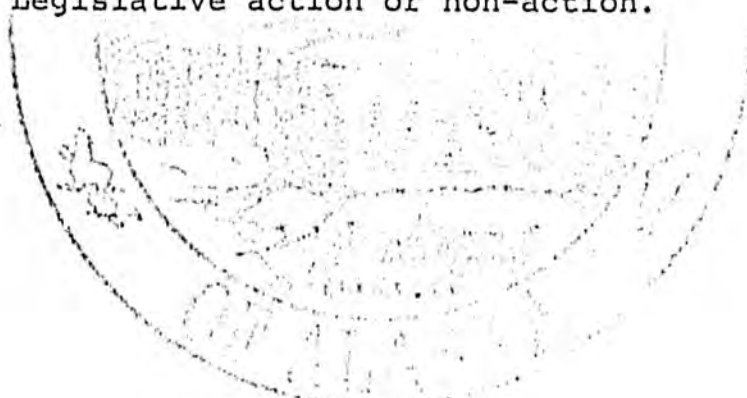
8) Involve selected state and federal agencies in the study to determine the probable inter-relationships between agency service areas and programs, and potential regional government structures.

9) Identify and recommend the kinds of assistance which might be required in the organization of regional government entities.

10) Examine thoroughly the question of possible financing mechanisms for regional governments, and develop several strategies for such financing mechanisms.

11) Gain a clear reading of the will of the citizens of the unorganized borough with respect to HB 122.

12) Develop and present to the Governor and to the Legislature a comprehensive report on the findings of the study, with analysis of the issues raised, and such recommendations as may be justified by the findings of the study for Executive or Legislative action or non-action.



VI. THE FINAL REPORT

A major product of the regional government study will be the publication of a report which presents and analyzes the findings derived from the research and hearings conducted by the regional government study team. The report will contain information and recommendations responding to the goals and objectives stated previously.

The final report is intended to be a working document, which may serve as a guide in the development of alternatives for regional government formation, with recommendations as to the timing and conditions under which such entities ought to be created. The report will present the results of hearings held with residents of various areas of the unorganized borough, and thus will represent the thinking of many of the people potentially affected by subdivision of the unorganized borough. The report will make explicit recommendations, deriving from information generated through hearings with residents of the unorganized borough, and through research efforts of staff of the Department of Community and Regional Affairs, and other agencies. Recommendations may include specific proposals for legislative and executive action. Above all, it is hoped that the report will frame the salient questions, and develop a sufficient body of information, that it will serve as a benchmark for intelligent discussion of the issues involved, and will lead to agreements as to the courses of action likely to be most beneficial to the residents and communities of the unorganized borough.

The report is not the only anticipated product of the regional government study. The activities and analyses of the Department of Community and Regional Affairs are expected to lead to an active dialogue with other state agencies in addressing the many questions involved at the interfaces of potential regional government formation, and state agency services and programs. A creative cooperation with other agencies is seen as indispensable to a thorough analysis of the many issues involved, and establishment of common understandings which are necessary for inter-agency cooperation.

IV. OBSERVATIONS:

The operation of local government in the Yukon Territories is significantly different than that in the State of Alaska. For example, all property owners throughout the entire Yukon Territories, whether they reside in a local government or not, pay taxes to support certain basic services. These basic services include education, building and fire inspections, and road maintenance. Additionally, communities have the option of forming local improvement districts which enables them to adopt additional services such as sewer, water facilities, capital improvements including ice curling rinks, fire stations and administrative offices. An interesting point here is that while communities do not directly pay for the construction of facilities or the provision of services in their communities, they do not receive any additional services or facilities without an additional tax contribution. If the tax contribution is inadequate then the additional funding is provided by the Yukon Territories; but everybody pays something for what they get.

Another unique difference between the Yukon Territory situation and our own is that they have a total of 22 communities within the territory of which only 7 are incorporated. Of the 7 incorporated, 4 are local improvement districts, 2 are towns, and 1 is a city. The only city is the City of Whitehorse and is basically very equivalent to any local government in the State of Alaska. The towns are also similar to our local government. The basic difference between the city and town being one of total population and gross tax base. The next level of local government though, the local improvement district, is a significant departure from what we conceive of as local government. Basically, a local improvement district is responsible for providing basic services such as road maintenance, fire protection, parks and recreation, solid waste disposal, sewer and water and other like facilities. However, budgets are adopted at the community level and submitted to and approved by the territory, taxes are paid to support those services, and audits of all accounts are required to be submitted. Additionally, it is interesting to note that no municipality in the entire Yukon Territory has, as we know it, the police power. The closest thing to is is the City of Whitehorse's by-law officers which issue such items as traffic citations, and citations for violation of local municipal ordinances (non-criminal type). All other police services are provided by the Royal Canadian Mounted Police, a Federal police force.

Palmer McCarter, Director
July 18, 1979
Page 3

Attached are several documents relating to the Yukon Territory as a whole, that is, addressing its people and geography, documents explaining its governmental structure (territorial) and its local government structure.

Also attached is a very brief summary of government in the Northwest Territories which was provided to us by the Yukon local government people.

MUNICIPAL AFFAIRS DIVISION

DEVELOPMENT OF LOCAL GOVERNMENT

The development of local governments in the North-west Territories since 1963 has been nothing less than dramatic. In these 14 years recognized forms of local governments have increased from 2 Municipal Districts to 53 units as follows:

City	-	1	} Incorporated tax based
Towns	-	4	
Villages	-	2	
Hamlets	-	16	} Incorporated non-tax based
Settlements	-	30	} Unincorporated non-tax based
Total		53	

63 total

In addition there are 16 other areas of population classed as unorganized. These are primarily native communities of less than 100 persons including two mining communities and two military establishments. Dew line sites are not included.

Of particular interest is the unique level of local government called "Hamlets." Although incorporated they are not required to raise any of their operating revenue through property taxation.

Development of local governments in the N.W.T. essentially represents a departure from the traditional process that has taken place in Southern Canada where taxation usually precedes incorporation or at least is an integral part of incorporation. In the N.W.T. taxation has usually followed incorporation and in the case of "Hamlets" an incorporated municipality can exist without local taxation.

The purpose of this approach has been to allow a greater degree of autonomy of local jurisdiction in communities capable of managing their own affairs but where a viable tax base does not exist. This approach has been successful in achieving the desired progress in political development but has not been without its problems otherwise.

The lack of local financial participation at the local level has tended to inhibit the development of the attitudes of responsibility and responsiveness of local councils and their constituencies.

Efforts are being made to resolve this deficiency without placing an undue financial burden on communities while providing the sense of autonomy and relative independence inherent in tangibly contributing to the growth and well being of the community.

There exists a program whereby non-tax based communities, whether incorporated or not, can be taxed by the Territorial Government. This will be discussed in greater detail later in this paper.

MUNICIPAL FINANCIAL ASSISTANCE PROGRAM

1. Tax Based Municipalities

A. Operating Assistance

- (1) Per Capita Grant - unconditional - provided by the Government of the N.W.T. - \$50 per capita based on official census figures plus annual percentage increases between census.
- (2) Grant-in-lieu of taxes -
 - Government of the N.W.T. actual taxes levied by Municipality on N.W.T. Government owned buildings excluding building designated exempt by the Federal Municipal Grants Act.
(e.g. schools, hospitals, libraries, etc.)
 - Federal Government - similar to above but maybe adjusted if in their estimation locally assessed values do not agree with their own.

NOTE: All local assessments are carried out by the Government of the N.W.T. assessors.

- (3) Road Maintenance Grant - provided by the Government of the N.W.T. - 40% of the previous year's cost of road maintenance upon application supported by auditable accounts.
- (4) Water/Sewer Subsidy - provided to subsidize the additional costs of providing water delivery and sewage collection and disposal where this must be carried out by truck. The amount provided is based on actual costs less revenues collected.
- (5) Town Planning Grant - \$2,500 annually provided by the Department of Local Government to encourage local initiative in carrying out town planning activities.
- (6) Recreation Grant - \$5 per capita - provided by the Department of Natural and Cultural Affairs to assist in meeting operational cost of recreational facilities.

B. Capital Grants

- (1) Road Construction - 50% of the cost of approved municipal road construction projects. The municipalities share is financed by debenture borrowing.
- (2) Water/Sewer Main Trunk Line Construction - 100% of the cost of approved projects. Lateral lines and building hook-ups are the responsibility of the municipality and/or the tenant.

NOTE: All debentures are financed from a Government of the N.W.T./Federal Government program.

2. Non-Tax Based Municipalities

The Northwest Territories has a unique level of incorporated municipality called a Hamlet which does not raise, by taxation, any of its own operating or capital revenue.

Taxation, which will be discussed below, may be imposed and collected by the Territorial Government but does not necessarily have any direct relationship to the cost of operations.

A. Hamlet Operating Contribution

Provided to cover the total operational and maintenance costs of the municipality based upon budget submissions prepared by each hamlet and reviewed at the Regional and Headquarters level.

Funds are provided on a quarterly basis upon receipt of Financial Statements for the previous quarter.

Hamlet Capital Program

100% of the cost of acquisition of municipal operational equipment, buildings and municipal services facilities. Projects, their type and location, are determined by such factors as need, financial resources and negotiation with communities. A Five Year Capital Plan has been developed which is reviewed and amended on a continuing basis.

3. Unincorporated Communities

These communities are totally financed by the Government of the Northwest Territories. Ultimate administrative responsibility lies with the Government of the N.W.T., however in most locations Settlement Councils exist. Settlement Councils are elected by the community at large and although advisory bodies in nature can enjoy a relative degree of autonomy and responsibility in administering local affairs.

All funding is held and disbursed by the Government of the N.W.T. on behalf of and on the recommendation of the Settlement Council.

A Per Capita Grant of \$20 per resident is provided to a maximum of \$12,000 per year to anyone settlement. This grant is regarded as a training aid. The only conditions related to this grant is that it be properly accounted for, expended under the authority and formalities of council resolutions, and that its use be for the general well being of the community.

TAXATION

Property taxation implementation in tax based municipalities generally follows traditional patterns of municipalities in the Provinces.

In addition to the general levy for municipal purposes a mandatory levy (13 mills) must be imposed for school purposes in all communities other than the City of Yellowknife which has it's own school boards and is totally responsible for meeting the funding requirements for elementary schools. In all other locations, the schools are operated and funded by the Territorial Department of Education.

The school levy collected on behalf of the Territorial Government must be remitted to that Government at the end of the taxation year.

Any other non-tax based community can be declared a taxation area and taxes imposed by the Government of the Northwest Territories. The standard rate that has been established where applied has been 10 mills general and 15 mills school although legislation permits higher rates. Revenue realized from property taxation is credited to the Government of the N.W.T.'s General Revenue Fund.

N.W.T. COMMUNITY STATUS 1967

Yellowknife	-	Town
Hay River	-	Town
Fort Smith	-	Town
Inuvik	-	Village
Fort Simpson	-	Local Improvement District

Approximately 40 other unorganized communities of which approximately 20 had advisory committees.

N.W.T. COMMUNITY STATUS 1977

Yellowknife	-	City Jan. 1, 1970] - All Tax-Based
Hay River	-	Town	
Fort Smith	-	Town (1966)	
Inuvik	-	Town (1970)	
Pine Point	-	Hamlet (1969)	
	-	Village (1973)	
	-	Town (1974)	
Fort Simpson	-	Hamlet (1969)	
	-	Village (1973)	
Frolicher Bay	-	Hamlet (1969)	
	-	Village (1974)	

Present Hamlets

Tuktoyaktuk	-	1970] Non Tax-Based (Taxation introduced in 1976 under provisions of Taxation Ordinance in Tuktoyaktuk and Aklavik)
Rae-Edzo	-	1971	
Fort Franklin	-	1972	
Coral Harbour	-	1972	
Pangnirtung	-	1972	
Pelly Bay	-	1972	
Aklavik	-	1974	
Rankin Inlet	-	1975	
Pond Inlet	-	1975	
Igloodik	-	1976	
Sanikiluaq	-	1976	
Whale Cove	-	1976	
Arctic Bay	-	1976	

Repulse Bay, Eskimo Point, Baker Lake to be incorporated as Hamlets in 1977.

In addition there are 30 other unincorporated communities which have fully elected local councils.

The following municipalities are members of the N.W.T. Association of Municipalities:

- Yellowknife
- Hay River
- Inuvik
- Pine Point
- Fort Smith
- Fort Simpson
- Frobisher Bay
- Rae-Edzo
- Tuktoyaktuk
- Pangnirtung
- Coral Harbour

ISSUES OF REGIONAL GOV'T IN AK. 3/11/74 (not to be quoted)

OBJECTIVES of local gov't in rural areas

1. Local self-government
2. provision of better public services in rural areas
3. more equitable distribution of state wealth
4. local taxation of resource development properties
5. Assumption of appropriate property tax burdens in rural areas
6. decentralization of educational and other state services

PROBLEMS

*Perception of urban based legislators and groups in the organized areas 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 receive a "free ride" from the state for certain essential local-based services, principally education.

* Taxable resources so sparse that tax assessment and collection would be impractical in most places.

*Absence of clear state government policy for responding rationally to new circumstances and for acting to establish a statewide system of boroughs.

*Constitutional nor statutory standards for borough incorporation are sufficiently definitive in meaning or effort.

*Across the board policy of mandatory incorporation may be met with resentment and probably a lack of good local government in rural Alaska.

*Problems of definition, functions and boundaries.

*Existence today of diverse kinds of boroughs...regional and urban.
.....

Not arguing for "organizing". No pressing need to solve question. Regions too diverse, governmental needs and capabilities too varied, prospects for economic development 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. Flexible policy needed. Concept of new boroughs and restructuring of existing boroughs as regional gov't.

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 establish future policies affecting the state-regional-local allocation of functions and finances.

Cons't assumption that people would seek organization. 1. State would offer special benefits to organized boroughs 2. desire for home rule 3. state would offer additional inducements to organize and move toward home rule.

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. 3

Franklin Regional Bill

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.

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

GEOGRAPHIC PROBLEMS

* In Southeastern major settled and undeveloped areas are included in 4 boroughs, while most of the panhandle and tis ommunities remain part of the extended and physically divided unorganized boroguh. Bristol Bay, Fbks., Mat-Su boroughs create subregional enclaves in an otherwise unorganized area or inter-regional overlaps and conflicts. In Cook Inlet (mat-Su, Anch. Kenai)) these boroughs carve into 3 separtate parts one socio-economic and geographic region centering on the expanding urban area of Anch.

In sourtheastern some reban areas are in boroughs while others are not. (Skagway, Petersburg, Wrangell) and paried (physically proximate) cities present contrasting cases. (Juneau/Douglas, Petersburg/Wrangell; Haines/Skagway).

*Boroughts have experineing expansion of public service demands, functions, and budgets. This trend has been reinforced by Alaska's state-.ocal revenue-sharing program which is designed to encourage boroughs take on more than the minimal functions required by law.

*Unification movement.

*Use of service areas and incorporation of cities within boroughs may in part neutral local resistance to organized and unorganized regional boroughs elsewhere.

*REAA creation ignores the relationship of education to general government at the local level and to the exercise of other local and regional functions.

(p. III-9)

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

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter
Bruce Aronson
Rebecca Burch

DATE: September 10, 1976

FILE NO:

TELEPHONE NO:

FROM: Patrick K. Poland
Local Government Specialist

SUBJECT: Regional Government Study

For the record and so that we might have something to measure our progress against, the following is a "laundry list" of items that have yet to be accomplished in our pursuit of completing the regional government study.

1. A memorandum to Bob LeResche updating (status report) our original memorandum of July 21, 1976. Major changes that have been agreed upon by all staff and should be included in that memorandum include:
 - a. Expanding the category of cities not subject to exercise of authority by an unorganized borough to include first class cities.
 - b. Deleting the provisions making public safety and health powers mandatory for unorganized boroughs and rewriting the section to provide for optional exercise of these powers by unorganized boroughs. The revisions should, most probably, state that exercise by an unorganized borough precludes exercise by a second class city.
 - c. The memorandum should reflect the fact that we have decided to withhold further action on our proposed third class city legislation until the shape and relationship of regional governments are firmly identified.
 - d. Amending the distribution formula to a simpler method; most likely providing a minimum amount plus a cost-of-living allowance plus a per capita distribution.
 - e. The draft legislation needs to more clearly substantiate the fact that the relationship between regional education attendance area school boards and unorganized borough assemblies would be identical to that between municipal school boards and borough assemblies.
 - f. Amend the proposed legislation to more clearly state that unorganized boroughs will have the authority to contract with other municipal corporations, private corporations or other governmental agencies for the provision of services or to provide services on behalf of those agencies.

MEMORANDUM

State of Alaska

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 - f. Amend the proposed legislation to more clearly state that unorganized boroughs will have the authority to contract with other municipal corporations, private corporations or other governmental agencies for the provision of services or to provide services on behalf of those agencies.

2. We need to investigate the possibility of:
 - a. Funding regional education attendance areas in the same manner as municipal school districts are funded; i.e., they would receive P. L. 874 and many 874 funds but would lose the gratis state-local contribution. Additionally, they would be permitted to use a portion of the sales tax revenues they receive as local effort.
 - b. Combining assemblies and school boards on an optional basis.
 - c. Automatic incorporation of an unorganized borough as an organized borough once it reaches a certain assessed property valuation.
 - d. The feasibility of allowing service areas within unorganized boroughs.
3. Items that must be accomplished in conjunction with the Department of Revenue include:
 - a. Completing projections of sales and use tax revenues.
 - b. Determining the amount of shared taxes that is collected within the existing unorganized borough and might be made available to unorganized boroughs.
 - c. Determining the basis on which they calculated their existing fiscal note for administration of an unorganized borough sales/use tax.
4. A "skull" session needs to be set up with the Department of Law to determine whether, in fact, unorganized boroughs actually may exercise municipal powers, whether they may make expenditures and whether, since the sales tax is, in a technical sense, a municipal tax, it may be expended upon collection rather than having to deposit it in the general fund and await a legislative appropriation annually.
5. We need to prepare a fact sheet for the Commissioner by Tuesday, the 14th, outlining major provisions of our study and its conclusions.
6. A working model of an unorganized borough (my suggestion is the Bering Straits or NANA region) needs to be prepared detailing how the unorganized borough would work and what its relationships with other governments would be. Hopefully, the model would include a sample budget.

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter, Director
Local Government Assistance

DATE: September 10, 1976

FILE NO:

TELEPHONE NO:

FROM: Patrick K. Poland
Local Government Specialist

SUBJECT: Regional Government Study

As you know, Chuck Orr and I have spent the last day and a half discussing how our regional government study might be presented to the public and a suggested timetable for presentation. This memorandum summarizes our conclusions and recommendations.

In terms of a presentation, it was concluded that a combination of visual aids and written statements would best serve our purpose given the technical nature of the subject matter. Essentially, the visual aids would consist of slides depicting, among other items, the maze of boundary lines throughout the State, an organizational chart showing the relationship of an unorganized borough with other organized units of government and a map showing the boundaries we are suggesting for division of the unorganized borough. Slides would be shown in conjunction with a verbal presentation by yourself or another staff member of the Division. Written materials would be passed out to the speaker's audience and referred to during the verbal and slide presentation while additional copies would be made available to interested parties following the presentation. The written materials most likely would consist of a comprehensive position paper which would state the problem as we perceive it, analyze alternative solutions to the problem, state our conclusions and explain how and why we arrived at them. Additional written material should include copies of draft legislation, a short summarized fact sheet and several pages of questions and answers. In my opinion, the above would provide the layman with a comprehensive explanation of our project without confusing him with a mass of technical data.

One item not mentioned above but one that could conceivably be included in a package of written materials is a "for instance" paper; that is, taking one of the regions we have identified in the State and using it as an example, running through, step by step, exactly what would be the effect of establishment of an unorganized borough.

In terms of a timetable, it is suggested that the first announcement of the Department's study and its proposed legislation be made during or immediately preceding the Commissioner's television appearance with the Governor in Fairbanks on September 16. It is envisioned that she would make only a general statement, concluding that the actual draft legislation is being finalized at the moment and would be available to the general public by September 23. On September 23, you would release to the public the proposed legislation at your speaking engagement before the Fairbanks Development Corporation. If all goes well, you will again appear before the Anchorage Chamber of Commerce the following Monday, September 27. From there, it will

September 10, 1976

be simply a matter of trotting our "horse and pony show" around the State to various chambers of commerce and other interested groups. We would, of course, attend the Alaska Federation of Natives convention in Anchorage on October 20-21-22 and give a presentation. It is anticipated that by early December public meetings would have been held in every major community affected by the proposed act. Following the public meetings, we would review the proposed legislation, make any changes and submit the same to the Governor's Office for introduction to the Legislature.

Basically, the wheels have been set in motion to accomplish the above. Chuck and I met with the Commissioner and she is willing to make the initial announcement during her television appearance; however, we did not discuss the point of having her refer to specific draft legislation being available the following week and your presenting it for the first time in Fairbanks. It is imperative, in my opinion, that the public have a specific proposal to respond to. Without a specific proposal, we will only get shrugging shoulders and comments that we don't want anything.

Would you please verify with the Commissioner the above schedule of events and manner of presentation?

PKP:me

cc: Chuck Orr

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

TO: Pat Poland
Local Government Specialist

DATE: September 3, 1976

FILE NO:

TELEPHONE NO:

FROM: Rebecca Burch
Research Analyst

SUBJECT: The Feasibility of Health
Powers in proposed Regional
Governments.

The proposed Regional governments in the unorganized borough are capable of being a vehicle for regional decision-making and accountability for health service delivery.

The government structures provide the transition to regional control of services, one step closer to the local control requested by rural residents using health services. Recently there has been talk of local control of services, however, frequently the reality is that local services evolve while the control of delivery patterns and financing is maintained at a state level. An illustration of this direction is HB 596 on local health districting introduced in the ninth legislature which would have provide regional locations for services with monitoring and decision-making by the state.

The intention of including health powers in an unorganized borough was to regionalize the decision making in addition to actual delivery of services. In the regional proposal the regional government would, within a framework of services determined as "comprehensive health care", be empowered to plan, administer and contract for health care service delivery in a manner appropriate for the needs of that region.

Initially it was thought that PL 93-641 would address this issue. This legislation established a State health coordinating council, three health service area boards and sub-area councils as well as a State agency to oversee the process. These bodies were designed to promote coordinated development of the range of health services meeting health needs within a given area of the state. Health Systems Agency Board Members (for the Health Service Area) would present recommendations to the State Health Coordinating Council and the State Health Planning and Development Agency. (The State Health Planning and Development Agency is also mandated under P.L. 93-641). The SHCC would work with the health systems agencies to determine the functional definition of "comprehensive health care" and the actual certification of new health services and facilities.

The legislation further indicates that even the three Health Systems Agencies boards do not make all final decisions on plans for their areas. The SHCC has the authority to review and revise the HSA plans as necessary to coordinate state wide activities and needs.

On a level comparable to the proposed governmental regions PL 93-641 established sub-area boards. We considered that regional government assemblies could serve the function of these boards. However, in actual practice it seems that the sub-area boards will have a limited and advisory capacity. The Federal legislation stresses this advisory function and strongly discourages sub-area boards from taking on additional

power. So it is that decision-making, implementation, and accountability over federal monies and programs are not possible under the regional government structure, as currently proposed.

The Alaska Public Health program, funded in part by state monies, shows more opportunity for regional control. The Public Health program has been considered in terms of regional administration and service delivery. The components of this program (a department of Alaska Health and Social Services not to be confused with Federal Public Health Services) include environmental sanitation, public health nursing, and health aides who, although administered by the Native Health Service are functionally supervised and partially trained by the Public Health Nurses. The State department could establish standards for service and record-keeping (necessary to maintain continued levels of federal funding). Given these guidelines each region could administer its own Public Health Program.

However, in light of the Health Service Area Boards who will determine the patterns of service in programs with federal funding it could be difficult to plan for this state service without coordinated planning. So, at best the Region could make planning decisions for only part of its health services. As an added confusion it is still unclear what the relationship will be between the State Health Department and the HSA boards. And the HSA boards are still in a state of formation so they can not make statement on how this would work.

It seems then that the control of health service decisions is in a state of flux and it is premature to make pronouncements that this power is totally unavailable to regional government, but the thrust of recently enacted Federal legislation is divide the state into 3 large areas under one umbrella for health care planning.

RB: rmc

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter
Director

DATE: August 23, 1976

FILE NO:

TELEPHONE NO:

FROM: Patrick Poland
Local Government Specialist

SUBJECT: Proposed Legislation

The following is draft legislation that may be suitable for implementation of levy and collection of a sales tax in the unorganized borough together with redistribution to individual unorganized boroughs based upon an equalization formula.

Section 1. AS 43 is amended by adding a new chapter to read:

CHAPTER 77. SALES TAX

ARTICLE 1. LEVY AND COLLECTION.

Sec.

- 010. Levy of tax
- 020. Exemptions
- 030. Collection and enforcement
- 040. Proceeds of tax
- 050. Lien for tax
- 060. False statement
- 070. Regulations

Sec. 43.77.010. LEVY OF TAX. (a) A consumer's sales tax is levied on all sales, rents and services made within an unorganized borough unless the sale, rental or provision of service takes place within a home rule city.

Sec. 43.77.020. EXEMPTIONS. The following transactions are exempt from the tax levied in sec. 010 of this chapter.

- (1) a casual and isolated sale not made in the regular course of business;
- (2) a transaction which is prohibited from taxation under the Constitution and laws of the United States;
- (3) a sale directly to the United States government, the State of Alaska, or its political subdivisions;
- (4) the sale of newspapers and periodicals to a consumer by a carrier;
- (5) the sale of food and beverages to the public in school cafeterias or lunchrooms;

Sec. 43.77.030. COLLECTION AND ENFORCEMENT. Every business which engages in transactions subject to taxation under the provisions of sec. 010 of this chapter shall collect the tax at the time of the sale, and remit the total collected at the end of each calendar quarter of each year to the Department of Revenue by the last day of the month following the close of the calendar quarter. A penalty of ten percent shall be added to delinquent taxes and interest at the rate of six percent a year shall accrue on all unpaid taxes, excluding penalties, from the due date until paid in full. Collection of the tax levied in this chapter shall be carried out by the Department of Revenue.

Sec. 43.77.040. PROCEEDS OF TAX. Money collected under this chapter shall be deposited in the general fund.

Sec. 43.77.050. LIEN FOR TAX. The tax levied under this chapter and penalty and interest set out in sec. 030 of this chapter are liens upon all of the property of the person owing the tax. The lien rises upon delinquency and continues until the liability is satisfied or the lien is foreclosed. With respect to property located outside a city, the tax liens provided by this chapter are prior and paramount to all other liens or encumbrances against the property. With respect to property located within a city the tax liens provided by this chapter are prior to all liens and encumbrances against the property except liens for taxes levied by the city.

Sec. 43.77.060. FALSE STATEMENT. A person who knowingly makes a false statement in a return required under this chapter as to the amount, location or value of a sale subject to taxation with intent to evade the taxation is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$500 or by imprisonment for not more than five days, or by both, together with the costs of prosecution.

Sec. 43.77.070. REGULATIONS. The Department of Revenue shall adopt regulations governing the administration of this program including the manner by which exemptions may be determined and reimbursement to business' for costs incurred in collecting the tax made.

ARTICLE 2. REVENUE SHARING AMONG
UNORGANIZED BOROUGHES

Sec.

- 080. Distribution of proceeds
- 090. Direct return
- 100. Distribution
- 110. Distribution index

Sec. 43.77.080. DISTRIBUTION OF PROCEEDS. The legislature is authorized to appropriate each year as shared revenue for the benefit of unorganized boroughs an amount equal to the net amount of revenue raised under this chapter in the preceding year. Revenue so appropriated shall be administered by the Department of Community and Regional Affairs. The department shall distribute for the benefit of each unorganized borough an amount determined in accordance with secs. 080-110 of this chapter.

Sec. 43.77.090. DIRECT RETURN. From the appropriation authorized under sec. 080 of this chapter an amount equal to the net revenue raised by a one-half percent tax on sales taxable under this chapter within each unorganized borough shall be held and used for the benefit of the unorganized borough where the particular sales took place.

Sec. 43.77.100. DISTRIBUTION. Revenue appropriated under sec. 080 of this chapter, less revenue allotted in accordance with sec. 090 of this chapter, shall be held and used for the benefit of each unorganized borough in accordance with

the ratio of its distribution index to the sum of the distribution indices of all unorganized boroughs.

Sec. 43.77.110. DISTRIBUTION INDEX. The distribution index of each unorganized borough is based upon its wealth, cost of services, population and area and is determined by the following formula:

$$D = \frac{F_a C P}{2F_p}$$

where

D = distribution index

F_a = average fiscal capacity of unorganized boroughs

F_p = fiscal capacity of the particular unorganized borough

C = cost of service which is the cost as determined by the state assessor for each tax year in each particular unorganized borough of providing education, planning, health, police, fire, administrative and other government services expressed as a percentage of the average cost of such services in all unorganized boroughs.

P = population of the particular unorganized borough as a percentage of total population of unorganized boroughs.

PKP: ljd

MEMORANDUM

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

D: Mike Harper, Deputy Commissioner

DATE: February 5, 1976

FILE NO:

Thru: Palmer McCarter, Director
Local Government Assistance

TELEPHONE NO:

M: Carlton Smith
Local Government Specialist

SUBJECT: SB 35 - Proposed Amendments

Sometime ago you asked that I review Senate Bill 35 for possible amendments. While I have not indicated strategies for introducing these ideas the proposals are presented mainly as a thinking exercise for potential problem areas. If you would like to discuss these ideas further, I would be glad to share my thoughts.

District Boundary Changes:

Under 14.08.031 the 21 new REAA's are described as educational service areas whose boundaries were established by the Department of Community and Regional Affairs. As you know, during the SB 35 hearing process, many citizens inquired as to the mechanism in SB 35 which might accommodate changes in district boundaries. The only citation which allows for change is found in 14.08.031 (a), line 2, which calls for a referendum vote in the community, permitting it to "merge with another community contiguous to it but within the boundaries or sub-boundaries of another regional corporation." This section does not treat boundary changes for the established service areas.

It seems logical that since the department established these service areas, it might at some point be responsible to treat proposed changes in the established boundaries. While at present I see no moves to alter boundaries, the first year of REAA operation could mark much interest in the possibility.

District Consolidation:

SB 35 also precludes the possibility of consolidating the REAA service areas established by DCRA. Consolidation, I believe should be included as an option for established districts. The primary concern in 1976 as far as the new districts are concerned, I imagine, will be financial viability. In the case of Whittier - Tatitlek, for example, the 1976 year may demonstrate that REAA 21 must either contract with another school district or consolidate with another service area such as #17 Copper River in order to deliver educational services. #17 may estimate for example, that inclusion of #21 may create a better funding outlook for them with these communities than without them.

DEPUTY COMMISSIONER
Interoffice Memos
LGAD

ALASKA

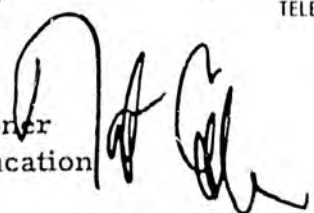
Palmer McCarter, Director
Division of Local Govt. Assistance
Department of Community and
Regional Affairs

DATE: May 19, 1977

FILE NO:

TELEPHONE NO:

Nathaniel H. Cole
Deputy Commissioner
Department of Education



SUBJECT: Federal 874 Funds
and REAA's

Your memo of inquiry to Marshall, concerning the REAA's and P. L. 874 has been passed on to me for response.

It has been determined by the Federal Government that the REAA's are school districts under P. L. 81-874 statutes, and that as such they should receive their P. L. 874 directly. However, P. L. 81-874, as amended by P. L. 93-380, allows a state to meet certain criteria (Alaska meets criteria) to apply to the U. S. Commissioner of Education for authority to offset state funding payments by the amount of P. L. 81-874 payments, and current plans are to implement the offset provisions. State authority to implement this offset procedure has been written into ~~SCSHB 212~~ SCSHB 212, which appears to have a good chance of passing this session.

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

TO: The Honorable TERRY STIMSON

FROM: Gregg K. Erickson
Director of Research *To*

Please indicate your directions concerning future handling of the attached information, which you requested under WO# 5802 (Subject: COMMISSION ON THE STATUS OF REPRESENTATIVE GOVERNMENT)

- I approve the release of this information to any requesting party.
- I approve the release of this information to any requesting party, but please remove my name.
- I do not approve the release of this information; maintain confidentiality.
- I approve the release of this information under the following conditions:

4/12/79
Date

Terry D. Stimson
Signature

WORK ORDER REQUEST FORM

113 96

KEYWORDS: government
voting

ASSIGNED TO Kallab

REQUEST FOR: BILL RESOLUTION RESEARCH OTHER

SUBJECT Commission on the Status of Representative Government

REQUESTED FOR Senator Stimson BY Senator Stimson EXT. _____

* DELIVER TO Senator Stimson TAKEN BY Bradley

INSTRUCTIONS, EXPLANATIONS Have any states established commissions concerned with voter apathy and the lack of faith in government. (B.C.)

Senator Stimson suggested analogy to Commission on Status of

Women and the above title flowed from it. Can the title be improved on.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH _____

RETURN _____

TO REQUESTER

APPROVED: _____ Director, Legal Services

GE Director, Research

REVIEWED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

IN 11/22 DUE _____

TYPED - Draft _____ DATE _____

Final Knightsbridge DATE 1/12/79

PROOFED _____ DELIVERED _____

DRAFT

FINAL

MEMORANDUM

January 11, 1979

SUBJECT: Commission on the Status of Representative Government
(Work Order #5802)

TO: Senator-elect Terry Stimson

FROM: Elke Kallab, Policy Analyst

This is in reply to your inquiry as to whether any state has established a commission concerned with voter apathy and the lack of faith in government. The simple answer to your question is no! This isn't to say that the states are not concerned with the decline of the voter participation, because they are. Noting the low level of voter participation and the serious implications such low voter turnout has for the democratic process, the National Association of Secretaries of State (NASS) established a Steering Committee on Voter Education and Registration in 1977 to look at the problem. The findings and recommendations were presented at the NASS conference on December 5, 1978, and I have enclosed a copy of their report for your perusal.

The Association believes that it should be the driving force that would bring together the many institutions and organizations that seek to achieve maximum voter participation, particularly when it appears that this subject is receiving little attention at the federal level at the moment. Drawing on effective and innovative voter education and registration programs that individual states have adopted, NASS hopes to develop programs that all states can adopt to their mutual benefit. Toward this end, NASS invited those states it felt had effective or innovative voter education programs to make presentations at their December 5 conference so they might share their experiences with the other states. We have contacted those states which were asked to make presentations at the NASS conference in December (Hawaii, Kentucky, New Mexico, Pennsylvania, Minnesota), as well as California and British Columbia.

Several of the states we have spoken to were kind enough to send us materials which they have developed and utilized in their voter education programs, and we are forwarding such materials as appropriate for your information.

According to those states we talked to, Hawaii is the premier state in the United States with a promising voter registration and education program. (It is also interesting to note that the chairman of the Voter Education and Registration Steering Committee was Nelson Doi, the Lieutenant Governor of Hawaii.)

Hawaii's voter education program, a copy of which is enclosed revolves primarily around a lot of "activity" programs which are put on by the state to "develop citizenship consciousness". What seems to make Hawaii's voter education program more successful than others is the commitment to expend money, staff and maximum effort to achieve higher voter participation. It has also been in existence for much longer than most other voter registration and education programs. Page 4 of their report lists the five principles upon which their voter education and registration efforts are based, and while they are all worthwhile, they are in and off themselves not new or untried, with the possible exception of principle No. 3, which advocates a sequential citizenship education scheme that would begin at the elementary school level. However, it is debatable whether more of the same is going to reverse the continuing decline in voter participation. Political and social scientists contend that the decline in registering to vote and voting represents a growing mistrust and cynicism in the government by the population. Americans feel disaffected by their government and drop out; they feel the nation isn't going anywhere; that there is a lack of integrity and competence in public officials. There is a general feeling on the part of the individual of impotence to affect the political process, which doesn't seem to make any sense, by a government that has become too big and impregnable to be responsive.

I have enclosed several articles by Curtis Gans (Director of the Committee for the Study of the American Electorate) and Amitai Etzioni (Political Sociologist at Columbia University and director of the Center for Policy Research) which deal with the causes of voter apathy. One gets the impression reading these articles that more of the same conventional wisdom in how to attract people to the polls is not going to be enough to reverse the continuing decline of voter participation, particularly when one considers that the most dramatic decline in voting occurred during a time of unparalleled liberalization of voter registration and election laws.

Mr. Gans, in one of his articles, singles out three major reasons which have and continue to contribute to the decline in voter turnout.

1. Television has given rise to the media politician, who he says may have charismatic appeal or who may be attractive but not necessarily competent. Mr. Gans believes that TV has become the central focus in people's lives and is therefore responsible for contributing to the erosion of community, political and social institutions, and the increasing atomization of American society. As far as involvement is concerned, television produces a passive spectator, he feels, rather than an active participant. He makes a very good argument when he comes to the conclusion that to a large degree television has taken over the functions formerly performed by political parties.

2. Mr. Gans feels that the erosion of the two-party system and the resulting diminishing pride in and commitment to the two major parties is a major reason for voter apathy. He sees the break-up

of the traditional two-party system in this country as a result of the Viet Nam war and the Watergate scandal, in addition to the influence TV exerts over the American public. Mr. Gans feels that the "confidence and loyalty to parties helped make people want to vote, made people feel that their vote was necessary and important." People voted their party, not necessarily the candidate--a process pretty much reversed now.

3. Mr. Gans also attributes part of the problem of voter apathy and non-participation to the erosion of a consensus on national purpose and goals which have guided this nation since the thirties. This view is shared by Amitai Etzioni when he says that Americans feel out of sorts with American society at-large and that their collective or public outlook for their future is bleak.

According to the National Association of Secretaries of State survey, the main reasons cited by states for non-attainment of voter education and registration programs are apathy, indifference, a belief that it "doesn't matter", a desire to maintain one's privacy, election officials' apathy and monetary restraints. You will also note from the NASS report (pp. 42 and 44) that much of the voter registration and education efforts by individual states are directed toward the "apathetic and disinterested citizens", and according to the results of the survey undertaken by NASS it appears from conversations with the various states that have voter education programs that the increased efforts to have people register and then vote have had positive results in most cases.

The following programs and ideas have been mentioned to achieve increased voter registration and voter turnout:

Simplified Procedures for Registration and Voting

- Mobile Registration Units/Mobile Registrars
- Mail Registration/Post Card Registration
- Voter Registration Forms available in newspapers which can be cut out and mailed in, or forms available at public buildings, such as libraries, police stations and other public facilities where people converge
- Location Registration, such as supermarkets
- Door-to-Door Registration
- Election Day Registration
- Liberal Appointments of Registrars
- Expanded Voter Information Effort

Mass Media Campaigns using television, radio, newspapers, posters, billboards, banners, handbills, and the like. Public service announcements, news releases, documentaries, printed materials (brochures) and programs on registration and voting procedures. Development of a catchy and identifiable logo, jingle, motto or character

Involvement of Other Government Agencies

Outreach programs involving nursing or convalescent homes,

prisons or other institutions who have eligible voters to register and provide them with absentee voting information or ballots.

Use of Community Resources and Citizens' Groups

Community action programs, such as fairs, rallies, meetings, etc.

Voter Education Presentations to public, community, private, special interest or minority groups

Establishment of community based boards to facilitate organization and maintenance of educational efforts.

Formation of a committee of distinguished citizens who will lend their names and time to get out to vote and impress on citizens the importance of exercising their right to vote.

Research and Analysis of Voting Patterns. Production of motivational materials for speaker bureaus.

Development of educational curriculum for citizenship responsibility for use in schools.

The creation of positions for community liaison persons.

Federal legislation which would provide for free return postage on absentee ballots.

A federal program rewarding states for voter registration and turnout. This suggestion could find application in the state by providing a tax credit to those citizens who went to the polls.

A re-awakening of party loyalty to increase voter turnout. One of the ways to possibly achieve that would be to have closed primaries. (Hawaii's stated reason for closed primaries is "to increase the identification between voters and political parties...in order to strengthen and perpetuate our party system....")

Decentralization of the government at every level to return to the people the feeling that they can control their lives--their destinies.

You will note from the above list of suggestions on how to overcome voter apathy and American's negative attitude toward big and unresponsive government that the problem is considered to be serious. Much is being done and more needs to be accomplished to reverse the process of non-participation by Americans in the electoral process. I do not know at this writing how well or poorly Alaska compares to the national average or other states, but I have a feeling that our state is probably among those states which compare favorably with the rest of the nation, even though we do not have a formal voter education program. The subject matter certainly deserves more attention than I have been able to give it in this preliminary investigation, and I would be happy to meet with you after your arrival in Juneau for the legislative session to discuss

Senator-elect Terry Stimson

-5-

January 11, 1979

possible options which may be available to the State of Alaska to increase citizen participation in government.

EK:lmk

Enclosures

MEMORANDUM

December 14, 1978

file

SUBJECT: "Commission on Status of Representative Government" (W.O. 5802) *Partial*

TO: The Honorable Terry Stimson

FROM: Elke Kallab ^{EK}
Policy Analyst

Your administrative assistant contacted me last week asking about the Elections Research Center. I presumed from the clipping, which she showed me, that it was information in the article which contributed to the above work order request.

The Elections Research Center is located in Washington, D. C., and is headed by Mr. Richard Scammon. The center has been in existence since 1955. Its director, Mr. Scammon, either has been heading the center or been its inspiration since its beginnings. He served as head of the Census Bureau under John F. Kennedy. The main function of the center is to compile election statistics which are gathered into a biannual handbook, America Votes.

While Mr. Scammon was not able to provide me with information that would appear to be helpful in answering your question, we did have an interesting conversation on the subject matter. One of the things Mr. Scammon mentioned was that it was his belief that high voter turnout was not necessarily synonymous with a good and/or stable government. He cited Switzerland and Italy as cases in point; i.e., Switzerland has an even lower voter turnout than does the United States, yet it has a very stable government, while Italy traditionally has had a very high voter turnout but a very unstable government. He also was of the belief that doing away with voter registration requirements would probably be the most effective way to raise voter participation. (However, the initial reading that I have done on this subject matter in preparation of your work order indicates that despite liberalization in the procedures and laws governing registration, political participation has declined.)

I hope to report on the remainder of your work order request very shortly.

EK:jm

IV. OBSERVATIONS:

The operation of local government in the Yukon Territories is significantly different than that in the State of Alaska. For example, all property owners throughout the entire Yukon Territories, whether they reside in a local government or not, pay taxes to support certain basic services. These basic services include education, building and fire inspections, and road maintenance. Additionally, communities have the option of forming local improvement districts which enables them to adopt additional services such as sewer, water facilities, capital improvements including ice curling rinks, fire stations and administrative offices. An interesting point here is that while communities do not directly pay for the construction of facilities or the provision of services in their communities, they do not receive any additional services or facilities without an additional tax contribution. If the tax contribution is inadequate then the additional funding is provided by the Yukon Territories; but everybody pays something for what they get.

Another unique difference between the Yukon Territory situation and our own is that they have a total of 22 communities within the territory of which only 7 are incorporated. Of the 7 incorporated, 4 are local improvement districts, 2 are towns, and 1 is a city. The only city is the City of Whitehorse and is basically very equivalent to any local government in the State of Alaska. The towns are also similar to our local government. The basic difference between the city and town being one of total population and gross tax base. The next level of local government though, the local improvement district, is a significant departure from what we conceive of as local government. Basically, a local improvement district is responsible for providing basic services such as road maintenance, fire protection, parks and recreation, solid waste disposal, sewer and water and other like facilities. However, budgets are adopted at the community level and submitted to and approved by the territory, taxes are paid to support those services, and audits of all accounts are required to be submitted. Additionally, it is interesting to note that no municipality in the entire Yukon Territory has, as we know it, the police power. The closest thing to is is the City of Whitehorse's by-law officers which issue such items as traffic citations, and citations for violation of local municipal ordinances (non-criminal type). All other police services are provided by the Royal Canadian Mounted Police, a Federal police force.

Palmer McCarter, Director
July 18, 1979
Page 3

Attached are several documents relating to the Yukon Territory as a whole, that is, addressing its people and geography, documents explaining its governmental structure (territorial) and its local government structure.

Also attached is a very brief summary of government in the Northwest Territories which was provided to us by the Yukon local government people.

MUNICIPAL AFFAIRS DIVISION

DEVELOPMENT OF LOCAL GOVERNMENT

The development of local governments in the Northwest Territories since 1963 has been nothing less than dramatic. In these 14 years recognized forms of local governments have increased from 2 Municipal Districts to 53 units as follows:

City	-	1	} Incorporated tax based
Towns	-	4	
Villages	-	2	
Hamlets	-	16 12	} Incorporated non-tax based
Settlements	-	30 28	} Unincorporated non-tax based
Total		53	

13 total

In addition there are 16 other areas of population classed as unorganized. These are primarily native communities of less than 100 persons including two mining communities and two military establishments. Dew line sites are not included.

Of particular interest is the unique level of local government called "Hamlets." Although incorporated they are not required to raise any of their operating revenue through property taxation.

Development of local governments in the N.W.T. essentially represents a departure from the traditional process that has taken place in Southern Canada where taxation usually precedes incorporation or at least is an integral part of incorporation. In the N.W.T. taxation has usually followed incorporation and in the case of "Hamlets" an incorporated municipality can exist without local taxation.

The purpose of this approach has been to allow a greater degree of autonomy of local jurisdiction in communities capable of managing their own affairs but where a viable tax base does not exist. This approach has been successful in achieving the desired progress in political development but has not been without its problems otherwise.

The lack of local financial participation at the local level has tended to inhibit the development of the attitudes of responsibility and responsiveness of local councils and their constituencies.

Efforts are being made to resolve this deficiency without placing an undue financial burden on communities while providing the sense of autonomy and relative independence inherent in tangibly contributing to the growth and well being of the community.

There exists a program whereby non-tax based communities, whether incorporated or not, can be taxed by the Territorial Government. This will be discussed in greater detail later in this paper.

MUNICIPAL FINANCIAL ASSISTANCE PROGRAM

1. Tax Based Municipalities

A. Operating Assistance

- (1) Per Capita Grant - unconditional - provided by the Government of the N.W.T. - \$50 per capita based on official census figures plus annual percentage increases between census.
 - (2) Grant-in-lieu of taxes -
 - Government of the N.W.T. actual taxes levied by Municipality on N.W.T. Government owned buildings excluding building designated exempt by the Federal Municipal Grants Act.
(e.g. schools, hospitals, libraries, etc.)
 - Federal Government - similar to above but maybe adjusted if in their estimation locally assessed values do not agree with their own.
- NOTE: All local assessments are carried out by the Government of the N.W.T. assessors.
- (3) Road Maintenance Grant - provided by the Government of the N.W.T. - 40% of the previous year's cost of road maintenance upon application supported by auditable accounts.
 - (4) Water/Sewer Subsidy - provided to subsidize the additional costs of providing water delivery and sewage collection and disposal where this must be carried out by truck. The amount provided is based on actual costs less revenues collected.
 - (5) Town Planning Grant - \$2,500 annually provided by the Department of Local Government to encourage local initiative in carrying out town planning activities.
 - (6) Recreation Grant - \$5 per capita - provided by the Department of Natural and Cultural Affairs to assist in meeting operational cost of recreational facilities.

B. Capital Grants

- (1) Road Construction - 50% of the cost of approved municipal road construction projects. The municipalities share is financed by debenture borrowing.
- (2) Water/Sewer Main Trunk Line Construction - 100% of the cost of approved projects. Lateral lines and building hook-ups are the responsibility of the municipality and/or the tenant.

NOTE: All debentures are financed from a Government of the N.W.T./Federal Government program.

2. Non-Tax Based Municipalities

The Northwest Territories has a unique level of incorporated municipality called a Hamlet which does not raise, by taxation, any of its own operating or capital revenue.

Taxation, which will be discussed below, may be imposed and collected by the Territorial Government but does not necessarily have any direct relationship to the cost of operations.

A. Hamlet Operating Contribution

Provided to cover the total operational and maintenance costs of the municipality based upon budget submissions prepared by each hamlet and reviewed at the Regional and Headquarters level.

Funds are provided on a quarterly basis upon receipt of Financial Statements for the previous quarter.

Hamlet Capital Program

100% of the cost of acquisition of municipal operational equipment, buildings and municipal services facilities. Projects, their type and location, are determined by such factors as need, financial resources and negotiation with communities. A Five Year Capital Plan has been developed which is reviewed and amended on a continuing basis.

3. Unincorporated Communities

These communities are totally financed by the Government of the Northwest Territories. Ultimate administrative responsibility lies with the Government of the N.W.T., however in most locations Settlement Councils exist. Settlement Councils are elected by the community at large and although advisory bodies in nature can enjoy a relative degree of autonomy and responsibility in administering local affairs.

All funding is held and disbursed by the Government of the N.W.T. on behalf of and on the recommendation of the Settlement Council.

A Per Capita Grant of \$20 per resident is provided to a maximum of \$12,000 per year to anyone settlement. This grant is regarded as a training aid. The only conditions related to this grant is that it be properly accounted for, expended under the authority and formalities of council resolutions, and that its use be for the general well being of the community.

TAXATION

Property taxation implementation in tax based municipalities generally follows traditional patterns of municipalities in the Provinces.

In addition to the general levy for municipal purposes a mandatory levy (13 mills) must be imposed for school purposes in all communities other than the City of Yellowknife which has its own school boards and is totally responsible for meeting the funding requirements for elementary schools. In all other locations, the schools are operated and funded by the Territorial Department of Education.

The school levy collected on behalf of the Territorial Government must be remitted to that Government at the end of the taxation year.

Any other non-tax based community can be declared a taxation area and taxes imposed by the Government of the Northwest Territories. The standard rate that has been established where applied has been 10 mills general and 15 mills school although legislation permits higher rates. Revenue realized from property taxation is credited to the Government of the N.W.T.'s General Revenue Fund.

N.W.T. COMMUNITY STATUS 1967

Yellowknife	-	Town
Hay River	-	Town
Fort Smith	-	Town
Inuvik	-	Village
Fort Simpson	-	Local Improvement District

Approximately 40 other unorganized communities of which approximately 20 had advisory committees.

N.W.T. COMMUNITY STATUS 1977

Yellowknife	-	City Jan. 1, 1970] - All Tax-Based
Hay River	-	Town	
Fort Smith	-	Town (1966)	
Inuvik	-	Town (1970)	
Pine Point	-	Hamlet (1969)	
	-	Village (1973)	
	-	Town (1974)	
Fort Simpson	-	Hamlet (1969)	
	-	Village (1973)	
Erebus Bay	-	Hamlet (1969)	
	-	Village (1974)	

Present Hamlets

Tuktoyaktuk	-	1970] Non Tax-Based (Taxation introduced in 1976 under provisions of Taxation Ordinance in Tuktoyaktuk and Aklavik)
Rae-Edzo	-	1971	
Fort Franklin	-	1972	
Coral Harbour	-	1972	
Pangnirtung	-	1972	
Pelly Bay	-	1972	
Aklavik	-	1974	
Rankin Inlet	-	1975	
Pond Inlet	-	1975	
Igloolik	-	1976	
Sanikiluaq	-	1976	
Whale Cove	-	1976	
Arctic Bay	-	1976	

Repulse Bay, Eskimo Point, Baker Lake to be incorporated as Hamlets in 1977.

In addition there are 30 other unincorporated communities which have fully elected local councils.

The following municipalities are members of the N.W.T. Association of Municipalities:

- Yellowknife
- Hay River
- Inuvik
- Pine Point
- Fort Smith
- Fort Simpson
- Frobisher Bay
- Rae-Edzo
- Tuktoyaktuk
- Pangnirtung
- Coral Harbour

ALMIP RSA: STUDY OF OPTIONS FOR MANAGING COASTAL
RESOURCES IN THE UNORGANIZED BOROUGH

Letter of int

BACKGROUND

Unorganized Borough Defined

The Alaska Constitution mandates that the entire State be divided into boroughs, organized and unorganized. A borough is a regional government similar to a county or township. The unorganized borough is the area outside the boundaries of ~~a city or~~ ^{to} borough^s incorporated under State law.

Geographic Extent

Nearly 435,000 square miles, or ⁷⁵/~~25~~ percent of Alaska's total land area, are in the unorganized borough. Except for Bristol Bay Borough (1,200 square miles), ^{and} part of the North Slope Borough, ~~and a few scattered cities,~~ the entire west coast of the State is in the unorganized borough. Two other coastal areas have large stretches of unincorporated areas. These are Prince William Sound and Southeast Alaska.

Population

The unorganized borough is sparsely populated. Rough estimates indicate a civilian population of only 10,000 in areas outside an organized city or borough. In addition, approximately 60,000 persons live in the 116 incorporated cities which lie outside boroughs. Only 11 of these 116 cities have populations over 1,000 and few exercise municipal planning powers.

Importance of Planning and Management in the Unorganized Borough

Though sparsely populated, the unorganized borough warrants ~~greater~~ ^{particular} attention to planning for and management of coastal resources for at least the following reasons: (1) major resource development is either under way in the unorganized borough or contemplated for the future, (2) subsistence is a valued and irreplaceable way of life for many of the residents of the unorganized borough, (3) land ownership patterns are changing with millions of acres of federally owned land passing into private, State, or municipal ownership, and (4) ^{since} provision of public services in the unorganized borough entails massive public investment and extraordinary logistical efforts, ~~the most efficient means possible should be~~ ^{there is a need to ensure the} ~~efficient~~ ^{most efficient} use of limited resources.

Among the principal resource developments ^(existing or proposed) in the unorganized borough are: (1) logging (Chugach and Tongass National Forests and former federally owned forest land to be conveyed to Native corporations), (2) mining (Borax molybdenum mine near Ketchikan, Noranda mining operations on Admiralty Island, Inspiration Mining Company's operation on Chichagof Island, and placer mining on Seward Peninsula and the Norton Sound area), (3) fisheries ^{Bristol Bay} (expansion into ~~bottom~~ ^{fisheries} in the Aleutian Islands, and elsewhere), and (4) energy development (OCS lease sales scheduled for Norton Sound and Bristol Bay).

Legal Context

Article X of the Alaska Constitution addresses local government.

Pertinent sections from that article are the following:

SECTION 1. The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal

construction shall be given to the powers of local government units.

SECTION 2. All local government powers shall be vested in boroughs and cities only.

SECTION 6. The legislature shall provide for the performance of services it deems necessary or advisable in unorganized boroughs, allowing for maximum local participation and responsibility. It may exercise any power or function in an unorganized borough which the assembly may exercise in an organized borough.

Title 29, Chapter 03, of the Alaska Statutes, pertains to the unorganized borough. In addition to defining the unorganized borough, that Chapter describes service areas as a means of providing services in the unorganized borough.

a requirement
Sec. 29.03.020. Service areas. Allowing for maximum local participation, the legislature may establish, alter, or abolish service areas within the unorganized borough to provide special services, which may include but are not limited to schools, utilities, land use regulations and fire protection. A new service area may not be established if the new service can be provided by an existing service area, by incorporation as a city, or by annexation to a city. (§ 2 ch 118 SLA 1972)

Under Title 29, first-class and home-rule cities in the unorganized borough must exercise planning powers and second-class cities are authorized but not required to do so.

In 1975, the State Legislature enacted legislation important to provision of services in the unorganized borough. Pertinent excerpts from Chapter 124, Session Laws of Alaska 1975, are the following:

Sec. 14.08.021. Authority. The legislature delegates to school boards for each regional educational attendance area the authority to operate the public schools in those areas in accordance with the provisions of this chapter, subject to the provisions of this title and the regulations promulgated under it that apply to all school districts in the state.

Sec. 14.08.031. Regional Educational Attendance Areas.

(a) The Department of Community and Regional Affairs in consultation with the Department of Education and local communities shall divide the unorganized borough into educational service areas using the boundaries or subboundaries of the regional corporations established under the Alaska Native Claims Settlement Act, unless by referendum a community votes to merge with another community contiguous to it but within the boundaries or subboundaries of another regional corporation.

(b) An educational service area established in the unorganized borough under (a) of this section constitutes a regional educational attendance area. As far as practicable, each regional educational attendance area shall contain an integrated socio-economic, linguistically and culturally homogeneous area. In the formation of the regional educational attendance areas, consideration shall be given to the transportation and communication network to facilitate

the administration of education and communications between communities that comprise the area. Whenever possible, municipalities, other governmental or regional corporate entities, drainage basins and other identifiable geographic features shall be used in describing the boundaries of the regional school attendance areas.

Sec. 14.12.020(c). The legislature shall provide the state money necessary to maintain and operate the regional educational attendance areas. The borough assembly for a borough school district, and the city council for a city school district, shall provide the money which must be raised from local sources to maintain and operate the district.

Criteria specified for delineating boundaries of the regional educational attendance areas are similar to standards for incorporating an organized borough but ~~does~~ not include the following incorporation standard:

Sec. 29.18.030. (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 valuations, total economic base, total personal income, resource and commercial development, anticipated functions, expenses, and income of the proposed borough;

single REAA

The Alaska Coastal Management Act used the regional educational attendance area as the basic unit for developing district coastal management

programs in the unorganized borough. ~~Residents of one or more regional educational attendance areas may organize~~ ^{Residents of} a coastal resource service

The Commissioner of Community and Regional Affairs may combine two or more regional educational attendance areas in a single coastal resource service.

(may organize to
area) to develop a program which State agencies will implement. (State agency
planning and management authorities are discussed in
Appendix A.)

During the 1979 State legislative session, a bill was introduced to allow formation of coastal resource areas in areas smaller than a regional educational attendance area. The measure failed.

Issues

Two regions in the unorganized borough have already organized into coastal resource service areas according to procedures outlined in the Alaska Coastal Management Act and associated regulations. Both regions are predominantly Native and are served by ~~well~~ organized Native non-profit organizations which served as catalysts in organizing the service area. Such favorable conditions are not found in all the remaining regional educational attendance areas. Unorganized areas in the Aleutian Islands, Prince William Sound, and Southeast Alaska have a sizeable non-Native population and in the latter two vast stretches of federal land holdings separate State and private land, which will be most directly affected by coastal management programs developed for the unorganized borough.

Although organization of coastal resource service areas in the Northwest Alaska (NANA) region and the Yukon/Kuskokwim Delta region have proceeded smoothly, concerns about subsequent stages in program development and implementation for these service areas and organizational problems expected in other parts of the unorganized borough have prompted the Department of Community and Regional Affairs to propose the work program described in the following section.

WORK PROGRAM

Purpose

The purpose of the proposed study is to examine options now available or possible, with certain legislative changes, to effectively plan for and manage coastal resources in the unorganized borough.

TAKO 21

Products

There will be four products from this study:

1. A technical report summarizing the study methodology, key findings of a literature search, the identification and analysis of options, and results of public involvement activities.
2. Legislative recommendations, if any, described in sufficient detail to enable the Governor's Office to assess their value and the Attorney General's office to draft legislation.
3. Recommendations to the Administration on the allocation of human and financial resources in the unorganized borough, administrative changes which could improve management of coastal resources in the unorganized borough, and an agenda for further action on this matter.
4. A brief written document informing coastal service area board members of mechanisms available to manage coastal resources in the unorganized borough.

Study Approach

I. Perspective

The first step in the proposed study would be to provide perspective on the unorganized borough in general and organizational aspects of service delivery in particular. ^{especially those in the unorganized borough} Key person interviews will be the primary information source for this part of the study. The interviews will be supported by a literature search and data gathering from secondary sources.

Specific questions to be addressed include the following:

- A. Who lives in the unorganized borough and why?
- B. What economic activities (market and non-market) provide sources of livelihood to residents of the unorganized borough?
- C. How are coastal resources now managed and by whom? What difficulties or inefficiencies are encountered?
- D. How are "local" decisions made?
- E. What has been the history of local government in the unorganized borough, i.e., why have certain communities in the unorganized borough incorporated, which settlements or regions have attempted incorporation and failed (or considered it and then rejected it) and why, how effective have incorporated cities in the unorganized borough been and what has contributed to their success or failure?
- F. How effective have the regional educational attendance areas and other service delivery mechanisms been and what problems have they encountered?
- G.H. What trends are anticipated in any of the factors addressed above?

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II. Identification of Planning and Management Options

The next step in the study will be to identify planning and management options now available to the unorganized borough, or possible with certain legislative changes. Options will be identified through a literature search, supported, if necessary, by key person interviews. In addition to the Alaska Statutes, sources to be tapped include literature and pertinent expertise on Maine (which has a relatively large unorganized area) and Canada (especially its management system in territories), and prominent public affairs research institutions throughout the country.

Planning options to be considered include organizational alternatives to the service area concept described in the Alaska Coastal Management Act. Management options include concrete mechanisms whereby a district program developed by a coastal resource service area board or other planning organization could be implemented.

A. A tentative list of planning options includes the following:

1. municipal incorporation
2. service areas consisting of one or more regional educational attendance areas
3. service areas consisting of subdivisions within a regional educational attendance area
4. service areas whose boundaries are unrelated to regional educational attendance areas
5. non-profit organizations

6. circuit rider program either independent of or in conjunction with State agencies
7. planning by State and/or federal agencies
8. no local planning

B. A tentative list of management options includes the following:

1. *municipal ⁱⁿ corporation*
1. coordination with federal and State programs
2. port authorities in the unorganized borough
3. cooperative agreements among various entities in the unorganized borough (incorporated cities, State and federal agencies, IRA councils, village and regional corporations)
4. no local management

regional gov?

III. Evaluation of Planning and Management Options

Planning and management options would be evaluated against the following criteria:

A. Costs and Incidence of Costs: There will be costs associated with any planning or management options. It is important that the total costs be assessed for each alternative; it is equally important to identify all entities directly and indirectly absorbing the costs.

B. Availability of Funds: One elementary requirement for any successful planning effort is financial resources; the funds may come from grants, tax revenues, revenue sharing, or some other source, but they must be available for both the development and implementation of a plan. All

alternatives should be evaluated for the availability of funds for all stages of the planning program.

C. Availability of Staff: In line with funds, planning efforts will need and must have easy and continual access to capable staff for both plan development and implementation tasks.

D. Existing or Politically Feasible Mandates: The viability of a planning structure or program for the Alaska unorganized borough is largely dependent upon a mandate for that planning program. A mandate may occur in a number of ways: a legislative act, an administrative act of the Governor, public referendum or local election, or through a State agency program or regulation.

E. Public Acceptability: Akin to political feasibility is the need for public acceptability of a planning or management option. A planning program is not viable unless it is acceptable to the involved and affected citizens, particularly if the structure or program depends upon formal (electoral) approval of the people.

Assessing the public acceptability of planning and management alternatives could be accomplished through an opinion survey of residents and public leaders in the unorganized borough and of various State leaders. A case study of public reactions in the past to proposed planning structures and programs might be another means of determining public acceptability.

F. Quality of Service Delivery: This is a multi-faceted criterion by which alternative planning structures and programs are to be evaluated.

The quality of service delivery depend on a number of things, many of which are included in the other criteria. The objective, however, is not to repeat previous analyses, but to consider whether or not the planning alternatives are bases upon "logical" planning units and how they will affect the other public services and service areas.

For the unorganized borough, public services such as schools, utilities, and fire protection are usually provided on a service area basis, and individual service areas are established to provide specific services. As the rationale and purpose of the service areas vary, generally, so do their boundaries and jurisdiction.

In identifying and evaluating possible planning structures for the unorganized borough, it is important to consider the logic and effeciency of the unit or area of service. The rationale for and the boundaries of existing service areas may not be appropriate for the delivery of planning services. Geographic features (e.g., mountain ranges, rivers, watersheds), for instance, may be more important than regional corporation boundaries or cultural features for defining a planning area.

On the other hand, before proposing a new service system and area, it is important to consider its effect on existing service areas. Is the planning unit going to compete with, overlap, confuse, or fragment the functioning of and services provided by other resource service areas in a region?

G. Implementation Authority (planning options only): In almost all cases, a plan is only as good as its implementation. Therefore, an

effective planning structure or organization must have appropriate implementation authorities and powers.

SCHEDULE

	1979						1980					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
I. Perspective	~~~~~											
II. Identification of Planning and Management Options				/-----/								
III. Evaluation of Planning and Manage- ment Options						/-----/						
IV. Preparation of Products (technical report, legislative and administrative recommen- dations, technical assistance document)									~~~~~			

BUDGET

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Personal services	\$40,000	\$ 8,200	\$48,200
Travel and per diem	(8,000)	3,200	4,000

		<u>Federal</u>	<u>State</u>	<u>Total</u>
Contractual	47,500	40,400	10,100	50,500
Commodities	500	160	40	200
Equipment	500	600	200	800
Total	\$96,500	\$77,200	\$19,300	\$96,500

The proposed budget would fund ¹ person-months of a Planner ^{VI} position (range ^{2.5} 1.5), ^{1.5} person-months of a Planner ^V III position, and 4 person-months of a Clerk Typist III position. The Planner IV assigned to this study has an educational background and professional experience in public administration and planning and the Planner III has extensive practical experience in the unorganized borough.

Contractual services would enable the Division to (1) enter into small contracts with research institutes and/or consulting firms to conduct literature searches and parts of the analysis, especially financial and legal considerations, (2) fund a public involvement component (workshop series and/or survey) and (3) print final products.

RELATIONSHIP TO OTHER STUDIES

During the past year, the State has experienced an upsurge of interest in the unorganized borough. Major projects and their relationships to the study proposed in this reimbursable services agreement (RSA) are described below:

Local Government Study

The standing committees of the House and Senate CRA Committees are conducting a Local Government Study during the interim. According to

the committees' June 14 study plan, the product of the study will be a legislative package to be compiled by December. In comparing the Local Government Study schedule with the schedule proposed for this RSA, there are three distinct points at which a constructive exchange could take place:

1. September 30. The Division could provide the committees with a draft of its narrative providing a perspective on planning and management in the unorganized borough. This information could be used as background for the local hearings and field visits planned for October. The Division, in turn, would obtain and use proceedings of the committees' August 4-5 symposium, analysis, and regional workshops.

2. November 15. The Division could provide the committees a preliminary description of planning and management options which would be evaluated later in the study. The Division, in turn, would obtain and use transcripts of the local hearings scheduled for October. (The Division's public involvement program would span a longer period of time and be integrated into other functions such as board meetings of regional non-profit organizations and would occur during the analysis phase, November through April.)

3. November-December. The Division will share with the committee findings of its evaluation of planning and management options. While the Division's evaluation will continue several months into the 1980 legislative session, it is possible that some of its findings would be available to influence the legislative package either before the package is compiled in December or during committee hearings.

Tanana Chiefs Conference Proposal

The Tanana Chiefs Conference has proposed three alternatives for planning in the unorganized borough: (1) planning undertaken directly by a Native non-profit organization, (2) planning undertaken by advisory planning commissions recognized by the State under AS 44.19.880(c), and (3) planning and implementation undertaken by subregional planning commissions the governmental authority of which would be vested in the Department of Community and Regional Affairs. Legal opinions rendered by the Legislative Affairs Legal Section and forthcoming from the Attorney General's office will be useful in assessing the legality of each option. Furthermore, the Tanana Chiefs Conference project and proposals could serve as a case study to help the Division study team evaluate the three options listed above.

NANA Regional Strategies

About a year ago, the Mauneluk Association undertook a three-year project to develop a regional strategy for development of the Northwest Alaska Region. During the second year of this project, major emphasis will be placed on exploring concrete mechanisms for implementing such a regional strategy in the unorganized borough.

The study team performing work proposed in this RSA will closely coordinate their efforts with those of the Mauneluk Association. Coordination will occur through the Division staff member assigned to the NANA Regional Strategy Steering Committee.

Division of Policy Development and Planning

The Division of Policy Development and Planning is approaching the unorganized borough in two ways: (1) seeking the Attorney General's advice on the Tanana Chiefs Conference's request to have six sub-regional planning commissions designated advisory bodies by the Governor, and (2) working with other offices in the Administration to develop rural policy. The Department of Community and Regional Affairs has been working and will continue to work closely with the Division of Policy Development and Planning on both these efforts. Findings of the study proposed in this RSA will be made available to the Division of Policy Development and Planning as expeditiously as possible for use in formulating rural policy.

VC/slj

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

M E M O R A N D U M

DATE: October 25, 1979

TO: Honorable Arliss Sturgulewski, Chairman
Senate Community & Regional Affairs Committee

FROM: Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJ: Property Tax Revenues

Attached are tables that show potential property tax revenues in the pipeline municipalities and REAA's, both with and without the per capita limitations set by statute.

Table 1 shows potential property tax revenues from oil and gas production and transportation properties alone, without the per capita limits contained in AS 29.53.045. However, the 30 mill limit contained in AS 29.53.050(a) is the stopping point in the tables. This 30 mill limit applies only to operating and capital expenditures and can be exceeded to pay debt service as provided in AS 29.53.055. Supreme Court decision Number 1750, October 20, 1978, held that bonds need not be in or threatened with default in order to exceed the 30 mills; thus, the only brake on the authorization and issuance of bonds is the operating expenditures required to staff, maintain, and operate the facility. Note that a municipality may levy up to 30 mills, or more with debt service, on oil and gas properties even though the state levy is only 20 mills; however, there is no credit against the state tax for any municipal levy exceeding 20 mills.

Table 1 also shows the per capita oil and gas revenues that would accrue without the per capita limits of AS 29.53.045.

Table 2 shows potential property tax revenues for REAA's that could be derived from all taxable property, not just oil and gas, under the per capita limits of current law contained in AS 29.53.045. Again, 30 mills is the maximum for operating and capital expenditures but can be exceeded for debt service. Up to 14.5 mills, the \$1,500 per capita revenue limit represents maximum property tax revenues, while 14.5 to 30 mills the 225% of statewide average assessed per capita is the limit.

Thus, if a municipality desired more than the revenue shown under the \$1,500 per capita column, it would use the 225% option with some millage above 14.5 mills. If it were content with the \$1,500 per capita limit or less, the required millage would be

<u>REAA</u>	<u>MILLS</u>
Yukon Flats	1.4
Yukon Koyukuk	2.4
Delta Greely	6.7
Copper River	2.1
Chugach	.7

or less. It would not be rational for a municipality to have a millage between any of these rates and 14.5 mills.

Table 3 simply shows the derivation of the population estimates for REAA's.

Also attached are pages 10 and 11 from the FY 1979-1980 North Slope Borough budget document. As explained therein, they have a 10.35 millage for FY 1979-1980 on total assessed value of \$5,021,847,880, of which \$4,810,887,800 should be the oil and gas properties shown in Table 1. 5.21 of 10.35 mills are for debt service.

However, the Borough's actual millages are 59.61 total and 29.61 for debt service because of the operation of the per capita limits, the 225% option being the most advantageous to them. Note that they have reached the 30 mill limit for the operating budget.

The property tax revenues to be derived in FY 1979-1980 are \$51,965,200 in total of which \$25,803,000 is for debt service.

TABLE 1
POTENTIAL OIL & GAS PROPERTY TAX REVENUES FOR OPERATING & CAPITAL EXPENDITURES WITHOUT PER CAPITA LIMITS

	1/1/79 Oil & Gas Property Assessed Value (\$000) ^{1/}	POTENTIAL OIL & GAS PROPERTY TAX REVENUE (\$000)				Est. 1979 Popu- lation ^{2/}	POTENTIAL OIL & GAS PROPERTY TAX REVENUE PER CAPITA			
							@	@	@	@
		@ 5 Mills	@ 10 Mill's	@ 20 Mills	@ 30 Mills		@ 5 Mills	@ 10 Mills	@ 20 Mills	@ 30 Mills
NORTH SLOPE BOROUGH	4,810,887.8	24,054.4	48,108.8	96,217.6	144,326.6	7,971	3,017	6,035	12,070	18,105
YUKON FLATS REAA	1,020,959.4	5,104.8	10,209.6	20,419.2	30,628.8	1,004	5,084	10,168	20,337	30,504
YUKON KOYUKUK REAA	1,037,975.4	5,189.9	10,379.8	20,759.6	31,139.4	1,694	3,063	6,127	12,255	18,381
FAIRBANKS NORTH STAR BOROUGH	790,938.0	3,954.7	7,909.4	15,818.8	23,728.2	60,227	65	131	262	393
DELTA GREELY REAA	680,639.6	3,403.2	6,806.4	13,612.8	20,419.2	3,051	1,115	2,230	4,460	6,690
COPPER RIVER REAA	1,403,819.2	7,019.1	14,038.2	28,076.4	42,114.6	1,925	3,646	7,292	14,585	21,876
CHUGACH REAA	374,351.8	1,871.8	3,743.5	7,487.0	11,230.5	177	10,575	21,150	42,300	63,450
CITY OF VALDEZ	1,541,897.0	7,709.5	15,419.0	30,838.0	46,257.0	4,481	1,720	3,440	6,880	10,320

NOTES: ^{1/} Borough and City of Valdez figures are from Department of Revenue certified tax roll; figures for REAA's are based on the certified value for the unorganized borough pro-rated by pipeline mileage (508.3 miles in unorganized borough).

^{2/} Borough and City of Valdez figures are the July 1, 1978 estimates contained in "Alaska Taxable 1978" published by the Department of Community & Regional Affairs. REAA figures are from Table 3.

PREPARED BY:
 LEGISLATIVE FINANCE
 October 25, 1979

TABLE 2
 POTENTIAL FY 79-80 PROPERTY TAX REVENUES FOR
 OPERATING & CAPITAL EXPENDITURES UNDER CURRENT LAW

PROPERTY TAX LIMITS (\$000)

	<u>\$1500 Per Capita Limit</u>	<u>225% OF STATEWIDE ASSESSED VALUE PER CAPITA LIMIT ^{1/}</u>		
		<u>15 Mills</u>	<u>20 Mills</u>	<u>30 Mills</u>
Yukon Flats	1,506.0	1,557.0	2,076.0	3,114.0
Yukon Koyukuk	2,541.0	2,627.1	3,502.8	5,254.2
Delta Greely	4,576.5	4,731.9	6,309.2	9,463.8
Copper River	2,887.5	2,985.3	3,980.4	5,970.6
Chugach	265.5	274.5	366.0	549.0

NOTE: ^{1/} Based on January 1, 1979 statewide assessed value of \$18,611,051,000 and a population estimate of 405,000.

PREPARED BY:

LEGISLATIVE FINANCE
 October 25, 1979

TABLE 3
REAA POPULATION

<u>REAA</u>	<u>1978-1979 School Enrollment</u> ^{1/}	<u>Ratio of Total Population to Ages 5 thru 18</u> ^{2/}	<u>Estimated 1979 Population</u>
Yukon Flats	293	3.43	1,004
Yukon Koyukuk	543	3.12	1,694
Delta Greely	862	3.54	3,051
Copper River	568	3.39	1,925
Chugach	54	3.28	177

SOURCES & NOTES:

1. "Preliminary Statistical Report 1978-79", Department of Education, State of Alaska.
2. 1970 Census Data

Prepared by:
LEGISLATIVE FINANCE DIV.
October 25, 1979

NORTH SLOPE BOROUGH

RESOLUTION SERIAL NO. 13-79

A RESOLUTION FIXING THE RATE OF LEVY ON PROPERTY IN THE
NORTH SLOPE BOROUGH.

WHEREAS, AS 29.43.170(a) provides the rate of levy, the date of equalization and the date when the taxes become delinquent shall be fixed by Resolution; and

WHEREAS, Resolution No. 27-78 fixes the date of equalization and the date when taxes become due and delinquent as June 29, 1979; and

WHEREAS, the Assembly has appropriated the necessary funds to carry out the Borough business and in accordance with the certified assessment roll there is \$5,021,847,880 assessed value of real and personal property in the Borough which in said value would result in a millage rate of 10.35 of which 5.21 mills for the Operating Budget (to include \$1,803,000 of Debt Service) per AS 29.53.055; and

WHEREAS, the Borough elected to utilize the AS 29.53.045(c) formula which results in a value of \$872,075,147 which can be taxed with results in a proration of all assessed value to 17.365623% of assessed value on all properties of the Borough thereby increasing the millage rate to yield the same taxes on each piece of property according to a certain letter of the State of Alaska; and

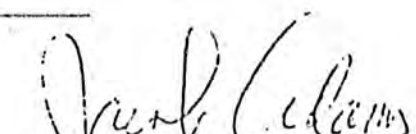
WHEREAS, the State average per capita assessed valuation to be certified by the Department of Revenue will be \$47,342.00;

NOW, THEREFORE BE IT RESOLVED:

1. Rate of Levy (on basis of \$47,342.00 State average per capita assessed valuation): The rate of levy on each adjusted dollar of taxable property as of January 1, 1979 in the North Slope Borough is hereby fixed at 59.61 mills of which 30 mills are for the Operating Budget per AS 29.53.045(c) and 29.61 mills are restricted for Debt Service per AS 29.53.055

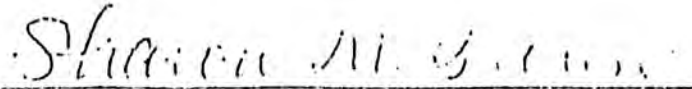
INTRODUCED: May 24, 1979

ADOPTED : May 24, 1979

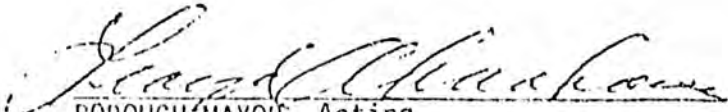


PRESIDENT OF THE ASSEMBLY

ATTEST:



BOROUGH CLERK, Deputy



BOROUGH MAYOR, Acting

NORTH SLOPE BOROUGH
BUDGET SUMMARY

	Actual FY 1977/78	Budget ^{1/} FY 1978/79	Budget FY 1979/80
<u>REVENUES - GENERAL FUND</u>			
Property Taxes:	\$26,826,023	\$33,891,400	\$51,965,200
AS 29.53.045(c)	18,840,993#	24,752,400#	26,162,200#
AS 29.53.055 (Debt Service)	7,985,030#	9,139,000#	25,803,000#
Sales Taxes:			
Prior Court Case	1,466,557	2,302,000	-
AS 29.53.055 (Debt Service)	-	-	1,500,000
Licenses and Permits	-	200	200
Use of Money and Property	4,575,845	3,224,000	4,800,000
Intergovernmental Revenues	11,403,786	13,072,600	13,703,100
Charges for Services	532,800	889,000	1,561,100
Miscellaneous for Prepaid Taxes	500,000	500,000	-
Lapsed Funds School-Reappropriated	-	-	520,100
TOTAL REVENUES ^{2/}	<u>\$45,305,011</u>	<u>\$53,879,200</u>	<u>\$74,049,700</u>
 <u>EXPENDITURES - GENERAL FUND</u>			
Operating:			
Education - School Fund 6/30/78	\$ -	\$ -	\$ 520,100
Education-Mayor's Support Level	12,389,451	12,662,700	15,457,700
Education-Post Secondary	-	-	643,000
Public Safety	1,137,171	1,826,700	3,140,700
Public Works	4,039,545	6,187,300	4,059,700
Public Utilities	-	-	4,116,300
Assembly-Budgetary Reserves	-	392,900	1,498,000
Assembly-Lawsuit-Prepaid Taxes	500,000	500,000	-
General Government	5,076,571	6,885,200	7,535,000
Environmental Protection Office	254,683	372,600	477,300
Health	1,199,766	3,000,600	2,621,700
Housing	231,933	612,200	840,200
TOTAL OPERATING	<u>\$24,829,120</u>	<u>\$32,440,200</u>	<u>\$40,909,700</u>
Capital	3,000,000	10,579,000	3,990,000
Debt Service	<u>7,622,000</u>	<u>10,860,000</u>	<u>29,150,000</u>
TOTAL EXPENDITURES	<u>\$35,451,120</u>	<u>\$53,879,200</u>	<u>\$74,049,700</u>
 <u>REVENUES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	<u>-</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
 <u>EXPENDITURES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
 <u>GRAND TOTAL - ORDINANCE 79-3</u>			
<u>REVENUES</u>	<u>\$45,305,011</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>
<u>EXPENDITURES</u>	<u>\$35,451,120</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>

- NonAdd - Part of Category

1/ Ordinance 78-3F adopted January 9, 1979.

2/ Accrued Interest of \$2,466,489 - Contrary to budget procedures; transfers to CIP Fund were \$6,720,189 and Debt Service Fund of \$179,172 are not reflected in Total Expenditures.

*Some full from - [unclear] [unclear]
 } Auditing*

① Rational limit
 ② Credit of state

NORTH SLOPE BOROUGH
 REVENUE ESTIMATE DETAILS
 PERIOD ENDING JUNE 30, 1980

CODE

GENERAL PROPERTY TAXES

50-101 PROPERTY TAX - CURRENT
 TOTAL: \$53,842,400 minus Uncollectible of \$42,000 = \$53,800,400

Operating Budget

AS 29.53.045(b) provides a limitation of \$1,500 per capita. *12,280,000*

AS 29.53.045(c) provides for an alternate formula as follows:

	<u>Prior FY</u>	<u>FY 1979/80</u>
Average Full and True Value State Residents	\$ 40,280	\$ 47,347
Multiply by	225%	225%
Average Full. Value	<u>\$ 90,630</u>	<u>\$106,650.75</u>
North Slope Borough Population Jan. 1 per Department of Community and Regional Affairs	<u>9,139</u>	<u>8,187</u>
Equivalent Total Tax Base	\$ 828,627,570	\$ 873,149,690
Maximum Millage Levy per AS 29.53.050(a)	30 Mills	30 Mills
	\$ 24,848,027	\$ 26,194,491
(Rd)	\$ 24,848,000	\$ 26,194,400
North Slope Borough Assessed Value (Est.)	\$4,654,940,140	\$4,800,000,000
Millage Rate:	5.34 Mills	5.46 Mills
Debt Service Not Included in the Above Levy per AS 29.53.055 - Estimated Uncollectible of \$42,000. - FY 1979/80	\$ 9,044,700	\$ 27,648,000
North Slope Borough Assessed Value (Est.)	<u>\$4,654,940,140</u>	<u>\$4,800,000,000</u>
Millage Rate	1.94 Mills	5.76 Mills
Total Combined Millage Rate -- Full Value	7.28 Mills	11.22 Mills
However, the Department of Revenue interprets AS 29.53.045(c) to require a uniform reduction of the actual assessed value as follows:		
The Total Assessed Value is reduced to:	\$ 828,267,570	\$ 873,149,690
The Operating Millage Rate is	30 Mills	30 Mills
The Debt Service Millage Rate is: Debt Service plus Estimated Uncollectibles divided by Equivalent Total Tax Base	<u>10.92 Mills</u>	<u>31.67 Mills</u>
Total Millage Rate on Reduced Value	40.92 Mills	61.67 Mills

4/20/79 Ken

Source of Total CIP Funds per Ord. 79-10

North Slope Borough

Approved: 4/11/79

<u>ORD. 79-10</u> <u>Sec. No.</u>	<u>General</u> <u>Obligation Bonds</u>	<u>Federal</u> <u>Aid</u>	<u>State</u> <u>Aid</u>	<u>Other</u>	<u>TOTAL</u>
Sec. 6	\$94,365,000		\$3,105,000		\$94,470,000
Sec. 7	35,634,000		1,000,000		36,634,000
Sec. 8	78,379,000				78,379,000
Sec. 9	9,894,000	\$1,500,000	1,184,000		12,578,000
Sec. 10	15,710,000	1,650,000	1,081,000		18,441,000
Sec. 11	4,823,000	9,370,000	470,000		14,663,000
Sec. 12	2,850,000	2,074,000		\$2,800,000	7,724,000
Sec. 13	29,764,000	1,251,000			31,015,000
Sec. 14	3,530,000	75,000			3,605,000
Sec. 15	22,720,000		1,661,000		24,381,000
Sec. 17	1,140,000				1,140,000
Sec. 18		200,000		1,517,000	1,717,000
Sec. 19	4,319,000				4,319,000
Sec. 20	700,000		500,000		1,200,000
	<u>\$303,828,000</u>	<u>\$16,120,000</u>	<u>\$9,001,000</u>	<u>\$4,317,000</u>	<u>\$333,266,000</u>

Bonds Authorized - To Be Authorized per Ord. 79-10

<u>ORD. 79-10</u> <u>Sec. No.</u>	<u>Bonds</u> <u>Authorized</u>	<u>Bonds to be</u> <u>Authorized</u>	<u>Bond Election</u> <u>Date</u>	<u>TOTAL</u>
Sec. 6	\$65,717,000	\$28,648,000	10/2/79	\$94,365,000
Sec. 7	25,386,000	10,248,000	10/2/79	35,634,000
Sec. 8	75,670,000	2,709,000	10/2/79	78,379,000
Sec. 9	7,696,000	2,198,000	10/2/79	9,894,000
Sec. 10	7,277,000	8,433,000	10/2/79	15,710,000
Sec. 11	1,823,000	3,000,000	10/2/79	4,823,000
Sec. 12	2,312,000	538,000	10/2/79	2,850,000
Sec. 13	20,216,000	9,548,000	10/2/79	29,764,000
Sec. 14	2,440,000	1,090,000	10/2/79	3,530,000
Sec. 15	16,031,000	6,689,000	10/2/79	22,720,000
Sec. 17	1,140,000	-0-		1,140,000
Sec. 18	-0-	-0-		-0-
Sec. 19	4,319,000	-0-		4,319,000
Sec. 20	700,000	-0-		700,000
	<u>\$230,727,000</u>	<u>\$73,101,000</u>		<u>\$303,828,000</u>

4400 out side Pundhal
 4000 + Pundhal.
 87-8800 (+) census.

~~Limit~~ 3452⁰⁰ per capital
 no limit

30 mill limit -- Operation [+ unlimited debt service)

NORTH SLOPE BOROUGH
BUDGET SUMMARY

	Actual FY 1977/78	Budget ^{1/} FY 1978/79	Budget FY 1979/80
<u>REVENUES - GENERAL FUND</u>			
Property Taxes:	\$26,826,023	\$33,891,400	\$53,800,400/
AS 29.53.045(c)	18,840,993#	24,752,400#	26,194,400# -
AS 29.53.055 (Debt Service)	7,985,030#	9,139,000#	27,606,000#.
Sales Taxes:			
Prior Court Case	1,466,557	2,302,000	-
AS 29.53.055 (Debt Service)	-	-	1,500,000
Licenses and Permits	-	200	200
Use of Money and Property	4,575,845	3,224,000	4,800,000
Intergovernmental Revenues	11,403,786	13,072,600	13,703,100
Charges for Services	532,800	889,000	1,561,100
Miscellaneous for Prepaid Taxes	500,000	500,000	-
TOTAL REVENUES^{2/}	\$45,305,011	\$53,879,200	\$75,364,800
<u>EXPENDITURES - GENERAL FUND</u>			
Operating:			
Education-Mayor's Reduction	\$ -	\$ -	\$ 2,315,100
Education-Mayor's Support Level	12,389,451	12,662,700	14,977,800
Education-Post Secondary	-	-	643,000
Public Safety	1,137,171	1,826,700	3,140,700
Public Works	4,039,545	6,187,300	4,059,700
Public Utilities	-	-	4,116,300
Assembly-Budgetary Reserves	-	392,900	1,498,000
Assembly-Lawsuit-Prepaid Taxes	500,000	500,000	-
General Government	5,076,571	6,885,200	7,535,000
Environmental Protection Office	254,683	372,600	477,300
Health	1,199,766	3,000,600	2,621,700
Housing	231,933	612,200	840,200
TOTAL OPERATING	\$24,829,120	\$32,440,200	\$42,224,800
Capital	3,000,000	10,579,000	3,990,000
Debt Service	7,622,000	10,860,000	29,150,000
TOTAL EXPENDITURES	\$35,451,120	\$53,879,200	\$75,364,800
<u>REVENUES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	\$ -	\$ 2,350,200	\$ 4,576,300
<u>EXPENDITURES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	\$ -	\$ 2,350,200	\$ 4,576,300
<u>GRAND TOTAL - ORDINANCE 79-3</u>			
<u>REVENUES</u>	<u>\$45,305,011</u>	<u>\$56,229,400</u>	<u>\$79,941,100</u>
<u>EXPENDITURES</u>	<u>\$35,451,120</u>	<u>\$56,229,400</u>	<u>\$79,941,100</u>

7?
warrant
Prudon - of
will pay.

- NonAdd - Part of Category
 1/ Ordinance 78-3F adopted January 9, 1979.
 2/ Accrued Interest of \$2,466,489 - Contrary to budget procedures; transfers to CIP Fund were \$6,720,189 and Debt Service Fund of \$179,172 are not reflected in Total Expenditures.

3.4

Revenue projections from taxation of the Unorganized Borough pursuant to House Bill 9.

1978-79 School Millages

Anchorage	5.87
Bristol Bay	2.70
Fairbanks	5.50
Haines	2.027
Juneau	6.85 *
Kenai	4.035
Ketchikan	4.25 **
Kodiak	5.00
Mat-Su	6.05
North Slope	1.59 *
Sitka	2.30 *
Total	51.172 divided by 11 (boroughs) equals 4.652 average.

- * rates received by telephone
- ** rate by telephone, comment was 85% of rate
is school (85% X 5 mills = 4.25)

Value Estimates

Method I

Average value per capita in organized areas (excluding oil & gas)	\$25,369
Population of Unorganized Borough (include second class cities)	43,584
Average value per capita in Unorganized Borough (80% of organized)	20,295

$$20,295 \text{ times } 43,584 = \$884,537,280$$

$$884,537,280 \text{ less vacant land exclusion (20\%)} = \underline{\$707,629,824}$$

Method II

Average population per parcel in organized borough	1.96
Average value per parcel in Unorganized Borough (80% of organized)	35,758.00
Parcels in Unorganized Borough	22,374.00

$$22,374 \text{ less 20\% for vacancy exclusion} = 17,899$$

$$17,899 \text{ times } \$35,758 = \underline{\$640,032,442}$$

Method III

Average value per parcel - 6 smallest first class cities	19,704
Parcels in Unorganized Borough	22,374

$$22,374 \text{ less 20\% for vacancy exclusion} = 17,899$$

$$17,899 \text{ times } 19,704 = \underline{\$352,681,896}$$

Revenue Estimate

Method I - 707,629,824 @ 4.652 mills = \$3,291,893

Method II - 640,032,442 @ 4.652 mills = \$2,977,430

Method III - 352,681,896 @ 4.652 mills = \$1,640,676

Our estimates of revenues range from a low 1,640,676 to a high of 3,291,893 and feel the final result would fall in that area. However, it should be noted that these figures are no more than estimations and could be far afield.

Specific Questions or Concerns

Six first class cities levy no property tax. Act as written seems to ignore them.

Eagle is a second class city that does levy a property tax. Shouldn't some provision be made for them to continue in some way?

Prepared by:

Department of Community and Regional Affairs
State Assessor's Office

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 9
Title Assessment Levy & Collection of Taxes In The Unorganized Borough
Requested by Representative Parr Date _____

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
Program Category Affected Development
Budget Request Unit(s) Affected Office of State Assessor

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 81
100 PERSONAL SERVICES		415.10	440.00	446.40	494.39	524.05
200 TRAVEL		66.50	70.49	74.72	79.20	83.95
300 CONTRACTUAL		852.79	851.96	871.68	281.98	292.89
400 COMMODITIES		19.50	20.67	21.91	23.22	24.62
500 EQUIPMENT		37.34	10.00	5.00	5.00	5.00
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,391.23	1,403.12	1,419.71	883.79	930.51

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 81
GENERAL FUND		1,391.23	1,403.12	1,419.71	883.79	930.51
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 81
FULL TIME		15	15	15	15	15
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This analysis is based on the assumption that the original mapping program and establishment of the necessary assessment data and files will be contracted for.

The additional staff included are only to supervise the original project and then maintain system after initial program.

(Continued on attached pages)

IV. DATE February 14, 1979 PREPARED BY Jersey L. Farley, State Assessor
AGENCY Department of Community & Regional Affairs
Original: Legislative Finance PHONE 465-4739
cc: Budget and Management
Prime Sponsor (List Legislator Name)

BREAK DOWN OF COSTS INCLUDED IN ANALYSIS

ADMINISTRATIVE COSTS

100 Personal Services

MAPPING

FY 80

1 Mapping Supervisor	Range 19 @ 2355	28,260
1 Title Examiner	Range 17 @ 2031	24,372
2 Draftsmen	Range 17 @ 2031	48,744
1 Clerk IV	Range 9 @ 1178	26,592
2 Clerk III	Range 8 @ 1108	26,592
Sub Total		\$142,104

ASSESSMENT

State Assessor (upgrade)	Range 24 @ 457	5,604
1 Appraisal Supervisor	Range 20 @ 2532	30,384
4 Appraisers	Range 18 @ 2168	104,928
2 Statistical Clerks	Range 10 @ 1254	30,096
1 Administrative Consultant	Range 12 @ 1426	17,112
Sub Total		\$188,124

Sub Total Mapping	142,104
Sub Total Assessment	188,124
	330,228
Fringes @ 25.7%	84,868
Total	\$415,096

200 Travel and Per Diem

FY 80

State Assessor and Supervisors	7,500
Title Examiners and Appraisers	50,000
Review Boards	9,000
Total	\$66,500

300 Contractual

FY 80

Telephone	7,200
Postage	4,500
Printing and Advertising	6,000
Data Processing and Programming	126,000
Machine Rental and Xerox	72,000
Office Space 1400 sq. ft. @ \$1.35	1,890
Professional fees	700,000
Total	\$952,790

400 Commodities

FY 80

Reference Materials	4,500
Mapping Supplies	5,000
Office Supplies	10,000
Total	\$19,500

500 Equipment

FY 80

Sufficient equipment to establish new personnel in environment conducive to work	\$37,330
--	----------

Note: Subsequent years are based on inflationary pressure on FY 80 except the \$700,000 for professional fees has been projected to decrease to \$100,000 in FY 83 assuming original establishment of maps and records to be complete by that time. Also the Equipment item has been reduced substantially after initial purchase.

Additional Comments: We would envision the process of setting up the administration as multiple step in nature. The first logical step would be an indepth study to establish proper procedure of implementing the administrative process. Subsequent steps at this point are tentative in nature and would be subject to revision at the conclusion of Step I.

Step Two would be setting up of a mapping program by region. Administratively, mapping of one region at a time would appear appropriate. This mapping program would involve a private contract with supervisory direction and controlled by professional staff to be added to the Department of Community and Regional Affairs.

Step Three would be listing, enumeration and calculation of data into preliminary appraised values (this should be done by geographic area and directly follow Step 2 in each area).

Step Four would be onsite review of finished product by professional staff of the Department of Community and Regional Affairs for acceptance or refusal of contractor's work.

Step Five would be the compilation of all data into final assessment roll and present to review board for their actions.

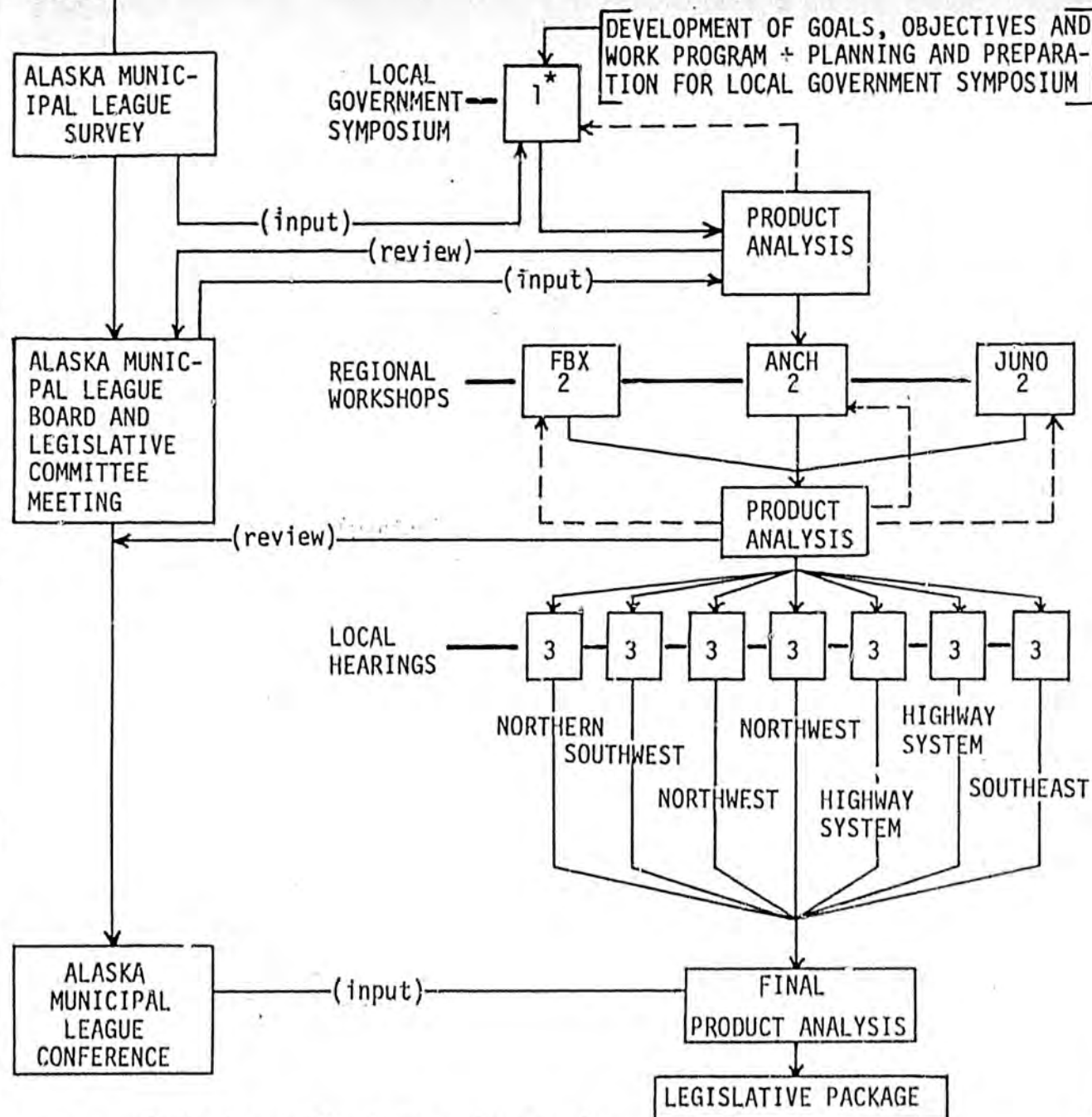
Step Six - At conclusion of Review process, final assessment roll would be compiled and presented to Revenue for collection.

As you can see, this process will be relatively time consuming, however, it appears to be the best and most logical approach to solution of the problem.

Also, it should be noted that even though some of the work is to be contracted, it is essential that professional staff be heavily involved from the onset to insure the quality of the finished product.

It would appear that another approach at least at the start would be a "Study of taxation in the Unorganized Borough" to determine both feasibility and cost of administering such a property tax. It is completely possible that the cost of administration could exceed the revenue produced at least for the first few years.

DEVELOPMENT AND ARTICULATION OF MUNICIPAL GOVERNMENT ISSUES AND PROBLEMS



Local Government Study

MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
			(symposium)				
			(analysis)				
			++(Alaska Municipal League Meeting)				
			(workshops)				
			(analysis)				
				(hearings)			
							++++(Alaska Municipal League Meeting)
							(Final analysis and preparation of study products)
			(Development and consideration of proposed legislation)				

--- Indicates optional secondary review process
 * Levels of participation are indicated by numbers, 1) people knowledgeable of local government, 2) local and regional leaders 3) legislative committees and general public

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Bob LeReshe, Director
Division of Planning and Policy
Development

DATE: July 21, 1976

FILE NO:

TELEPHONE NO:

FROM: Lee McAnerney, Commissioner
Community & Regional Affairs

SUBJECT: Regional Government in the
Unorganized Borough

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

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

STRUCTURE

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

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

In reverse order, the above are discussed.

THE STATUS QUO

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

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

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

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

CONTINUATION OF THE REAA TREND

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

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

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

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

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

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

CREATION OF SERVICE AREAS:

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

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

DIVISION OF THE UNORGANIZED BOROUGH

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

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

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

ESTABLISHMENT OF ORGANIZED BOROUGHS:

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

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

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

FINANCING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INTERGOVERNMENTAL RELATIONSHIPS

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

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

municipal services;

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

CONCLUSIONS

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

STRUCTURE

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

Education
Health
Planning
Public Safety (fire and police protection)

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

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

FINANCING

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

INTERGOVERNMENTAL RELATIONS

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

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

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

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

SUMMARY OF COSTS

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

Total additional cost	\$415,500

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

July 21, 1976

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

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

LMcA:PP:jg

Attachments



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:

LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

DATE: 6/18/79
TO: Jack Chenoweth
FROM: Marjorie Gorsuch
Gene Walsh
RE: Local Government Study Research Project

Attached please find a copy of the Local Government Study Work Program and the projected process for implementing this Study.

The research material requested will be used for the Local Government Symposium and the Regional Workshops and is intended to give background and an overview of proposed legislative solutions to the questions of regional organization and financial equalization as they relate to the unorganized borough.

The material will be outlined and charted and will be used by those native leaders, legislators, local government specialists, and representatives of the Alaska Municipal League and other pertinent organizations present at these meetings. The principal concern of the discussions at these meetings will be the method for achieving self determination through local government.

As you will note in Exhibit C, the Local Government Symposium is being planned for the first weekend in August. As we will need to compile and circulate the requested information prior to that time, we are asking that this project be completed by Friday, July 13. Realizing the time constraints we are imposing, we would appreciate knowing how feasible completion is within the given schedule.

If you become aware during the course of your research of the obvious omission of any pertinent legislation, we would appreciate your calling it to our attention. We would also like a copy of the original bill being researched for reference as well as any of your personal thoughts and perceptions on the subject matter.

We are interested in an outlining of the main components of the legislative proposals listed below, in particular the process proposed in regard to regional organization (mandatory, optional) and the fiscal implications of the legislation, including but not limited to incentives and taxes.

Borough Act of 1961

Mandatory Borough Act 1963

SB 101 '69

HB 738 '70 RADG (Rural Area Development Group) Bill

HB 161 '71

Governor Egan's Package of 1972

HB 596

HB 597

HB 598

HB 122 '73 Rep. Tom Fink, Sponsor

SB 122 '73 ADE Bill

HB 291 '73 Gardiner Bill

In addition, we are interested in Ch. 1 SLA '73 as it related to the North Slope Borough incorporation. (David H. Getches "The North Slope Borough, Oil, and the Future of Local Government in Alaska", UCLA Ak. Law Review Vol. 3 #1 (Fall, 1973 pp. 55-84 might be a helpful resource).

HB 202 '77 Rep. Charlie Parr, Sponsor

HB 9 '79 " " "



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:

LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

DATE: 6/19/79
TO: Palmer McCarter
FROM: Marjorie Gorsuch
Gene Waish
RE: Local Government Study Research Project

Attached please find a copy of the Local Government Study Work Program and the projected process for implementing this Study.

Based on our telephone conversation of June 18, we understand that the Department of Community and Regional Affairs will function in a cooperative and supportive role in the Local Government Study and will involve itself in the following:

1. Funding of interns Jim Sanders and Lamar Cotton for the month of June in addition to providing facilities and support services for the interns during that period of time.
2. Participation with the Alaska Municipal League in the development, circulation and analysis of a survey of organized municipalities problems and concerns which may be addressed legislatively.
3. Review statutory inducement and disincentives related to municipal government incorporation including inter-governmental loan programs and grant procedures (such as revenue sharing)
4. Rewrite and print handout related to local government structures and powers (original publication of the Committee for Optimum Government - Haines) and make it available for use at the Local Government Symposium Aug. 3-5.
5. Support personnel as needed for Department of Community and Regional Affairs representation at the Symposium, Workshops and public hearings.

We appreciate the Department's consistent and helpful involvement in the development of the Study direction and look forward to continued cooperation.



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:
LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

DATE: 6/19/79
TO: Ginny Chitwood
FROM: Marjorie Gorsuch
Gene Walsh
RE: Local Government Study Research Project

Attached please find a copy of the Local Government Study Work Program and the projected process for implementing this Study.

Based on our meeting with you on June 13, we understand that the Municipal League will function in a cooperative and supportive role in the Local Government Study and will involve itself in the following tasks:

1. Develop, circulate and analyze (in conjunction with the Department of Community and Regional Affairs) a survey of organized municipalities to identify municipal problems and concerns which may be addressed legislatively.
2. Participate in the Local Government Symposium and Regional Workshops which are to be held as part of the Study.
3. Address the question of state versus municipal responsibility for the funding and delivery of public services and the construction, maintenance and operation of public facilities.
4. Work with the Joint Senate and House Community and Regional Affairs to develop solutions to the problems identified during the course of the study.

As you will note in Exhibit C, and as we discussed at our meeting with you, the Local Government Symposium is being planned for the first weekend in August. As we would like to circulate information related to your survey findings, we would appreciate sharing any results you may have prior to the Symposium.

We have appreciated the League's consistent and helpful involvement in the development of the Study direction. We welcome your personal thoughts and perceptions on any of the subject matter being considered as well as on the process selected for the Study.

(Enclosed are some materials which may be of interest in your development of the survey)



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY

2221 E. Northern Lights Blvd., Suite 126
Anchorage, Alaska 99504

November 23, 1979

Senator Arliss Sturgulewski
2957 Sheldon Jackson Street
Anchorage, Alaska 99504

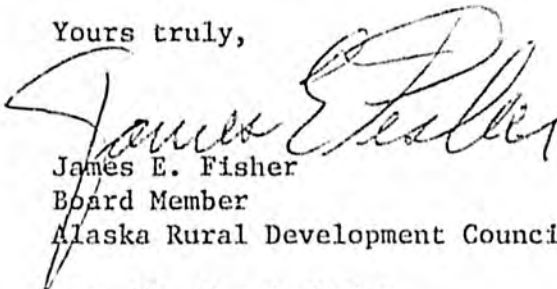
Re: Invitation to participate in panel discussion before Alaska
Rural Development Council

The Alaska Rural Development Council has scheduled a meeting for February 27th in Juneau, Alaska. In an attempt to further inform the members of the Council about management of permanent fund revenues, it is hoped that you might be able to participate in a panel discussion at that meeting.

The meeting would start at 1:30 PM and could continue until 4:30 PM. It is hoped that a representative of the Executive Branch could speak at lunch with its point of view. The panel of Legislators would then have an opportunity to comment both upon their own views as well as the views enunciated by, or on behalf of, the Executive Branch.

It is hoped that you can reserve this time on your calendar, in the event it is possible for you to appear at such a meeting. To refresh your memory I enclose a now somewhat dated letterhead of the Alaska Rural Development Council so you have some idea of the participants in this organization.

Yours truly,


James E. Fisher
Board Member
Alaska Rural Development Council

cc: Mr. Marvin Meier
Chairman-Alaska Rural Development Council
2221 E. Northern Lights Blvd., Suite 107
Anchorage, Alaska 99504

Mr. Sig Restad
Agricultural Experiment Station
Palmer Research Center
P.O. Box AE
Palmer, Alaska 99645

STATE
of ALASKA**MEMORANDUM**

TO: The Alaska Coastal Policy Council
and ACMP Participants

DATE: Nov. 6, 1979

FILE NO:

TELEPHONE NO:

FROM: Murray Walsh, *MW*
Coordinator ACMP

SUBJECT: Plans for the Nov. 30, 1979
Council Meeting and Work Session

This memo is attached to two mailings from OCM. The first mailing occurs on Nov. 9 and is only to the Coastal Policy Council members. The second occurs on Nov. 20 and is to Council Members and ACMP Participants. The contents of each mailing are as follows:

- Nov. 6:
- a. This Memo
 - b. Agenda for Nov. 30. Meeting and Work Session
 - c. Draft of an amendment to the Coastal Management Act-CRSA Boards
 - d. Copies of the Anchorage, Haines, Annette Islands, and North Slope Borough-Mid-Beaufort Segment District Programs.
- Nov. 20:
- a. All of the Above Material
 - b. OCM's draft Findings and Conclusions for the four district programs.

Materials Not Being Mailed

Some of the district programs adopt existing ordinances and certain maps by reference. An example is the Municipality of Anchorage Zoning Ordinance, which is adopted by the city as a part of their coastal program, but which is not included in their program documents. In addition to this type of material, OCM has kept a record file for each district containing all the district's previous work and comments and correspondence. Because of its bulk, this material is not being sent to Council Members or ACMP Participants. However, members and participants may view any of this material at the district offices, OCM in Juneau, and at the Dept. of Community and Regional Affairs' office in Anchorage. As well, all of this material will be available at the Work Session.

Conduct of the Work Session

The purpose of the Nov. 30 meeting is to familiarize the Council with the content and major issues associated with each of the four pending district programs. The public is welcome to attend and observe, however, the amount of time that can be devoted to general comments by the public is very limited because of the amount of material that must be covered. Further, the public will have other opportunities to make oral presentations to the Council on these programs, as well as an ample opportunity to make written comments. So, after consultation with the Council's Co-Chairmen, OCM proposes to conduct the work session for each district program as follows:

- a. Brief presentation by OCM of the program and draft Findings and Conclusions.
- b. Brief response by a representative of the district
- c. Brief response by "resource people" arranged by OCM*
- d. Council questions of OCM, district representatives, and resource people. All participants may be given the floor
- e. Council directions to OCM of areas where further study is needed for the final Findings and Conclusions.

Nov. 6, 1979
Coastal Policy Council and
ACMP Participants

*OCM will arrange for a spokesman for each major interest affected by the subject district program, probably no more than two or three for each program. The purpose of this is not to enable extra input by the affected interest, but rather to have the best representation of previously expressed concerns possible for the benefit of the Council. Again, all parties will still have the normal opportunities to comment. At this writing, OCM sees only the North Slope Borough's Mid-Beaufort segment as having major issues which require these resource people, and plans to have a petroleum industry spokesman and an environmental community spokesman present for the work session. If major issues are revealed for the other three programs in the next few weeks, we will arrange for additional resource people as appropriate.

Findings and Conclusions

As indicated, OCM will have prepared draft Findings and Conclusions by Nov. 20. Every effort will be made to place copies of this document in Council Members' hands as soon as possible thereafter. All ACMP participants should receive these before the 30th of November, and copies will be available at the work session as well. The Findings and Conclusions are nearly as important legally as the district programs themselves, and comments on both types of documents are encouraged. Aside from the main goal of familiarization, OCM hopes to have additional direction from the Council as to inadequate areas in the draft Findings and Conclusions which can be improved during the month of December prior to mailing OCM's final Findings and Conclusions on January 4, 1980.

Amendment to Alaska Coastal Management Act

At the Nov. 1 meeting of the Council in Sitka, the Association of Village Council Presidents (AVCP) requested the Council to sponsor an amendment to ACMA that would enable the continuation of Coastal Resource Service Area Planning Boards after these boards had completed the development of their district programs. This would be for the two purposes of monitoring the implementation of the district programs and for developing amendments to those programs if needed. This issue has been discussed previously by the Council, and so the request was accommodated. A draft of amending language is attached for Council consideration at the Nov. 30 meeting. Final Council action on this amendment is not sought on Nov. 30. This would occur in January. Rather, the Nov. 30 meeting is seen as an opportunity to present the amendment, discuss it, and hear public comments about it. An additional comment opportunity will be available after the Nov. 30 meeting.

We look forward to seeing you all in Anchorage, and a happy Thanksgiving to everyone.

STATE OF ALASKA

COASTAL POLICY COUNCIL

AGENDA

LOCAL MEMBERS:

Roger Allington,
Northern Southeast,
Co-Chairman
Stanley Anderson,
Bering Straits
Donald Gilman,
Lower Cook Inlet
Eben Hopson,
Northwest
Malcolm "Pete" Isleb,
Prince William Sound
John Nicori,
Southwest
Robert Sanderson,
Southern Southeast
Lidia Selkregg,
Upper Cook Inlet
Betty Wallin,
Kodiak-Aleutians

STATE MEMBERS:

Frances Ulmer,
Director of Policy
Development &
Planning,
Co-chairman
Robert Ward,
Commissioner of
Transportation &
Public Facilities
Charles Webber,
Commissioner of
Commerce &
Economic
Development
Robert LeResche,
Commissioner of
Natural Resources
Lee McAnerney,
Commissioner of
Community &
Regional Affairs
Ernst Lueller,
Commissioner of
Environmental
Conservation
Ronald Skoog,
Commissioner of
Fish & Game

COUNCIL MEETING AND WORK SESSION, NOVEMBER 30, 1979

At the Sheffield House, Anchorage, Alaska

9:00 AM Call to Order--Introductions

- A. Approval of Minutes from Nov. 1 Meeting
- B. Coordinator's Report--Approval of Agenda
- C. Public Hearing--Proposed Change to Alaska Coastal Management Act, for the purpose of extending the duration of Coastal Resource Service Area Planning Boards and setting forth additional responsibilities (a draft of this amendment is attached.)
- D. Work Session--Familiarizing the Council with the content and major issues associated with the following district programs which have been submitted to the Council and for which Council action has been scheduled for a meeting on January 16, 17, and 18.
 - 1. Anchorage
 - 2. Haines
 - 3. Annette Islands
 - 4. North Slope Borough, Mid-Beaufort Segment
- E. Other Business
- F. Adjourn

Note: This meeting has been planned for one day only. The Council may choose to have another work session as a result of this meeting, and if so, any additional sessions will be separately announced.



ALASKA
COASTAL MANAGEMENT PROGRAM

(This amendment has been proposed as a result of a request by Nunam Kitlusisti made to the Alaska Coastal Policy Council. At issue is the role of coastal resource service area planning boards after the coastal programs for the districts have been approved. As written, the Alaska Coastal Management Act does not specify what the role of such boards would be after approval of the programs, or even if they would continue to exist. The proposed amendment would provide for continued existence and a review and comment role for pending state and federal agency actions.)

The Alaska Coastal Management Act is amended by adding the following new section:

Sec. 46.40.185. COASTAL RESOURCE SERVICE AREA BOARDS AFTER APPROVAL OF DISTRICT PROGRAMS FOR THE SERVICE AREAS. (a) Coastal resource service area boards will participate in the implementation of their districts' programs by reviewing and commenting on the actions and pending actions of state agencies as those agencies carry out their responsibilities under section 46.40.090. (a) of this chapter.

(b) All state agencies shall inform the coastal resource service area boards of actions which would significantly affect the coastal resources of their respective districts and shall provide reasonable amounts of time for the boards to respond with comments and concerns. Where a state agency finds it cannot fully accommodate the comments and concerns of the board, it shall respond in writing with the reasons therefor.

(c) After approval of the program for its district, the coastal resource service area board may act on behalf of the district for the purpose of sec. 46.40.100.(b) of this chapter.

planning regions and substate districts were incorporated into the study. However, the study recommendations were never implemented.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF--STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

M E M O R A N D U M

DATE: October 25, 1979

TO: Honorable Arliss Sturgulewski, Chairman
Senate Community & Regional Affairs Committee

FROM: Milt Barker, ¹¹⁰Fiscal Analyst
Legislative Finance Division

SUBJ: Property Tax Revenues

Attached are tables that show potential property tax revenues in the pipeline municipalities and REAA's, both with and without the per capita limitations set by statute.

Table 1 shows potential property tax revenues from oil and gas production and transportation properties alone, without the per capita limits contained in AS 29.53.045. However, the 30 mill limit contained in AS 29.53.050(a) is the stopping point in the tables. This 30 mill limit applies only to operating and capital expenditures and can be exceeded to pay debt service as provided in AS 29.53.055. Supreme Court decision Number 1750, October 20, 1978, held that bonds need not be in or threatened with default in order to exceed the 30 mills; thus, the only brake on the authorization and issuance of bonds is the operating expenditures required to staff, maintain, and operate the facility. Note that a municipality may levy up to 30 mills, or more with debt service, on oil and gas properties even though the state levy is only 20 mills; however, there is no credit against the state tax for any municipal levy exceeding 20 mills.

Table 1 also shows the per capita oil and gas revenues that would accrue without the per capita limits of AS 29.53.045.

Table 2 shows potential property tax revenues for REAA's that could be derived from all taxable property, not just oil and gas, under the per capita limits of current law contained in AS 29.53.045. Again, 30 mills is the maximum for operating and capital expenditures but can be exceeded for debt service. Up to 14.5 mills, the \$1,500 per capita revenue limit represents maximum property tax revenues, while from 14.5 to 30 mills the 225% of statewide average assessed value per capita is the limit.

Thus, if a municipality desired more than the revenue shown under the \$1,500 per capita column, it would use the 225% option with some millage above 14.5 mills. If it were content with the \$1,500 per capita limit or less, the required millage would be

<u>REAA</u>	<u>MILLS</u>
Yukon Flats	1.4
Yukon Koyukuk	2.4
Delta Greely	6.7
Copper River	2.1
Chugach	.7

or less. It would not be rational for a municipality to have a millage between any of these rates and 14.5 mills.

Table 3 simply shows the derivation of the population estimates for REAA's.

Also attached are pages 10 and 11 from the FY 1979-1980 North Slope Borough budget document. As explained therein, they have a 10.35 millage for FY 1979-1980 on total assessed value of \$5,021,847,880, of which \$4,810,887,800 should be the oil and gas properties shown in Table 1. 5.21 of 10.35 mills are for debt service.

However, the Borough's actual millages are 59.61 total and 29.61 for debt service because of the operation of the per capita limits, the 225% option being the most advantageous to them. Note that they have reached the 30 mill limit for the operating budget.

The property tax revenues to be derived in FY 1979-1980 are \$51,965,200 in total of which \$25,803,000 is for debt service.

TABLE 1
POTENTIAL OIL & GAS PROPERTY TAX REVENUES FOR OPERATING & CAPITAL EXPENDITURES WITHOUT PER CAPITA LIMITS

	1/1/79 Oil & Gas Property Assessed Value (\$000) 1/	POTENTIAL OIL & GAS PROPERTY TAX REVENUE (\$000)				Est. 1979 Popu- lation 2/	POTENTIAL OIL & GAS PROPERTY TAX REVENUE PER CAPITA			
		@	@	@	@		@	@	@	@
		5 Mills	10 Mills	20 Mills	30 Mills		5 Mills	10 Mills	20 Mills	30 Mills
NORTH SLOPE BOROUGH	4,810,887.8	24,054.4	48,108.8	96,217.6	144,326.6	7,971	3,017	6,035	12,070	18,105
YUKON FLATS REAA	1,020,959.4	5,104.8	10,209.6	20,419.2	30,628.8	1,004	5,084	10,168	20,337	30,504
YUKON KOYUKUK REAA	1,037,975.4	5,189.9	10,379.8	20,759.6	31,139.4	1,694	3,063	6,127	12,255	18,381
FAIRBANKS NORTH STAR BOROUGH	790,938.0	3,954.7	7,909.4	15,818.8	23,728.2	60,227	65	131	262	393
DELTA GREELY REAA	680,639.6	3,403.2	6,806.4	13,612.8	20,419.2	3,051	1,115	2,230	4,460	6,690
COPPER RIVER REAA	1,403,819.2	7,019.1	14,038.2	28,076.4	42,114.6	1,925	3,646	7,292	14,585	21,876
CHUGACH REAA	374,351.8	1,871.8	3,743.5	7,487.0	11,230.5	177	10,575	21,150	42,300	63,450
CITY OF VALDEZ	1,541,897.0	7,709.5	15,419.0	30,838.0	46,257.0	4,481	1,720	3,440	6,880	10,320

NOTES: 1/ Borough and City of Valdez figures are from Department of Revenue certified tax roll; figures for REAA's are based on the certified value for the unorganized borough pro-rated by pipeline mileage (508.3 miles in unorganized borough).

2/ Borough and City of Valdez figures are the July 1, 1978 estimates contained in "Alaska Taxable 1978" published by the Department of Community & Regional Affairs. REAA figures are from Table 3.

PREPARED BY:
 LEGISLATIVE FINANCE
 October 25, 1979

TABLE 2
 POTENTIAL FY 79-80 PROPERTY TAX REVENUES FOR
 OPERATING & CAPITAL EXPENDITURES UNDER CURRENT LAW

PROPERTY TAX LIMITS (\$000)

	<u>\$1500 Per Capita Limit</u>	<u>225% OF STATEWIDE ASSESSED VALUE PER CAPITA LIMIT ^{1/}</u>		
		<u>15 Mills</u>	<u>20 Mills</u>	<u>30 Mills</u>
Yukon Flats	1,506.0	1,557.0	2,076.0	3,114.0
Yukon Koyukuk	2,541.0	2,627.1	3,502.8	5,254.2
Delta Greely	4,576.5	4,731.9	6,309.2	9,463.8
Copper River	2,887.5	2,985.3	3,980.4	5,970.6
Chugach	265.5	274.5	366.0	549.0

NOTE: ^{1/} Based on January 1, 1979 statewide assessed value of \$18,611,051,000 and a population estimate of 405,000.

PREPARED BY:

LEGISLATIVE FINANCE
 October 25, 1979

TABLE 3
REAA POPULATION

<u>REAA</u>	<u>1978-1979 School Enrollment</u> ^{1/}	<u>Ratio of Total Population to Ages 5 thru 18</u> ^{2/}	<u>Estimated 1979 Population</u>
Yukon Flats	293	3.43	1,004
Yukon Koyukuk	543	3.12	1,694
Delta Greely	862	3.54	3,051
Copper River	568	3.39	1,925
Chugach	54	3.28	177

SOURCES & NOTES:

1. "Preliminary Statistical Report 1978-79", Department of Education, State of Alaska.
2. 1970 Census Data

Prepared by:
LEGISLATIVE FINANCE DIV.
October 25, 1979

NORTH SLOPE BOROUGH

RESOLUTION SERIAL NO. 13-79

A RESOLUTION FIXING THE RATE OF LEVY ON PROPERTY IN THE NORTH SLOPE BOROUGH.

WHEREAS, AS 29.43.170(a) provides the rate of levy, the date of equalization and the date when the taxes become delinquent shall be fixed by Resolution; and

WHEREAS, Resolution No. 27-78 fixes the date of equalization and the date when taxes become due and delinquent as June 29, 1979; and

WHEREAS, the Assembly has appropriated the necessary funds to carry out the Borough business and in accordance with the certified assessment roll there is \$5,021,847,880 assessed value of real and personal property in the Borough which in said value would result in a millage rate of 10.35 of which 5.21 mills for the Operating Budget (to include \$1,803,000 of Debt Service) per AS 29.53.055; and

WHEREAS, the Borough elected to utilize the AS 29.53.045(c) formula which results in a value of \$872,075,147 which can be taxed with results in a proration of all assessed value to 17.365623% of assessed value on all properties of the Borough thereby increasing the millage rate to yield the same taxes on each piece of property according to a certain letter of the State of Alaska; and

WHEREAS, the State average per capita assessed valuation to be certified by the Department of Revenue will be \$47,342.00;

NOW, THEREFORE BE IT RESOLVED:

1. Rate of Levy (on basis of \$47,342.00 State average per capita assessed valuation): The rate of levy on each adjusted dollar of taxable property as of January 1, 1979 in the North Slope Borough is hereby fixed at 59.61 mills of which 30 mills are for the Operating Budget per AS 29.53.045(c) and 29.61 mills are restricted for Debt Service per AS 29.53.055

INTRODUCED: May 24, 1979

ADOPTED : May 24, 1979

Jack Collins

PRESIDENT OF THE ASSEMBLY

ATTEST:

Sharon M. G...

BOROUGH CLERK, Deputy

Frank ...

BOROUGH MAYOR, Acting

NORTH SLOPE BOROUGH
BUDGET SUMMARY

	Actual FY 1977/78	Budget ^{1/} FY 1978/79	Budget FY 1979/80
<u>REVENUES - GENERAL FUND</u>			
Property Taxes:	\$26,826,023	\$33,891,400	\$51,965,200
AS 29.53.045(c)	18,840,993#	24,752,400#	26,162,200#
AS 29.53.055 (Debt Service)	7,985,030#	9,139,000#	25,803,000#
Sales Taxes:			
Prior Court Case	1,466,557	2,302,000	-
AS 29.53.055 (Debt Service)	-	-	1,500,000
Licenses and Permits	-	200	200
Use of Money and Property	4,575,845	3,224,000	4,800,000
Intergovernmental Revenues	11,403,786	13,072,600	13,703,100
Charges for Services	532,800	889,000	1,561,100
Miscellaneous for Prepaid Taxes	500,000	500,000	-
Lapsed Funds School-Reappropriated	-	-	520,100
 TOTAL REVENUES ^{2/}	 <u>\$45,305,011</u>	 <u>\$53,879,200</u>	 <u>\$74,049,700</u>
<u>EXPENDITURES - GENERAL FUND</u>			
Operating:			
Education - School Fund 6/30/78	\$ -	\$ -	\$ 520,100
Education-Mayor's Support Level	12,389,451	12,662,700	15,457,700
Education-Post Secondary	-	-	643,000
Public Safety	1,137,171	1,826,700	3,140,700
Public Works	4,039,545	6,187,300	4,059,700
Public Utilities	-	-	4,116,300
Assembly-Budgetary Reserves	-	392,900	1,498,000
Assembly-Lawsuit-Prepaid Taxes	500,000	500,000	-
General Government	5,076,571	6,885,200	7,535,000
Environmental Protection Office	254,683	372,600	477,300
Health	1,199,766	3,000,600	2,621,700
Housing	231,933	612,200	840,200
TOTAL OPERATING	<u>\$24,829,120</u>	<u>\$32,440,200</u>	<u>\$40,909,700</u>
Capital	3,000,000	10,579,000	3,990,000
Debt Service	<u>7,622,000</u>	<u>10,860,000</u>	<u>29,150,000</u>
 TOTAL EXPENDITURES	 <u>\$35,451,120</u>	 <u>\$53,879,200</u>	 <u>\$74,049,700</u>
<u>REVENUES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
<u>EXPENDITURES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
<u>GRAND TOTAL - ORDINANCE 79-3</u>			
<u>REVENUES</u>	<u>\$45,305,011</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>
<u>EXPENDITURES</u>	<u>\$35,451,120</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>

- NonAdd - Part of Category

1/ Ordinance 78-3F adopted January 9, 1979.

2/ Accrued Interest of \$2,466,489 - Contrary to budget procedures; transfers to CIP Fund were \$6,720,189 and Debt Service Fund of \$179,172 are not reflected in Total Expenditures.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

L 955

M E M O R A N D U M

TO: Sen. Arliss Sturgulewski

FROM: Jim Duncan, Chairman
Legislative Budget & Audit Committee

SUBJECT: Coordination of CETA Programs
(Your Request for Comment)

DATE: Aug. 30, 1979

As Milt Barker summarizes in his memo to you, the authority of the Public CETA Prime Sponsors and Native Prime Sponsors (CETA Title III) are distinctly separate under Federal Law (The Native American Self-Determination Act). Because they are different entities the State has no clear authority or basis in law to impose any regulation of the Title III Prime Sponsor's activities. In the past, any suggestion of subordination of Title III activities to State Agency Coordination or oversight has been responded to very negatively.

The appropriate agency to act in this capacity for Title III primes is the Alaska Federation of Natives. I know that Morris Thompson considers this coordination to be a major goal to achieve during his tenure as President of AFN. I believe the mood for cooperation via Native agencies is better than it may have been in the past.

Recently, the Carter administration introduced legislation that could significantly alter the character of CETA programs. Additionally, incentives are provided to demonstrate the highest possible degree of coordination. I know some work has been completed along these lines but I am not certain of the current status of that work with AFN and the Native Prime Sponsors.

I would suggest talking to Roger Lang, President of the Alaska Native Foundation, and Norris Thompson, President of

Sen. Arliss Sturgulewski

-2-

Aug. 30, 1979

- the Alaska Federation of Natives about this subject. These agencies have recently been working cooperatively on this and similar subjects, and of course they have the perspective of the history of past efforts to organize and coordinate Title III activities statewide.

JD:jp



UNIVERSITY OF ALASKA
CRIMINAL JUSTICE CENTER
3211 PROVIDENCE AVENUE
ANCHORAGE, ALASKA 99504

August 6, 1979

Honorable Arliss Sturgulewski
State Capitol
Pouch V
Juneau, Alaska 99811

Re: Local Self-Government Seminar

Dear Arliss:

Thank you for the invitation to the seminar. Though I did more than my share of complaining about the imposition on private time, I will have to admit that I was a net winner from the occasion in the extent to which my knowledge of some of these issues was improved upon.

I was particularly intrigued by the way a "foundation program" for public safety emerged without a whole lot of special interest prodding on my part.

RE You might keep in mind the rather extensive work and current involvement which we are in professionally at the Center on this and related topics.

I believe you have a copy of John Angell's comprehensive germinal study of Alaska bush justice. Roger Endell has been working with Russ Meekins' special committee and with the administration on their bush justice corrections facilities planning committees. Steve Conn has been directing a project in which we are all involved on control of alcohol distribution. A report on this topic which will feature local control issues will be out in the fall. Steve has been involved from the beginning in the study of adaptations of traditional problem and dispute resolution techniques. We have also been involved in field paralegal and governmental education projects in Barrow under the auspices of the Alaska Federation of Natives. These are only some of our more prominent activities in the delivery of justice services.

The variety serves, in part, as a reminder that the definition of public safety services is considerably broader than law enforcement, fire fighting and search and rescue. There is a penumbra of essential service activities, of which alcohol control and treatment management is but one cluster, which make up a fully stated public safety function.

*Define program as public safety program - same - 6 programs just transferred
Multi component to include 2-3 x eliminate
high degree of specialization, Generalists / Specialists
so too more if not necessarily unrelated. Funding shouldn't just be
transferred to at best.*

Honorable Arliss Sturgulewski
August 6, 1979
Page 2

Dr. Angell has been working with Commissioner Nix and University of Michigan on a federal grant project on social justice training or retraining for police officers which also underlines this aspect of public safety services.

As you know from your experience with the City of Anchorage, there has never been any comprehensive rationale for the division of responsibility between municipal and state governmental entities for public safety functions. If a public safety foundation program is to be developed, that question, too, must receive careful study, and possible solution options formulated.

I realize that the interim committee has little or no money at the time being for the kind of analytical work and studies which the breadth of the topic suggests. However, it may be that some of these matters may emerge as major state issues because of the groundwork done by the committee. If that is the case, I hope that you will keep the Justice Center in mind as a resource cutting across institutional boundaries.

We all share your belief that issues of local control and governmental administration have a very high priority and have strong linkages with those topics, such as the source of funding for state services, which are usually identified as the top state priorities.

I hope these observations are of some use to you and encourage your continuing aggressive pursuit of local control over essential state services.

Sincerely yours,

John E. Havelock
John E. Havelock
Director
Criminal Justice Center

*Angell - Public Safety (Student)
Honorable Public Safety Review
Memoranda*

*Angell - Village Police Training
Evaluation
Criminal Justice
Planning*

*Director - Public Safety Dept
of Public North Slope Borough
Safety
Havelock*

JEH:pb
cc: Representative Bill Parker

*Branch Justice Conferences -
* Grand Central 1st floor
GFI
AN -*

*Village Justice Report - mem
Criminal Justice Agency*

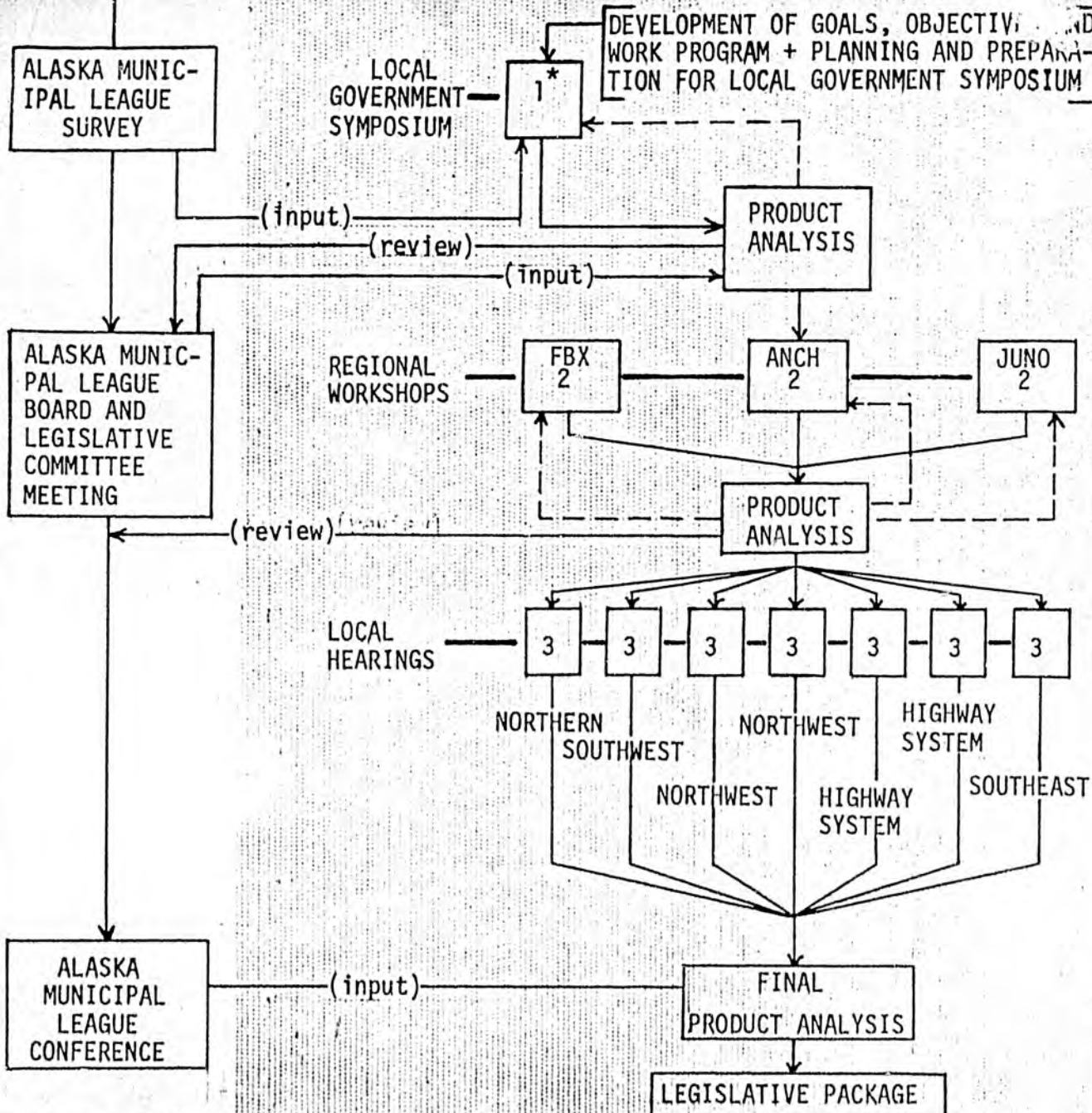
*Symposium - Angell Criminal Justice - U. of Alaska
Oct. 11, 12, 13*

*Angell - History on Public
Justice Higher Education & U. of Alaska
Training / Curriculum Issues*

*Control
Fall - Alaska
Local U. of Alaska
Report due
U.*

*Knapples
Korn - Early Political Organization
Public - 2/3 piece Community Dispute Resolution*

DEVELOPMENT AND ARTICULATION OF MUNICIPAL GOVERNMENT ISSUES AND PROBLEMS



Local Government Study

EXHIBIT C

MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
[Hatched bar]			[Hatched bar]				
		(symposium)					
		(analysis)					
			++(Alaska Municipal League Meeting)				
			(workshops)				
				(analysis)			
					(hearings)		
							+++ (Alaska Municipal League Meeting)
							[Hatched bar]
							(Development and consideration of proposed legislation)
							(Final analysis and preparation of study products)

---> Indicates optional secondary review process
 * Levels of participation are indicated by numbers, 1) people knowledgeable of local government, 2) local and regional leaders, 3) legislative committees and general public

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

M E M O R A N D U M

DATE: October 25, 1979

TO: Honorable Arliss Sturgulewski, Chairman
Senate Community & Regional Affairs Committee

FROM: Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJ: Property Tax Revenues

Attached are tables that show potential property tax revenues in the pipeline municipalities and REAA's, both with and without the per capita limitations set by statute.

Table 1 shows potential property tax revenues from oil and gas production and transportation properties alone, without the per capita limits contained in AS 29.53.045. However, the 30 mill limit contained in AS 29.53.050(a) is the stopping point in the tables. This 30 mill limit applies only to operating and capital expenditures and can be exceeded to pay debt service as provided in AS 29.53.055. Supreme Court decision Number 1750, October 20, 1978, held that bonds need not be in or threatened with default in order to exceed the 30 mills; thus, the only brake on the authorization and issuance of bonds is the operating expenditures required to staff, maintain, and operate the facility. Note that a municipality may levy up to 30 mills, or more with debt service, on oil and gas properties even though the state levy is only 20 mills; however, there is no credit against the state tax for any municipal levy exceeding 20 mills.

Table 1 also shows the per capita oil and gas revenues that would accrue without the per capita limits of AS 29.53.045.

Table 2 shows potential property tax revenues for REAA's that could be derived from all taxable property, not just oil and gas, under the per capita limits of current law contained in AS 29.53.045. Again, 30 mills is the maximum for operating and capital expenditures but can be exceeded for debt service. Up to 14.5 mills, the \$1,500 per capita revenue limit represents maximum property tax revenues, while from 14.5 to 30 mills the 225% of statewide average assessed value per capita is the limit.

Thus, if a municipality desired more than the revenue shown under the \$1,500 per capita column, it would use the 225% option with some millage above 14.5 mills. If it were content with the \$1,500 per capita limit or less, the required millage would be

<u>REAA</u>	<u>MILLS</u>
Yukon Flats	1.4
Yukon Koyukuk	2.4
Delta Greely	6.7
Copper River	2.1
Chugach	.7

or less. It would not be rational for a municipality to have a millage between any of these rates and 14.5 mills.

Table 3 simply shows the derivation of the population estimates for REAA's.

Also attached are pages 10 and 11 from the FY 1979-1980 North Slope Borough budget document. As explained therein, they have a 10.35 millage for FY 1979-1980 on total assessed value of \$5,021,847,880, of which \$4,810,887,800 should be the oil and gas properties shown in Table 1. 5.21 of 10.35 mills are for debt service.

However, the Borough's actual millages are 59.61 total and 29.61 for debt service because of the operation of the per capita limits, the 225% option being the most advantageous to them. Note that they have reached the 30 mill limit for the operating budget.

The property tax revenues to be derived in FY 1979-1980 are \$51,965,200 in total of which \$25,803,000 is for debt service.

TABLE 1
POTENTIAL OIL & GAS PROPERTY TAX REVENUES FOR OPERATING & CAPITAL EXPENDITURES WITHOUT PER CAPITA LIMITS

	1/1/79 Oil & Gas Property Assessed Value (\$000) ^{1/}	POTENTIAL OIL & GAS PROPERTY TAX REVENUE (\$000)				Est. 1979 Popu- lation ^{2/}	POTENTIAL OIL & GAS PROPERTY TAX REVENUE PER CAPITA			
		@ 5 Mills	@ 10 Mills	@ 20 Mills	@ 30 Mills		@ 5 Mills	@ 10 Mills	@ 20 Mills	@ 30 Mills
NORTH SLOPE BOROUGH	4,810,887.8	24,054.4	48,108.8	96,217.6	144,326.6	7,971	3,017	6,035	12,070	18,105
YUKON FLATS REAA	1,020,959.4	5,104.8	10,209.6	20,419.2	30,628.8	1,004	5,084	10,168	20,337	30,504
YUKON KOYUKUK REAA	1,037,975.4	5,189.9	10,379.8	20,759.6	31,139.4	1,694	3,063	6,127	12,255	18,381
FAIRBANKS NORTH STAR BOROUGH	790,938.0	3,954.7	7,909.4	15,818.8	23,728.2	60,227	65	131	262	393
DELTA GREELY REAA	680,639.6	3,403.2	6,806.4	13,612.8	20,419.2	3,051	1,115	2,230	4,460	6,690
COPPER RIVER REAA	1,403,819.2	7,019.1	14,038.2	28,076.4	42,114.6	1,925	3,646	7,292	14,585	21,876
CHUGACH REAA	374,351.8	1,871.8	3,743.5	7,487.0	11,230.5	177	10,575	21,150	42,300	63,450
CITY OF VALDEZ	1,541,897.0	7,709.5	15,419.0	30,838.0	46,257.0	4,481	1,720	3,440	6,880	10,320

NOTES: 1/ Borough and City of Valdez figures are from Department of Revenue certified tax roll; figures for REAA's are based on the certified value for the unorganized borough pro-rated by pipeline mileage (508.3 miles in unorganized borough).

2/ Borough and City of Valdez figures are the July 1, 1978 estimates contained in "Alaska Taxable 1978" published by the Department of Community & Regional Affairs. REAA figures are from Table 3.

PREPARED BY:
 LEGISLATIVE FINANCE
 October 25, 1979

TABLE 2
 POTENTIAL FY 79-80 PROPERTY TAX REVENUES FOR
 OPERATING & CAPITAL EXPENDITURES UNDER CURRENT LAW

PROPERTY TAX LIMITS (\$000)

	<u>\$1500 Per Capita Limit</u>	<u>225% OF STATEWIDE ASSESSED VALUE PER CAPITA LIMIT ^{1/}</u>		
		<u>15 Mills</u>	<u>20 Mills</u>	<u>30 Mills</u>
Yukon Flats	1,506.0	1,557.0	2,076.0	3,114.0
Yukon Koyukuk	2,541.0	2,627.1	3,502.8	5,254.2
Delta Greely	4,576.5	4,731.9	6,309.2	9,463.8
Copper River	2,887.5	2,985.3	3,980.0	5,970.6
Chugach	265.5	274.5	366.0	549.0

NOTE: ^{1/} Based on January 1, 1979 statewide assessed value of \$18,611,051,000 and a population estimate of 405,000.

PREPARED BY:

LEGISLATIVE FINANCE
 October 25, 1979

TABLE 3

REAA POPULATION

<u>REAA</u>	<u>1978-1979 School Enrollment^{1/}</u>	<u>Ratio of Total Population to Ages 5 thru 18^{2/}</u>	<u>Estimated 1979 Population</u>
Yukon Flats	293	3.43	1,004
Yukon Koyukuk	543	3.12	1,694
Delta Greely	862	3.54	3,051
Copper River	568	3.39	1,925
Chugach	54	3.28	177

SOURCES & NOTES:

1. "Preliminary Statistical Report 1978-79", Department of Education, State of Alaska.
2. 1970 Census Data

Prepared by:

LEGISLATIVE FINANCE DIV.
October 25, 1979

NORTH SLOPE BOROUGH

RESOLUTION SERIAL NO. 13-79

A RESOLUTION FIXING THE RATE OF LEVY ON PROPERTY IN THE NORTH SLOPE BOROUGH.

WHEREAS, AS 29.43.170(a) provides the rate of levy, the date of equalization and the date when the taxes become delinquent shall be fixed by Resolution; and

WHEREAS, Resolution No. 27-78 fixes the date of equalization and the date when taxes become due and delinquent as June 29, 1979; and

WHEREAS, the Assembly has appropriated the necessary funds to carry out the Borough business and in accordance with the certified assessment roll there is \$5,021,847,880 assessed value of real and personal property in the Borough which in said value would result in a millage rate of 10.35 of which 5.21 mills for the Operating Budget (to include \$1,803,000 of Debt Service) per AS 29.53.055; and

WHEREAS, the Borough elected to utilize the AS 29.53.045(c) formula which results in a value of \$872,075,147 which can be taxed with results in a proration of all assessed value to 17.365623% of assessed value on all properties of the Borough thereby increasing the millage rate to yield the same taxes on each piece of property according to a certain letter of the State of Alaska; and

WHEREAS, the State average per capita assessed valuation to be certified by the Department of Revenue will be \$47,342.00;

NOW, THEREFORE BE IT RESOLVED:

1. Rate of Levy (on basis of \$47,342.00 State average per capita assessed valuation): The rate of levy on each adjusted dollar of taxable property as of January 1, 1979 in the North Slope Borough is hereby fixed at 59.61 mills of which 30 mills are for the Operating Budget per AS 29.53.045(c) and 29.61 mills are restricted for Debt Service per AS 29.53.055

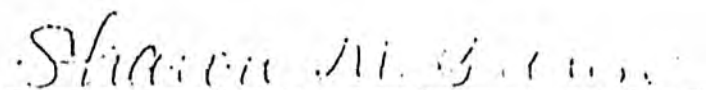
INTRODUCED: May 24, 1979

ADOPTED : May 24, 1979

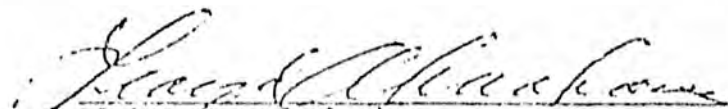


PRESIDENT OF THE ASSEMBLY

ATTEST:



BOROUGH CLERK, Deputy



BOROUGH MAYOR, Acting

NORTH SLOPE BOROUGH
BUDGET SUMMARY

	Actual FY 1977/78	Budget ^{1/} FY 1978/79	Budget FY 1979/80
<u>REVENUES - GENERAL FUND</u>			
Property Taxes:	\$26,826,023	\$33,891,400	\$51,965,200
AS 29.53.045(c)	18,840,993#	24,752,400#	26,162,200#
AS 29.53.055 (Debt Service)	7,985,030#	9,139,000#	25,803,000#
Sales Taxes:			
Prior Court Case	1,466,557	2,302,000	-
AS 29.53.055 (Debt Service)	-	-	1,500,000
Licenses and Permits	-	200	200
Use of Money and Property	4,575,845	3,224,000	4,800,000
Intergovernmental Revenues	11,403,786	13,072,600	13,703,100
Charges for Services	532,800	889,000	1,561,100
Miscellaneous for Prepaid Taxes	500,000	500,000	-
Lapsed Funds School-Reappropriated	-	-	520,100
TOTAL REVENUES^{2/}	<u>\$45,305,011</u>	<u>\$53,879,200</u>	<u>\$74,049,700</u>
<u>EXPENDITURES - GENERAL FUND</u>			
Operating:			
Education - School Fund 6/30/78	\$ -	\$ -	\$ 520,100
Education-Mayor's Support Level	12,389,451	12,662,700	15,457,700
Education-Post Secondary	-	-	643,000
Public Safety	1,137,171	1,826,700	3,140,700
Public Works	4,039,545	6,187,300	4,059,700
Public Utilities	-	-	4,116,300
Assembly-Budgetary Reserves	-	392,900	1,498,000
Assembly-Lawsuit-Prepaid Taxes	500,000	500,000	-
General Government	5,076,571	6,885,200	7,535,000
Environmental Protection Office	254,683	372,600	477,300
Health	1,199,766	3,000,600	2,621,700
Housing	231,933	612,200	840,200
TOTAL OPERATING	<u>\$24,829,120</u>	<u>\$32,440,200</u>	<u>\$40,909,700</u>
Capital	3,000,000	10,579,000	3,990,000
Debt Service	7,622,000	10,860,000	29,150,000
TOTAL EXPENDITURES	<u>\$35,451,120</u>	<u>\$53,879,200</u>	<u>\$74,049,700</u>
<u>REVENUES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
<u>EXPENDITURES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
<u>GRAND TOTAL - ORDINANCE 79-3</u>			
<u>REVENUES</u>	<u>\$45,305,011</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>
<u>EXPENDITURES</u>	<u>\$35,451,120</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>

- NonAdd - Part of Category

1/ Ordinance 78-3F adopted January 9, 1979.

2/ Accrued Interest of \$2,466,489 - Contrary to budget procedures; transfers to CIP Fund were \$6,720,189 and Debt Service Fund of \$179,172 are not reflected in Total Expenditures.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

Margie

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

November 15, 1978

M E M O R A N D U M

TO: Arliss Sturgulewski, Chairman
Senate Community & Regional Affairs Committee

FROM: ^{MB} Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJECT: Financial Disincentive to Borough Formation

In this memo the net change in state aid and local effort for all REAA's upon their conversion to organized boroughs is estimated. The date of the assumed conversions is July 1, 1977; the period of state aid is fiscal year 1978. The following principal elements are considered:

1. public school foundation support (AS 14.17)
 - (a) in-lieu funds for REAA's (AS 14.08.121)
 - (b) basic need
 - (c) required local effort (AS 14.17.071)
2. municipal revenue sharing under the terms of HB 192
3. shared corporate income taxes (AS 43.20.016)

Foundation Support

Current state funding for REAA's is at 100% of basic need under the foundation program as well as a state contribution equal to the number of REAA pupils times the average local tax contributions per pupil in the organized school districts during the prior fiscal year, which in this case was \$688 per pupil for FY 77 (AS 14.08.121).

Upon conversion to borough status, an REAA loses this latter "in-lieu" contribution of \$688 per pupil. For all REAA's, the loss of this support would have amounted to

"In-Lieu"

(\$7,610,656)

for FY 78.

Also upon conversion, the new borough would have received less than 100% of basic need, the actual percentage depending on the new borough's assessed value per ADM relative to the average assessed value per ADM for all districts in the state, but in no case being less than 97% (ADM is average daily membership of pupils).

For FY 78 foundation support, the "Alaska Taxable", January 1, 1976, assessed valuation of municipalities of \$9,805,715,960 was used. Using a method described in Appendix I, I estimate assessed value of outside municipalities at \$110,714,000 for a total statewide valuation of \$9,916,429,960 excluding oil and gas property in the unorganized borough.

With 83,274 pupils in ADM for FY 78 according to the Department of Education's "Statistical Report 1978-79", this would have been a statewide average assessed value per ADM of \$119,082. As further described in Appendix I, the average assessed value per ADM for an REAA with no oil or gas property would have been \$19,895.

Plugging these assessed values per ADM into the formula for determining state support (AS 14.17.021(c)) yields a level of state aid equal to 99.5% of basic need for REAA's that would have become boroughs.

From the attached statement of REAA FY 78 revenues prepared by the Department of Education, we see that total basic need for all REAA's is \$47,530,826, this being the sum of amounts under the headings "federal 874" and "foundation" since PL 81-874 funds are deducted from foundation support for both REAA's and organized school districts (AS 14.08.121(a)(1) and AS 14.17.021(a)). Thus, the decrease in foundation support would be \$47,530,826 times .5% or

Basic
Need

(\$237,654)

for all REAA's in total.

Finally, the assumption of borough status by an REAA would have required local effort for the first time. The required local to state match would have been 1 to 199 for all newly formed boroughs on average.

The state contribution would have been the \$47,530,826 in basic need reduced by the \$237,654 equilization amount and by the \$17,485,871 in PL 81-874 funds or \$29,807,301. This would have required a local match of

Local
Effort

(\$149,785)

Thus, the total financial disincentive under the school foundation program for borough formation is

(\$7,998,095)

and is due almost entirely to loss of the "in-lieu" funds. The additional loss is about 5% on top of the "in-lieu" funds. A glance at the DOE table on REAA FY 78 revenues allows one to estimate the disincentive for any particular REAA.

It must be cautioned that these estimates are in terms of averages and that the results could differ for individual REAA's. However, the differences should not be that significant, especially for non-pipeline REAA's; even at the minimal level of 97% state support (which only pipeline REAA's would come close to) the loss of foundation support for all REAA's would have been at most \$1,425,924, with required local effort decreasing to \$44,100 because the match ratio drops to a minimum of 1:32. Thus, the total loss to any individual REAA would probably have been no more than 19% on top of the "in-lieu" loss.

More likely to affect these estimates are changes overtime in the contributions per ADM of organized school districts that determine "in-lieu" funds. The continued increases in the statutory level of basic need (an increase of 10% is scheduled for FY 80 -- AS 14.17.056) should not be significant since the loss due to the equalization factor was only \$237,654 to start with.

Municipal Revenue Sharing

Under the method proposed in HB 192, municipal revenue sharing funds would be distributed based on a formula that takes account of population and local effort in relation to assessed valuation per capita (proposed AS 29.88.010). 1/

1/ For purposes of the revenue sharing formula, a municipality's assessed valuation may not be less than 15% of the average statewide assessed value per capita. Using the \$9,916,429,960 statewide assessed value derived above and the "Alaska Taxable 1977" January 1, 1977 statewide population estimate of 398,983, we have average per capita of \$24,854 of which 15% would be \$3,728 per capita. However, estimated unorganized borough valuation per capita is \$6,096. (from Appendix I)

If we use the Appendix I population and valuation per capita figures for the unorganized borough excluding oil and gas property (50,451 persons and \$5,096 per capita) and assume the only local effort is the required school foundation match (\$149,785), the total revenue sharing to all new boroughs would be only

HB 192
Revenue
Sharing

\$64,130

on the assumption that the appropriation for all revenue sharing is \$27,000,000, the level at which HB 192 becomes effective. 2/

The \$149,785 level of local effort is the equivalent of .49 mills. If the new boroughs increased their local effort above the minimum .49 mills required for school foundation aid, they would receive revenue sharing support as follows: 3/

<u>Mills</u>	<u>Local Effort</u>	<u>HB 192 Revenue Sharing</u>
5	\$1,528,418	\$ 654,387
10	3,056,836	1,308,775
20	6,113,673	2,617,551
30	9,170,510	3,926,326

If the revenue sharing appropriation were roughly \$63,000,000 it would on average provide a 1 to 1 match of entitlement to local effort for new boroughs (other than pipeline boroughs).

Depending on the average mill rate in the new boroughs, the appropriation would have to be much larger to offset \$7,610,656 "in-lieu" disincentive under the foundation program:

<u>Mills</u>	<u>Revenue Sharing Appropriation Required to Offset "in-lieu"</u>
5	\$377,000,000
10	220,000,000
20	141,000,000
30	115,000,000

2/ Sec. 11 of HB 192 provides a minimum entitlement of \$25,000 plus a COLA during the first fiscal year the act is effective. Thus, if the act takes effect before a new borough formation, this floor is of no value to new boroughs and would not in any event provide increased support beyond the first year.

3/ See next page for footnote

Thus, at common borough millages of 5 or 10 and the trigger appropriation level, HB 192 revenue sharing would provide insignificant revenues to any individual non-pipeline, newly-formed borough since the total support to 21 old REAA's would have been from \$65,000 to \$1,300,000.

Shared Corporate Income Taxes

AS 43.20.016 distributes the appropriation for shared corporate income taxes in an amount equal to that received by boroughs in FY 78, or for newly-formed boroughs in amount equal to the FY 78 receipts of the borough closest in population, pro-rated if the appropriation is insufficient to fund these base levels. If it is greater, the excess is distributed per capita.

FY 78 total distribution was \$10,571,500. FY 80's appropriation was just a little above that, \$11,400,000. If appropriation levels remain sufficient to only fund base amounts the entitlements of newly-formed boroughs would be:

<u>REAA</u>	<u>Population</u> 4/	<u>Base Entitlement</u>
Adak	3,200	\$ 7,275
Alaska Central Railbelt	1,095	13,985
Alaska Gateway	788	13,985
Aleutian Region	2,375	7,275
Annette Island	962	13,985

(con't on p. 6)

3/ These estimated new Chapter 88 revenue sharing entitlements are based on a pro-ration factor of 2.61 shown on the attached Legislative Affairs computer simulation of HB 192 dated February 19, 1979. As the new boroughs took a bigger bite of the pie the pro-ration factor would decrease. Thus, the estimates for the higher millages become progressively greater than they should be. However, the estimates still give a rough idea of entitlements and a more accurate picture of the relative fiscal effect if only one or two REAA's should actually convert to boroughs.

4/ Estimated by applying ratio of total population to ages 5 through 18 from appropriate 1970 census divisions to Department of Education pupil ADM figures for FY 78 and adding population of city school districts from "Alaska Taxable 1978". The total population differs from that in Appendix I because of the inclusion of Valdez and one year later data.

<u>REAA</u>	<u>Population</u>	<u>Base Entitlement</u>
Bering Strait	4043	7,275
Chatham	3178	7,275
Chugach	7438	1,220,920
Copper River	1925	7,275
Delta/Greely	3051	7,275
Iditarod	731	13,985
Kuspuk	880	13,985
Lower Kuskokwim	7420	1,220,920
Lower Yukon	2615	7,275
Northwest Arctic	3660	7,275
Pribilof	973	13,985
Southeast Island	9408	208,145
Southwest	2620	7,275
Lake & Peninsula	923	13,985
Yukon Flats	1004	13,985
Yukon Koyukuk	2828	7,275
Total	61,117	\$2,834,615

The pattern here presents a crazy-quilt of aid in which some larger communities get less than smaller ones, with Chugach and the Lower Kuskokwim to receive substantially more than any of the others because their populations were near that of the North Slope Borough which had, of course, large business license tax receipts for FY 78.

Although the administration's estimates for the corporate petroleum income tax have remained at \$160 million a year (the calendar 1978 level), legislative finance estimates the petroleum income taxes alone, disregarding non-petroleum corporate income taxes, will mount to around \$600 million by FY 81. If distributions were at 10% of this level, \$60,000,000, the excess of roughly \$50,000,000 over base entitlements would bring \$7,500,000 to newly-formed boroughs on a per capita distribution, more nearly offsetting the other financial disincentives to borough formation.

The Lower Kuskokwim should clearly gain from borough formation as should Chugach if Valdez is incorporated into the borough, even at current appropriation levels.

Other Considerations

This analysis has not considered the further decline in state support to REAA's that become boroughs that would occur for school construction. Under AS 43.18.100, the state would pick up 80% of the debt service for new borough's school construction debt whereas the state now builds entirely at its own expense the necessary school facilities for REAA's.

11/15/79

Of course, with the "Hooch" case settlement new boroughs school construction needs may not be that significant for some time.

One incentive not considered is the value of municipal land selections a new borough would be entitled to under AS 29.18.203. However, it may be an incentive to postpone formation since a new borough receives 10% of state lands within its boundary at the time of incorporation. So until Alaska's land status is resolved, there are disincentives here too, considering opportunity costs.

SB 35 AND REGIONAL GOVERNMENT *

Patrick K. Poland

The transfer of the major operational responsibilities for rural Alaska's schools from the State of Alaska (Alaska Unorganized Borough School District) to regional school districts (Regional Educational Attendance Areas) with locally elected school boards was accomplished by Ch 124, Session Laws of Alaska, 1975 (popularly referred to as Senate Bill 35).

To a great extent, the ultimate impact of Senate Bill 35 is just beginning to be realized. However, there are already several definite implications for municipal government that have arisen from the implementation of Senate Bill 35. The purpose of this discussion is to underscore these implications as they relate to the development of municipal government in the Unorganized Borough. For purposes of this discussion, municipalities consist of boroughs and first-class cities; that is, municipalities having the education function.

Regional Identification

While rural Alaska's initial encounter with the concept of regionalism came about with passage of Public Law 92-746, the Alaska Native Claims Settlement Act (ANCSA), there is no doubt that Senate Bill 35 went far beyond the implications of the ANCSA in terms of developing regional identification. In the view of the Department of Community and Regional Affairs this was a positive step towards developing regional government in the Unorganized Borough. Prior to the passage and implementation of this particular act there were no real tests of the regional concept of service delivery taking place in the Unorganized Borough;¹ and while there were many advocates of this particular mechanism of service delivery, it remained, by and large, untested. However, with the mandate of regionalization created by Senate Bill 35, rural residents have, in a sense, been forced to test the concepts of regionalism in Alaska's vast Unorganized Borough.

Surprisingly, there seemed little if any real resistance to the idea of regional school districts. On the contrary, most rural residents seemed eager to embrace the concept. Much of this was undoubtedly due to the dissatisfaction many rural residents felt with the former State-Operated School System. Perhaps the strongest demonstration of this desire to participate in a regional approach to service delivery was the change in municipal status executed by the City of Selawik. In that particular instance, the City of Selawik, formerly a city of the first class in the Unorganized Borough and therefore having school responsibilities, petitioned the Local Boundary Commission² and convinced them of the need for the city to be dissolved and "reincorporated" as a second class city so that it might become a part of the particular Regional Educational Attendance Area (Northwest Arctic). Among

the arguments presented in support of Selawik's reclassification was a strong statement by residents concerning their desire to be a part of the Regional Educational Attendance Area and to receive benefits they perceived as being available only to constituents of the REAA.

The Department of Community and Regional Affairs, noting the relatively warm embrace being given regionalization by Unorganized Borough residents, early in 1976 initiated a study of the acceptability of general purpose regional governments in the Unorganized Borough. That study,³ which consumed some six months, came to a number of conclusions, the most important of which appears to be the fact that rural residents are still wary of any form of government that has the authority to levy and collect taxes. Additionally, many residents expressed concern about moving too fast; while they embraced the idea of regional school districts, they felt that the concept required the test of time before jumping to yet a new form of government. Nevertheless, the department has had inquiries from several regions (most notably the Fort Yukon, Bethel, Glennallen, and Valdez regions) concerning possible borough incorporation. To date, none of those discussions has evolved into an actual petition for borough incorporation, although it does appear that many areas are getting close to taking that step. There is no doubt that formal consideration by these regions of regional government was precipitated by the establishment of REAAs.

An additional development which, to some degree, appears to be an offshoot of the regional approach fostered by Senate Bill 35, was the passage of Ch 84 SLA 1977, which established a mechanism for regions of the Unorganized Borough to establish coastal zone management (CZM) service areas for the purpose of CZM planning. Under the provisions of that particular act any Regional Educational Attendance Area, upon determination by the local electorate, may establish itself as a coastal zone management planning district. While the legislation permits consolidation of two or more Regional Educational Attendance Areas into a CZM planning district, it does not allow individual REAAs to be subdivided into smaller districts for the purposes of planning. This is an interesting development and one that seems to further reinforce the concept of delivery services on a regional basis.

Finally, in terms of regionalization, it is interesting to note the provisions of Senate Bill 35 which deal with the boundaries of Regional Educational Attendance Areas. Specifically, the bill provides that:

As far as practicable, each Regional Educational Attendance Area shall contain an integrated socio-economic, linguistically and culturally homogenous area. In the formation of Regional Educational Attendance Areas, consideration shall be given to the transportation and communication network to facilitate the administration and communication between communities that comprise the area.

Very similar statutory language exists at AS 29.18.030, which is the statutory provision establishing standards for borough incorporation. The similarity of the standards goes a long way towards defining appropriate boundaries for potential regional governments. In fact, to some observers, the boundaries of the newly created Regional Educational Attendance Areas (with some exceptions) generally conform to good borough boundaries. This has been a little alarming to many rural residents, since no small number of them are still concerned that the state is going to "foist" boroughs upon them.

Finance

The second major subject area that has been the topic of much discussion as a result of Senate Bill 35 is that of local government finance. As presently constituted, Regional Educational Attendance Areas, in comparison to municipal school districts, have an advantageous funding schedule. In addition to 100 percent Public School Foundation Program funding, Regional Educational Attendance Areas also receive from the State an amount equal to the average local contribution per pupil in municipal school districts multiplied by the number of students in the Regional Educational Attendance Area. This advantageous funding schedule for REAAs versus municipal districts remains a hindrance rather than an enticement for REAAs to seek organized borough status.

Since most REAAs are property poor (hence, no ability to generate tax revenues), the thought of forming municipal school districts to provide services which are currently provided by Regional Educational Attendance Areas is almost out of the question. For example, the poorest existing borough has about \$20,000 worth of taxable property per capita. On the other hand, some of the Regional Educational Attendance Areas could probably expect to have considerably less than \$5,000 worth of taxable property per capita. Realistically, it is impossible to provide basic municipal services without adequate funding.

The major exceptions to this discussion, of course, are those areas surrounding "the pipeline." The regions surrounding Fort Yukon, Delta Junction, Glennallen, Copper Center, and Valdez have taxable property per capita values that could easily support borough government.

Partially in response to these obvious funding inequities, the Department of Community and Regional Affairs, as a part of its final conclusions reached in its study of regional government, recommended that a new system of financing regional governments be found. Basically, the system suggested was one that placed a state-wide property tax on all property associated with the exploitation of natural resources and then, in turn, distributed those tax revenues on the basis of population and services being provided by individual boroughs. It was determined that additional study of that particular proposal

would be needed before the feasibility of it could be determined.

Nevertheless, this particular area is still a popular subject among legislators as demonstrated by current House Bill 202 and Senate Bill 35 introduced in the first session of the 1977 Legislative Session. Both those bills would levy real property taxes on developed land in the Unorganized Borough. Hearings on House Bill 202 were held this October (1977) in Fort Yukon, Delta Junction, and Tok.

Finally, one last area of financing that again discriminates between the municipal versus REAA school district is that of school construction. Presently municipal districts must pay for 50 percent of school construction while REAAs contribute no local effort towards construction of new facilities. This is seen as a significant impediment to the development of regional government for the purpose of assuming local control of education, particularly in areas which are "poor" or are marginally deficient in terms of a real property tax base.

Constitutionality

I mention this issue simply because it is one of concern to many involved with municipal government. Because REAAs are not units of local government they cannot be given taxing authority nor can they provide "local government" services.⁴ While the legality of the current REAAs has not been challenged on the grounds of Article X, Section 2, of the Constitution, there is reason to believe that if additional REAA-type entities are established they will be challenged and may, on the basis of Article X, Section 2, be declared unconstitutional.

On the other hand, those defending the constitutionality of the REAAs cite Article X, Section 6, of the Constitution which authorizes the Legislature to provide services in the Unorganized Borough ostensibly through the service area mechanism. However, the significant degree of autonomy given REAAs, particularly with respect to their abilities to independently contract and incur debt, makes the argument that REAAs are service areas, and hence an arm of the Legislature, highly suspect.⁵

Summary

In summary, it can be said that formation of the Regional Educational Attendance Areas can be viewed as a positive step towards the formation of regional government in rural Alaska. In particular the newly created service areas have provided a greater amount of local control over a local municipal-type service, maintained and strengthened existing regional identifications, and provided boundaries that will be useful for the establishment of boroughs in the future.

The principal negative aspect of Senate Bill 35 has been the funding formula which maintains a disincentive to formation of municipal governments and fails to properly address the extremely poor tax base of much of rural Alaska.

Ultimately, the passage of Senate Bill 35, if for no reason other than the fact that it has generated discussion and interest, is going to have had a significant effect (probably the most significant since the passage of the 1964 mandatory borough act) towards developing regional government in this state.

Notes

1. Admittedly, certain state and federal agencies have been administering a few programs on a regional basis. However, these agencies have had the benefit of vast government financial and technical resources to assist them. In the opinion of this writer, the availability of these resources makes any comparison between the state/federal regional approach and the REAAs invalid.
2. The Local Boundary Commission is composed of five members and is responsible for reviewing and approving or disapproving all municipal incorporation, dissolution, and boundary change proposals.
3. While a final report was not issued at the end of the study, several comprehensive memorandums summarizing various aspects of the study are available from Community and Regional Affairs. As an additional result of the study, legislation calling for a Local Government Commission to study and make recommendations to the Legislature on all aspects of state/local relations is being introduced by Governor Hammond in the second session of the Tenth State Legislature (January 1978).
4. Alaska Constitution, Article X, Section 2. All local government powers shall be vested in boroughs and cities. The state may delegate taxing powers to organized boroughs and cities only.
5. For further information, the reader may wish to consult David Getches, Law and Alaska Native Education, pp. 32-34.

*Article reprinted from New School Districts in Rural Alaska: A Report on the REAAs After One Year, Center for Northern Educational Research, University of Alaska, 1978, pp. 137-142.

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
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HOUSE COMMUNITY & REGIONAL AFFAIRS

5/27/80

Palmer,

The enclosed are surveys which were distributed as part of the Local Government Study Interim efforts to get public input on the functioning of second class cities and interest in regional government. As there were only 18 respondents, the survey had ~~had~~ ~~no~~ ~~practical~~ value for the Study but the comments might be useful particularly for your local government assistant field personnel.





THE ALASKA NATIVE FOUNDATION

411 WEST 4th AVENUE, SUITE 314 • ANCHORAGE, ALASKA 99501 • PHONE (907) 274-2541

August 6, 1979

Senator Arliss Sturgulewski
Co-Chairman
Community and Regional Affairs Committee
Local Government Study
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Arliss:

As you know, members of our staffs have met regarding coordinating efforts to effect completion of a questionnaire on local government issues to be administered in second class cities in the unorganized borough. By pooling our resources I am confident that a viable and informative survey can be completed by early fall, although it will be no easy task. A considerable amount of ANF resources will be involved in this project over the next two months to insure its success.

A rough estimate of ANF resources involved in this project include one (1) research staff, two (2) VMA program staff, seven (7) Field Associate staff, for a total of six (6) man weeks. Additionally, significant travel would be committed by the Foundation in order to assist in making the Local Government Survey a first-rate piece of research to be utilized by all who view local government issues in terms of seeking creditable solutions to problems facing the State.

The Foundation's VMA program has had considerable expertise in the phrasing and administering of surveys in rural Alaska. Our seven Field Associates will be available to implement the survey. Judy Meidinger and Dolores Padilla can lend considerable experience and expertise in rural information gathering/dissemination. The research staff can lend statistical and survey design assistance, furthering the goal of producing a valid product. Additionally, we are prepared to assist in tabulating the questionnaire results and in producing an analysis of the results.

It is a welcome opportunity for the Foundation to participate in an effort to include the views of rural Alaska in policy formation. The cumulative years of ANF's staff rural experience will, I trust, prove of assistance in successfully implementing the Local Government Study. However, as you know, the Foundation operates strictly on a non-profit basis. Concentration of staff efforts on programs not funding the Foundation, while welcome in terms of the opportunity for rurally-oriented input, will strain capacity to meet the priority goals of funded programs. I am consequently forwarding an estimated budget to you for your review in hopes that the Committee may utilize our resources on a more official basis.

Best regards,

Michael DeMan,
Vice President

MD/slj



THE ALASKA NATIVE FOUNDATION

411 WEST 4th AVENUE, SUITE 314 • ANCHORAGE, ALASKA 99501 • PHONE (907) 274-2541

Proposed Contract for Services to Alaska Senate Community and Regional Affairs Committee

After initial meeting of ANF and CRA Committee staff, the following tasks have been outlined to develop and administer a "local government" questionnaire to community leaders of rural second class cities in the unorganized borough:

ANF Staff - Research

- Assist in developing questionnaire;
- Assist in determining survey sample;
- Assist in tabulating results;
- Preparing questionnaire analysis of results;

CRA Committee Staff

- Develop questionnaire;
- Tabulate results;
- Prepare questionnaire analysis of results;
- Determine survey sample;

ANF Staff - VMA

- Develop questionnaire; and,
- Administer questionnaire.

The questionnaire is scheduled to be ready to administer by 8/27 (prepared and reviewed). Hopefully one-third of the sample (70+ communities) can be completed during early Fall so that results can be available for legislative review during the next session.

A significant amount of staff time and travel dollars will be expended by the Foundation. An estimation of ANF's expenditures for this project are as follows:

ANF Staff Time:

(estimated on salary plus overhead and supplies @ \$40.00/hr.
x 7.5 hours per day - daily rate @ \$300)

Research (1 staff x 2 weeks)	
(1) week development of questionnaire - including some assistance in tabulation and analysis (reduced cost)	\$ 1,000
VMA (2 staff x 1 week each)	
(1) week each for development, review and revision of questionnaire and Field Associate orientation to questionnaire.	1,600
VMA (7 Field Associates)	
(1) day orientation each	2,100
(3) days for questionnaire administration each	6,300
	<hr/>
	\$11,000

VMA Field Associate Travel Costs:

(over costs already planned for this time period)	16,400
	<hr/>
	\$27,400
	<hr/> <hr/>

Rural Second Class City Survey

Community Name _____

Interviewee Position _____

Male _____ Female _____

A.) Background information

1.) How long have you been working in your present position with the city?

2.) Have you received any training in city administration?

yes _____ no _____

3.) If you answered yes, please briefly list the kinds of training you have received and who provided this training.

Training

Provider

1.) State Revenue Sharing (Example)

1.) Alaska Local Government Assistance Division (Example)

2.) _____

2.) _____

3.) _____

3.) _____

4.) _____

4.) _____

5.) _____

5.) _____

6.) _____

6.) _____

4.) Briefly describe how you were hired for this position?

5.) Do you want to continue in City Administration work?

yes _____ no _____

Please list the main reasons for your answer?

- 1.) _____
- 2.) _____
- 3.) _____
- 4.) _____
- 5.) _____

B.) City Government Services Second class cities have the authority to perform the following services and governmental functions. From the list, check those activities provided by your city (not those services being provided by State, Federal or Non-profit organizations).

I.) Planning/Platting/Zoning

Does your city government provide planning services for the community? yes _____ no _____

II.) Facilities and Services (please check if provided).

- | | |
|---|---------------------------------|
| _____ 1. streets & sidewalks | _____ 11. water |
| _____ 2. sewers & sewage treatment facilities | _____ 12. roads/ice roads |
| _____ 3. harbors, wharves | _____ 13. community centers |
| _____ 4. water course, flood control facilities | _____ 14. libraries |
| _____ 5. health services | _____ 15. recreation facilities |

- 6. cemeteries
- 7. police protection/jail facilities
- 8. cold storage plants
- 9. telephone systems
- 10. electricity

- 16. airport/aviation facility maintenance
- 17. garbage collection
- 18. fire protection
- 19. parking facilities
- 20. consumer protection

III.) Regulatory Powers

- 1.) pollution control
- 2.) building codes
- 3.) vehicle control
- 4.) animal control
- 5.) alcohol beverage control

IV.) Sales Tax

Does your community have a sales tax? yes _____ no _____

If so, at what rate is your city's sales tax set? _____ %

C.) Most cities have some problems with the administration of their local governments. The following list gives some of the more common local government problems. Please check any of these problems that are relevant to your city's situation. Add any problems to the list that your community is experiencing.

- 1.) lack of revenue & growing debts
- 2.) turnover in administrative staff
- 3.) lack of trained personnel
- 4.) complexity and amount of paperwork
- 5.) lack of needed technical assistance
- 6.) relationship with IRA Council
- 7.) state unresponsiveness to requests for help
- 8.) _____
- 9.) _____
- 10.) _____

What are the three major problems faced by your city government?

- 1.) _____
- 2.) _____
- 3.) _____

D.) Alaska's second class cities can receive assistance with the management of their local governments from several outside sources (Example: Alaska Local Government Assistance Division). Please check if any of the following have provided technical assistance for your communtiy.

Agency	Approximate Date of Assistance	Type of Assistance
1.) Alaska Local Gov't Assistance	_____	_____
2.) local Native Non-profit Corp.	_____	_____
3.) AFN	_____	_____
4.) Private Consultants	_____	_____
5.) University of Alaska	_____	_____
6.) _____	_____	_____
7.) _____	_____	_____

Do you feel some form of technical assistance to the city government would be helpful? yes _____ no _____
 If yes, what kind of assistance is needed?

- 1.) _____
- 2.) _____
- 3.) _____

E.) For city government to operate, they must have sources of revenue. Please check the sources of revenue that come directly to your city government.

- | | |
|-----------------------------------|--------------------------|
| _____ 1.) local sales tax | _____ 5.) State grants |
| _____ 2.) property tax | _____ 6.) Federal grants |
| _____ 3.) Federal Revenue Sharing | _____ 7.) _____ |
| _____ 4.) State Revenue Sharing | _____ 8.) _____ |

F.) Please check the salaried positions provided by your city government. For each of the salaried positions checked, please list where that position's funding comes from and if it is full or part time.

	Position	Funding Source	Full time/part time
Example	<input checked="" type="checkbox"/> Police Officer	CETA-Native Non-profit Corp.	full
Example	<input checked="" type="checkbox"/> City Clerk	Sales tax revenue	part
	<input type="checkbox"/> City Clerk	_____	_____
	<input type="checkbox"/> Treasurer	_____	_____
	<input type="checkbox"/> Village (City) Administrator	_____	_____
	<input type="checkbox"/> Police	_____	_____
	<input type="checkbox"/> Sanitation workers (garbage)	_____	_____
	<input type="checkbox"/> Water Maintenance	_____	_____
	<input type="checkbox"/> Sewer maintenance	_____	_____
	<input type="checkbox"/> City Secretarial Clerk	_____	_____
	<input type="checkbox"/> Electrician Maintenance	_____	_____
	<input type="checkbox"/> Airport Maintenance	_____	_____
	<input type="checkbox"/> Search & Rescue	_____	_____

Do you find these sources of revenue to be adequate for the administration of your city? yes _____ no _____

If more dollars were available to your city, how would you recommend these dollars be spent?

- 1.) _____
- 2.) _____
- 3.) _____

G.) Has your city established priority goals? yes _____ no _____

If yes, what are these priority goals?

- 1.) _____
- 2.) _____
- 3.) _____
- 4.) _____
- 5.) _____

How were these goals established for your city?

- 1.) _____
- 2.) _____
- 3.) _____

How are community goals made known to possible funding sources such as Federal/State agencies?

H.) Several of the Village Profit Corporations have gone together to pool their resources for investment. Has your city ever attempted to work collectively on local government issues with communities near your own city? yes _____ no _____

Would this be a possibility? yes _____ no _____

Some villages in Alaska have joined together to form regional governments, such as the North Slope Borough. Would a regional government in your area be beneficial to your community yes _____ no _____ no opinion _____

If there was a regional government created in your area, what functions would you like to see this government provide on a region-wide basis, if any?

- 1.) _____
- 2.) _____
- 3.) _____
- 4.) _____
- 5.) _____

I.) Does your community have a copy of:

Title 29	yes	_____	no	_____
Alaska Statutes	yes	_____	no	_____
City Code	yes	_____	no	_____

J.) On the following scale, how would you rank the quality of services your community receives from local government, State government, Federal government, and the local Native Non-profit Corporation?

1.) excellent	local government	_____
2.) good	State government	_____
3.) fair	Federal government	_____
4.) poor	Non-Profit	_____
5.) unacceptable		

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STATE OF ALASKA

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

October 2, 1979

JAY S. HAMMOND
GOVERNOR

POUCH F - ALASKA OFFICE BUILDING
JUNEAU, ALASKA 99811

The Honorable Arliss Sturgulewski
2957 Sheldon Jackson
Anchorage, Alaska 99504

Dear Senator Sturgulewski:

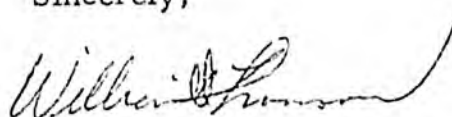
Enclosed is a summary of operating revenues for Regional Educational Attendance Areas (REAs) and City and Borough school districts for FY 1978. This is the last year for which complete information is available. Fiscal Year 1979 information will be available approximately January 1980 when district year-end audits have been submitted to the Department.

In reviewing the revenue report for REAs, I would point out that the federal revenue PL 81-874 is deducted from the state aid entitlement per the provisions of AS 14.17.021(a). The uneven generation of this revenue among districts creates student access to wealth (equalization) problems. I will be happy to discuss this in depth with you.

A position paper done in 1976 pertaining to funding for school construction is also enclosed. The major concepts of that paper are still valid. Basically, formulas can be developed which take into account the relative wealth political subdivision of the state. Currently, the Public School Foundation Program uses assessed real property. However, there is nothing sacred about using that mechanism. Per capita income, property wealth or a composite could be used. Each has its strong and weak points.

I hope the information enclosed is useful to you and the Committee. If I may be of further assistance, please feel free to call upon me.

Sincerely,



William D. Thomson
Deputy Commissioner

Enclosures

SUBJECT: School Construction Financing - Adjustment of State Assistance to
Municipal School Construction

I have reviewed your proposal which would readjust the state assistance for municipal school construction and offer the following comments and suggestions.

As you have pointed out in your proposal, criteria for school construction is as follows:

- A. That school construction plant facilities be equalized throughout all of the districts of the state regardless of district wealth.
- B. That any state assistance take into account local municipal assessed wealth.
- C. That state assistance be equalized for basic school construction to all districts regardless of wealth.

In order to accomplish A, the Department of Education would have to define by regulations what the basic school plant consists of in terms of square footage for student and instructional spaces; for example, because of life safety requirements, vocational education requires greater square footage per child than does a general classroom. In addition certain economic principles must be identified; such as, economy of scale for schools with large enrollments and the law of diminishing returns for locations with small enrollments. Certain other criteria must also be considered in determining whether a municipality would receive state assistance for a proposed school plant; such things as whether the project requested is a new or a replacement school, number of unhoused or unaccommodated students and other factors - emergency conditions, economic growth, etc. All proposed projects would be submitted to the Commissioner of Education for his approval before assistance would be provided by the State to the municipality. This would place a municipal in a position of obtaining project approval before state assistance would be granted. (The reverse of what happens currently.) The Department of

See 620-28

Education is currently revising its regulations on school facilities, defining "basic school plant" and further revising what a municipality must provide to the department in basic data before a proposed project can be considered for approval. The department has set as a target date, November '76, for presentation to the State Board of Education these regulations for adoption. The department anticipates any municipality seeking state assistance would have to meet the criteria as established through these regulations by January, 1977.

In dealing with B and C, which are closely related, I am assuming that our present Debt Retirement Program, Chapter 249, SLA 1970, is a negative approach for providing state assistance in that it requires a municipality to indebt itself for 100% of school construction before it is eligible for 50% of that amount for state assistance, thus placing less wealthy municipalities in the position of not being able to fund their projects other than through a direct appeal to the legislature. Therefore, to provide state assistance to municipalities and meet the criteria as outlined in B and C, the department proposes the following:

1. In order to allow a municipality to begin a basic school project, the State would fund the entire cost of that project.
2. To enable the State to perform this function, we would propose establishment of a school construction revolving fund or bond bank which would fund the initial cost of school construction. Later part of the cost would be reimbursed to the State by a municipality.

To determine what the actual entitlement from the State would be, the following formula is proposed:

- A. The State would establish a floor of 50% state assistance for all municipalities (50% because existing law establishes that percentage as state assistance).
- B. The level at which a municipality would receive additional state assistance would be based upon that district's wealth stated as a ratio against the statewide average assessed wealth. This wealth could be stated in several different terms.

The total dollars spent for school construction statewide in a given year could be expressed in terms of mills and how many mills levy would be required to finance that effort. The percentage that a municipality would receive above the 50% average of state assistance would be determined by applying the average mill levy against the wealth of the municipality to determine how many dollars that would generate. The municipality would be required to pay to the bond bank or revolving grant fund that percentage out of the principal and interest incurred in a year for the life of the bonds or in other words, the inverse ratio of the district's wealth to the state's average wealth.

- C. Other methodology for determining district wealth in relationship to the average state wealth would be to use instead of average mill levy, the average amount per pupil in the average daily membership and funds spent for school construction in a particular year (to determine statewide average) and the average wealth per pupil of the particular municipality.

Another method would be to use the average wealth per capita versus individual municipality average wealth per capita.

I believe that the program could be easily administered and adjusted by raising or lowering the floor of state assistance and annually assessing the state's wealth and the municipality's wealth to increase or decrease on a current basis the municipality's participation in paying for the construction of schools. There would be three agencies of the state involved: 1. the Department of Education for project approval; 2. Department of Revenue for the bond bank for the revolving fund; 3. Department of Regional & Community Affairs for valuation of assessed evaluation.

I believe the above proposal takes into account many of the factors that you have taken into account on page 6 of your proposal. The foregoing would require a municipality to contribute to the project during the financial life of that project and also provides municipalities with the opportunity to obtain facilities without undue local fiscal burden and also through basic school project approval to achieve the goal to equalize school facilities in all of the districts in the state. Finally, it would insure that the State participates as a full partner in all school construction.

I might suggest all of the proposed legislation take into account the existing debt retirement for school construction because practically every municipality has in their covenants references to state participation, Chapter 249, SLA 1970. It is incumbent upon the State to honor State commitments to that program until a specified date; for example, July 1, 1977. After which all communities seeking new facilities would obtain state assistance under the new program.

CITY & BOROUGH SCHOOL DISTRICT REVENUES
FY-78 Audited

	Other Federal	Federal 874	Total Federal	Foundation	Pupil Trans	Boarding Home, Tuition	Other State	Total State	Appropria- tion	Rental	Interest Income	Other Income	Total Local	Total Mil
Anchorage	53,057	2,280,063	2,333,120	53,366,996	4,784,209	2,008,958	461,678	60,621,921	22,521,854 ²⁾	123,326	658,522	310,737	23,614,439	86,569,480
Bristol Bay		149,700	149,700	1,021,907	59,237	18,325	11,978	1,111,527	80,000			3,089	83,089	1,344,316
Cordova		27,924	27,924	1,266,521	17,070	52,340	55,987	1,391,918	170,765 ¹³		3,492	21,569	195,026	1,615,668
Craig		99,005	99,005	558,965	23,321	22,621		604,907	13,000	5,372	185	926	19,403	724,275
Dillingham	2,000	164,341	166,341	1,601,000	61,743	44,025	5,327	1,712,095	30,000		21,294	48,892	100,186	1,970,622
Fairbanks		443,050	443,050	16,516,620	2,930,658	103,326	122,677	19,673,281	6,359,676	29,833		23,319	6,412,828	26,529,159
Galena		196,850	196,850	721,995	14,229	13,696		749,920	6,468			8,495	14,963	961,733
Haines		45,994	45,994	1,164,842	65,285	25,365	9,628	1,265,120	246,490 ¹¹		10,524	29,717	206,731	1,597,845
Hoonah		119,709	119,709	797,095				797,095	13,994	1,608	6,159	672	22,513	939,317
Hydaburg		40,189	40,189	413,822			11,348	425,170	---		1,648	12,245	13,893	479,252
Juneau		309,066	309,066	7,083,508	543,693	28,497	25,140	8,400,838	2,931,700 ²⁴	4,054		50,606	2,906,440	11,776,344
Kake		166,262	166,262	621,203	12,355	4,614		638,172	15,000		3,270	777	19,047	823,481
Kenai		357,683	357,683	11,596,365	1,800,759	32,645	6,968	13,436,737	3,520,000 ¹⁴	7,617		50,874	3,506,491	17,300,911
Ketchikan		69,572	69,572	4,773,760	353,914	28,344		5,156,018	1,634,770 ³³			33,290	1,668,060	6,893,650
King Cove		84,865	84,865	614,541	7,697	3,766		626,004	27,146		5,105	622	32,873	743,742
Klawock		133,850	133,850	236,522				236,522	1,500		---	408	1,908	372,280
Kodiak		253,745	253,745	5,186,334	132,238	202,990	173,701	5,695,263	457,180	35,387	13,315	59,032	564,914	6,513,922
Mat-Su		42,339	42,339	7,362,022	1,746,325	64,357		9,172,704	2,536,240 ³⁵			95,239	2,631,479	11,846,522
Metana		9,751	9,751	803,781	51,584	80,170		935,535	17,000		8,239	1,555	26,794	972,080
Nome		49,039	49,039	2,829,350	72,832	55,622	409,800	3,367,604	64,475	26,861	13,245	87,678	192,259	3,608,902
North Slope		1,508,098	1,508,098	4,737,769	214,013		14,402	4,966,184	5,149,100	164,639		35,245	5,348,984	11,823,266
Pelican		---	---	151,033	---	1,819	---	152,852	6,635	---	1,349	---	7,984	161,836
Petersburg		39,295	39,295	1,316,446	51,527	122,233	5,000	1,495,206	231,371 ¹⁷	1,354	16,371	---	249,096	1,787,597
Sitka		517,106	517,106	3,434,227	145,466	3,475		3,583,168	783,288 ²²	6,477	40,356	137,689	967,810	5,068,084
Skagway		---	---	600,995	1,122	3,737	3,782	609,636	49,000		3,253		52,253	661,889
St. Mary's		140,739	140,739	723,022	---	---	48,879	771,901	---	11,350	2,247	14,088	27,685	940,325
Unalaska		42,916	42,916	634,606	55,630	9,755	---	699,991	112,500 ¹¹		---	1,580	114,080	856,987
Valdez		---	---	2,253,281	125,602	48,304		2,427,187	995,644		60,498	13,041	1,069,183	3,496,370
Wrangell		17,105	17,105	1,168,920	43,097	911	886	1,213,814	215,500		8,461	5,529	229,490	1,460,409
Yakutat		---	---	590,610	30,573	5,028		626,211	20,369		944	3,725	25,038	651,249
	55,057	7,309,136	7,364,193	134,948,138	13,344,259	2,984,923	1,367,181	152,644,501	48,210,665	417,958	878,477	1,058,719	50,565,819	210,574,513

RURAL EDUCATION ATTENDANCE AREAS
REVENUE

FY-78 Audited

	Other Federal	Federal 874	Total Federal	Foundation	Pupil Trans	In Lieu Of	Boarding Home	Other State	Total State	Rental	Interest	Other Local Income	Total Local
Adak		1,469,558	1,469,558	245,201	57,737	416,240	---	---	719,178	9,088	60,417	12,889	82,394
Alaska Central		355,136	355,136	1,226,448	160,372	241,488	---	1,107	1,629,415	19,402	35,816	---	55,218
Alaska Gateway		44,531	44,531	1,551,000	163,454	290,336	482	---	2,005,272	2,183	23,248	7,616	33,047
Aleutian		187,079	187,079	1,297,921	---	160,304	10,442	---	1,468,667	2,278	12,890	72,638*	87,806
Annette Is.		974,909	974,909	23,125	5,645	219,472	---	1,984	250,226	---	24,209	2,500	26,709
Bering Strait		661,549	661,549	1,981,201	21,080	304,784	305,784	---	2,612,849	30,133	11,348	2,768	44,249
Chatham		278,532	278,532	410,502	---	127,968	---	---	538,470	24,073	1,670	---	25,743
Chugach		72,804	72,804	230,032	---	33,024	---	---	263,056	---	---	8,903	8,903
Copper River		343,113	343,113	1,870,637	289,715	482,976	9,404	---	2,652,732	---	19,314	21,838	41,152
Delta/Greely		900,583	900,583	1,244,417	267,219	533,200	1,760	---	2,046,596	---	36,343	1,351	37,694
Iditarod		465,099	465,099	1,239,901	---	195,392	---	61,145 ²	1,496,438	20,829	3,101	---	23,930
Kuspuk	16,880	706,247	723,127	1,363,986	31,749	233,920	4,654	33,521	1,667,830	20,255	23,864	3,951 ⁴	48,070
Kower Kuskokwim	89,098	2,173,269	2,262,367	3,154,856	50,582	1,016,176	1,070,870	---	5,292,484	95,177	75,530	142,242 ³	312,949
Lower Yukon		1,480,442	1,480,442	2,227,933	---	615,072	---	51,500	2,894,505	148,234	68,122	46,405 ⁴	262,761
Northwest Arctic		2,316,087	2,316,087	3,992,413	---	1,033,376	91,811	2,711	5,120,311	169,692	50,415	22,340 ⁴	242,447
Pribilof		439,713	439,713	467,787	---	126,592	---	3,181	597,560	---	20,012	---	20,012
Southeast Is.		896,690	896,690	720,310	12,332	294,464	23,793	3,253	1,054,152	---	29,415	---	29,415
Southwest Lake & Pen.		1,293,592	1,293,592	1,649,017	33,708	359,824	4,275	---	2,008,841	56,890	52,532	26,605	136,027
Yukon Flats		751,920	751,920	1,635,080	---	263,504	17,432	---	1,936,567	36,250	21,541	231	58,022
Yukon-Koyukuk		415,576	415,576	1,328,863	---	209,152	---	---	1,555,447	---	---	4,339 ⁵	4,339
		1,259,442	1,259,442	2,184,325	---	453,392	---	51,500	2,689,217	70,505	43,400	122,574 ⁵	236,479
		17,485,871	17,591,849	30,044,955	1,093,593	7,610,656	1,540,707	209,902	40,499,813	704,959	613,187	499,190	1,817,366

- *1 Sale of Capital Equipment
- 2 Includes 21,000 Insurance Proceeds
- 3 Federal Payments
- 4 Includes Indirect Cost Payments
- 5 Includes AVEL Subsidy



SOHIO PETROLEUM COMPANY

A Division of Sohio Natural Resources Company

3111 "C" STREET, ANCHORAGE, ALASKA

TELEPHONE: (907) 265-0135

MAIL: POUCH 6-612
ANCHORAGE, ALASKA 99502

SOHIO—BP ALASKA PRODUCTION DIVISION

KENNETH E. SHOWALTER
DIRECTOR ALASKA GOVERNMENT AFFAIRS

September 27, 1979

The Honorable Arliss Sturgulewski
Alaska State Senator
2957 Sheldon Jackson Street
Anchorage, AK 99504

Dear Senator Sturgulewski:

We are enclosing for your information the official notice of general election in the North Slope Borough on October 2, 1979. We thought you would be interested in seeing that they are asking for authorization from the voters to issue an additional \$160,510,000.00 in general obligation bonds. These are in addition to \$198,100,000.00 of bonds now outstanding and \$17,378,000.00 of bonds authorized, but unsold. This will make a total assuming the bonds are all authorized and sold, of \$375,988,000.00 in bonded indebtedness for the North Slope Borough.

We know you are interested in reviewing the operations of local governments in the rural areas and thought that this information might be helpful to you.

Sincerely,

K. E. Showalter
Director - Alaska
Government Affairs

KES:kmo
Enclosure

**NORTH SLOPE BOROUGH
NOTICE OF EXISTING BONDED INDEBTEDNESS**

This Notice of Existing Bonded Indebtedness pertains to the bond election being held October 2, 1979 by the North Slope Borough. The following is in compliance with Alaska Statutes 29.56.160(b) and the Home Rule Charter of the North Slope Borough.

(1) The amount of bonds and purpose of their issuance and length of time within which the bonds shall mature is as follows:

Amount	Purpose	Ord.	Estimated Maturity Length	Estimated Annual Debt Service
\$ 21,761,000	School Construction	79-4 A	30 yrs.	2,559,504.77
13,523,000	Road Construction	79-5 A	30 yrs.	1,089,769.94
8,870,000	Public Housing	79-6 A	30 yrs.	714,601.40
32,196,000	Water Facilities	79-7 A	30 yrs.	2,594,721.02
47,473,000	Sewage Treatment & Disposal Facilities	79-8 A	30 yrs.	3,825,678.34
3,000,000	Airport Facilities	79-9	30 yrs.	241,759.22
538,000	Urban Renewal & Development	79-11	30 yrs.	43,355.49
9,743,000	Light, Power & Heating Systems	79-12 A	30 yrs.	765,153.33
1,090,000	Public Safety Facilities	79-13	30 yrs.	87,839.18
12,314,000	Sanitary Facilities	79-14 A	30 yrs.	992,340.98
\$169,510,000				\$12,934,923.67

(2) The estimated annual debt service on the proposed bonds at an estimated interest rate of 7 per cent assuming a level debt service for the issue over an estimated maximum maturity of 30 years would be as reflected in the last column above entitled "Estimated Annual Debt Service."

(3) The current total general obligation indebtedness (July 1, 1979) of the Borough, including authorized but unsold general obligation bonds is as follows:

Bonds Outstanding	\$198,100,000
Bonds Authorized-Unsold	\$17,378,000

(4) The current year's (FY 1979-80) debt service on the outstanding general obligation bonds of the Borough is \$26,182,363.

(5) The current total assessed valuation within the Borough as of January 1, 1979 is: \$5,021,847,880.

Lloyd Ahvakana
Borough Clerk

PUBLISH: September 5, 12, 15, 25, 1979

15198 Legal

**NORTH SLOPE BOROUGH
NOTICE OF GENERAL ELECTION**

1. Date of Election: October 2, 1979.
2. Time of opening and closing of the Polling Places: The polling Places shall be open between the hours of 8:00 A.M. and 8:00 P.M.

3. Location of Precinct, Polling Places and Description of Voting Precincts by Boundary:

ANAKTUVUK PASS PRECINCT.
Beginning at the peak of Soakpak Mt.; thence southerly to the peak of Koolutuk Mt.; thence easterly to the peak of Three River Mt.; thence northerly to the peak of Mt. Stuver; thence westerly to the peak of Soakpak Mt.

ATKASOOK PRECINCT
All of that area within a three mile radius of the village of Atkasook,
BARROW PRECINCT.

Beginning at 150° west longitude and the boundary of the State of Alaska in the Arctic Ocean; thence southerly along 150° west longitude to its point of intersection with 65° north latitude; thence westerly along 65° north latitude to its point of intersection with a north-south line drawn through Point Franklin on the west; thence northerly along a north-south line drawn through Point Franklin on the west to the boundary of the State of Alaska in the Arctic Ocean; thence easterly along the boundary of the State of Alaska to 150° west longitude; the point of beginning excluding Browerville and Anaktuvuk Pass Precincts.

BARTER ISLAND PRECINCT.
Polling Place: North Slope Borough Administration Building, Assembly Room

That area beginning at a point on the international boundary between Alaska and the Dominion of Canada and the intersection of the boundary of the North Slope Borough; thence northerly along the boundary common to the State of Alaska and Canada to the northernmost boundary of the State of Alaska; thence meandering westerly to its intersection with 150° west longitude; thence southerly along 150° west longitude to its intersection with 68° north latitude; thence easterly along 68° north latitude to its intersection with 146° west longitude; thence northerly along the 146° west longitude line to its intersection with 69° 30' north latitude line to the easterly boundary of the State of Alaska on the international boundary, the point of beginning.

BROWERVILLE PRECINCT.
Polling Place: Old BIA School

Beginning where the outlet of Tasigrook Lagoon empties into the Arctic Ocean; thence upstream in the center of said outlet to Tasigrook Lagoon; then along the south side of said lagoon and the southerly side of Isakook Lagoon to the most southerly point; thence due east to Eison Lagoon. This precinct includes Doctor Island, Deadmans Island, the DEV Line Installation, Arctic Research Laboratory and the International Telephone and Telegraph site.

BROWERVILLE FIRE STATION PRECINCT.
Polling Place: Browerville Fire Station Building, Laura Madison Street.

NUIQSUT PRECINCT.
Beginning at 150° 59' 36" west longitude and 70° 12' 30" north latitude at the south bank of Nechelik channel thence meander southerly along the bluff for approximately one mile thence westerly, northerly and easterly to the point of beginning to include all of that new townsite of Nuiqsut.

POINT HOPE PRECINCT.
All of that area draining into the Arctic Ocean from Cape Thompson to Cape Lisbourne, including the military site.

POINT LAY PRECINCT.
Beginning at 162° 57' 30" west longitude and 69° 45' 10" north latitude to include the new and old townsites of Pt. Lay and Kaktovik river delta.

WAINWRIGHT PRECINCT.
All of that area draining into the Arctic Ocean from Cape Lisbourne on the west to a north-south line drawn through Pt. Franklin on the east.

4. The qualifications of voters: A person may vote who:
(1) is a citizen of the United States, qualified to vote in the State of Alaska elections,
(2) has been a resident of the North Slope Borough for 30 days immediately preceding the date of election,
(3) is registered to vote in State of Alaska elections,
(4) is not disqualified under Article V of the Constitution of the State of Alaska.

5. The type of election: The election is a general election.

6. The propositions submitted to the electors are:
(a) The following seats are open in the North Slope Borough Government for election:

Two (2) Assembly seats of the North Slope Borough Assembly, each 3 year term
Two (2) seats of the North Slope Borough School Board, each 3 year term

(b) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of THIRTY-ONE MILLION SEVEN HUNDRED SIXTY-ONE THOUSAND DOLLARS (\$31,761,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of schools in the North Slope Borough, together with all necessary appurtenances, equipment, furnishings, and facilities, and the acquisition of lands or rights in lands in connection therewith, in accordance with and ratifying and approving the provisions of Ordinance Number 79-4 (A) of the North Slope Borough adopted by the Borough Assembly on August 7, 1979.

(c) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of THIRTEEN MILLION FIVE HUNDRED TWENTY THREE THOUSAND DOLLARS (\$13,523,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of public roads, streets and sidewalks in the North Slope Borough, together with all necessary appurtenances, equipment and facilities necessary for the construction, repair and maintenance of roads, streets and sidewalks, and the acquisition of lands or rights in lands, in connection therewith in accordance with and ratifying and approving the provisions of Ordinance 79-5 (A) of the North Slope Borough adopted by the Borough Assembly on August 7, 1979.

(d) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of EIGHT MILLION EIGHT HUNDRED SEVENTY THOUSAND DOLLARS (\$8,670,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction, or acquisition of public housing in North Slope Borough together with all necessary appurtenances, equipment, furnishings and facilities, and the acquisition of lands or rights in lands in connection therewith, in accordance with and ratifying and approving the provisions of Ordinance 79-6 (A) of the North Slope Borough adopted by the Borough Assembly on August 7, 1979.

(e) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of THIRTY-TWO MILLION ONE HUNDRED NINETY-EIGHT THOUSAND DOLLARS (\$32,198,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of water facilities in North Slope Borough, together with all necessary appurtenances, equipment, furnishings and facilities, and the acquisition of lands or rights in lands in connection therewith, in accordance with and ratifying and approving the provisions of Ordinance 79-7 (A) of the North Slope Borough adopted by the Borough Assembly on August 7, 1979.

(f) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of FORTY-SEVEN MILLION FOUR HUNDRED SEVENTY-THREE THOUSAND DOLLARS (\$47,473,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of Sewage Treatment and Disposal Facilities in North Slope Borough, together with all necessary appurtenances, equipment, furnishings and facilities, and the acquisition of lands or rights in connection therewith, in accordance with and ratifying and approving the provisions of Ordinance Number 79-8 (A) of the North Slope Borough adopted by the Borough Assembly on August 7, 1979.

(g) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of THREE MILLION DOLLARS (\$3,000,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of Airports and Aviation Facilities in North Slope Borough, together with all necessary appurtenances, equipment, furnishings and facilities, and the acquisition of lands or rights in lands in connection therewith, in accordance with and ratifying and approving the provisions of Ordinance 79-9 of the North Slope Borough adopted by the Borough Assembly on April 10, 1979.

(h) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of FIVE MILLION THIRTY- EIGHT THOUSAND DOLLARS (\$5,338,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of Public Housing and Urban Renewal, Rehabilitation and development in North Slope Borough, together with all necessary appurtenances, equipment, furnishings, and facilities, and the acquisition of lands or rights in lands in connection therewith in accordance with and ratifying and approving the provisions of Ordinance 79-11 of the North Slope Borough adopted by the Borough Assembly on April 10, 1979.

(i) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of NINE MILLION SEVEN HUNDRED FORTY-THREE THOUSAND DOLLARS (\$9,743,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of Light, Power and Heating Systems in North Slope Borough, together with all necessary appurtenances, equipment, furnishing and facilities, and the acquisition of lands or rights in lands in connection therewith in accordance with and ratifying and approving the provisions of Ordinance 79-12 (A) of the North Slope Borough adopted by the Borough Assembly on August 7, 1979.

(j) Shall the North Slope Borough, Alaska, issue its general obligation bonds, in an amount not to exceed the sum of ONE MILLION NINETY THOUSAND DOLLARS (\$1,090,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of Public Safety Facilities in North Slope Borough, together with all necessary appurtenances, equipment, furnishings and facilities, and the acquisition of lands or rights in lands in connection therewith, in accordance with and ratifying and approving the provisions of Ordinance 79-13 of the North Slope Borough adopted by the Borough Assembly on April 10, 1979.

(k) Shall the North Slope Borough, Alaska issue its general obligation bonds in an amount not to exceed the sum of TWELVE MILLION THREE HUNDRED FOURTEEN THOUSAND DOLLARS (\$12,314,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction and acquisition of Sanitary facilities including sewer, solid waste and water treatment of the North Slope Borough, together with all necessary appurtenances, equipment, and facilities, and the acquisition of lands or rights in lands in connection therewith, in accordance with and approving the provisions of Ordinance 79-14 (A) of the North Slope Borough adopted by the Borough Assembly on August 7, 1979.

7. Absentee Ballots may be obtained by ordering them from the Clerk of the North Slope Borough, Post Office Box 69, Barrow, Alaska 99723.

DATED: August 27, 1979

(b) Shall the North Slope Borough, Alaska, issue its general obligation bonds in an amount not to exceed the sum of THIRTY-ONE MILLION SEVEN HUNDRED SIXTY-ONE THOUSAND DOLLARS (\$31,761,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of schools in the North Slope Borough, together with all necessary appurtenances, equipment, furnishings, and facilities, and the acquisition of lands or rights in lands in connection therewith, in accordance with and ratifying and approving the provisions of Ordinance Number 79-4 (A) of the North Slope Borough adopted by the Borough Assembly on August 7, 1979.

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(j) Shall the North Slope Borough, Alaska, issue its general obligation bonds, in an amount not to exceed the sum of ONE MILLION NINETY THOUSAND DOLLARS (\$1,090,000) for the purpose of financing the cost, in whole or in part, of the construction, improvement, betterment, repair, reconstruction or acquisition of Public Safety Facilities in North Slope Borough, together with all necessary appurtenances, equipment, furnishings and facilities, and the acquisition of lands or rights in lands in connection therewith, in accordance with and ratifying and approving the provisions of Ordinance 79-13 of the North Slope Borough adopted by the Borough Assembly on April 10, 1979.

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DATED: August 27, 1979

Lloyd Ahvasnna
Borough Clerk
North Slope Borough

NORTH SLOPE BOROUGH
REVENUE ESTIMATE DETAILS
PERIOD ENDING JUNE 30, 1980

② Credit of State

CODE

GENERAL PROPERTY TAXES

50-101 PROPERTY TAX - CURRENT

TOTAL: \$53,842,400 minus Uncollectible of \$42,000 = \$53,800,400

Operating Budget

AS 29.53.045(b) provides a limitation of \$1,500 per capita. 12,280,500

AS 29.53.045(c) provides for an alternate formula as follows:

	Prior FY	FY 1979/80
Average Full and True Value State Residents	\$ 40,280	\$ 47,347
Multiply by	225%	225%
Average Full Value	\$ 90,630	\$106,650.75
North Slope Borough Population Jan. 1 per Department of Community and Regional Affairs	9,139	8,187
Equivalent Total Tax Base	\$ 828,627,570	\$ 873,149,690
Maximum Millage Levy per AS 29.53.050(a)	30 Mills	30 Mills
	\$ 24,848,027	\$ 26,194,491
(Rd)	\$ 24,848,000	\$ 26,194,400
North Slope Borough Assessed Value (Est.)	\$4,654,940,140	\$4,800,000,000
Millage Rate:	5.34 Mills	5.46 Mills
Debt Service Not Included in the Above Levy per AS 29.53.055 - Estimated Uncollectible of \$42,000. - FY 1979/80	\$ 9,044,700	\$ 27,648,000
North Slope Borough Assessed Value (Est.)	\$4,654,940,140	\$4,800,000,000
Millage Rate	1.94 Mills	5.76 Mills
Total Combined Millage Rate -- Full Value	7.28 Mills	11.22 Mills
However, the Department of Revenue interprets AS 29.53.045(c) to require a uniform reduction of the actual assessed value as follows:		
The Total Assessed Value is reduced to:	\$ 828,267,570	\$ 873,149,690
The Operating Millage Rate is	30 Mills	30 Mills
The Debt Service Millage Rate is: Debt Service plus Estimated Uncollectibles divided by Equivalent Total Tax Base	10.92 Mills	31.67 Mills
Total Millage Rate on Reduced Value	40.92 Mills	61.67 Mills

NORTH SLOPE BOROUGH
BUDGET SUMMARY

	Actual FY 1977/78	Budget ^{1/} FY 1978/79	Budget FY 1979/80
<u>REVENUES - GENERAL FUND</u>			
Property Taxes:	\$26,826,023	\$33,891,400	\$53,800,400
AS 29.53.045(c)	18,840,993#	24,752,400#	26,194,400#
AS 29.53.055 (Debt Service)	7,985,030#	9,139,000#	27,606,000#
Sales Taxes:			
Prior Court Case	1,466,557	2,302,000	-
AS 29.53.055 (Debt Service)	-	-	1,500,000
Licenses and Permits	-	200	200
Use of Money and Property	4,575,845	3,224,000	4,800,000
Intergovernmental Revenues	11,403,786	13,072,600	13,703,100
Charges for Services	532,800	889,000	1,561,100
Miscellaneous for Prepaid Taxes	500,000	500,000	-
TOTAL REVENUES^{2/}	<u>\$45,305,011</u>	<u>\$53,879,200</u>	<u>\$75,364,800</u>
<u>EXPENDITURES - GENERAL FUND</u>			
Operating:			
Education-Mayor's Reduction	\$ -	\$ -	\$ 2,315,100
Education-Mayor's Support Level	12,389,451	12,662,700	14,977,800
Education-Post Secondary	-	-	643,000
Public Safety	1,137,171	1,826,700	3,140,700
Public Works	4,039,545	6,187,300	4,059,700
Public Utilities	-	-	4,116,300
Assembly-Budgetary Reserves	-	392,900	1,498,000
Assembly-Lawsuit-Prepaid Taxes	500,000	500,000	-
General Government	5,076,571	6,885,200	7,535,000
Environmental Protection Office	254,683	372,600	477,300
Health	1,199,766	3,000,600	2,621,700
Housing	231,933	612,200	840,200
TOTAL OPERATING	<u>\$24,829,120</u>	<u>\$32,440,200</u>	<u>\$42,224,800</u>
Capital	7,000,000	10,579,000	3,990,000
Debt Service	7,622,000	10,860,000	29,150,000
TOTAL EXPENDITURES	<u>\$35,451,120</u>	<u>\$53,879,200</u>	<u>\$75,364,800</u>
<u>REVENUES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
<u>EXPENDITURES - SERVICE AREA #10</u>			
<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
<u>GRAND TOTAL - ORDINANCE 79-3</u>			
<u>REVENUES</u>	<u>\$45,305,011</u>	<u>\$56,229,400</u>	<u>\$79,941,100</u>
<u>EXPENDITURES</u>	<u>\$35,451,120</u>	<u>\$56,229,400</u>	<u>\$79,941,100</u>

- NonAdd - Part of Category

1/ Ordinance 78-3F adopted January 9, 1979.

2/ Accrued Interest of \$2,466,489 - Contrary to budget procedures; transfers to CIP Fund were \$6,720,189 and Debt Service Fund of \$179,172 are not reflected in Total Expenditures.

Source of Total CIP Funds per Ord. 79-10

North Slope Borough

Approved: 4/11/79

<u>ORD. 79-10</u> <u>Sec. No.</u>	<u>General</u> <u>Obligation Bonds</u>	<u>Federal</u> <u>Aid</u>	<u>State</u> <u>Aid</u>	<u>Other</u>	<u>TOTAL</u>
Sec. 6	\$94,365,000		\$3,105,000		\$94,470,000
Sec. 7	35,634,000		1,000,000		36,634,000
Sec. 8	78,379,000				78,379,000
Sec. 9	9,894,000	\$1,500,000	1,184,000		12,578,000
Sec. 10	15,710,000	1,650,000	1,081,000		18,441,000
Sec. 11	4,823,000	9,370,000	470,000		14,663,000
Sec. 12	2,850,000	2,074,000		\$2,800,000	7,724,000
Sec. 13	29,764,000	1,251,000			31,015,000
Sec. 14	3,530,000	75,000			3,605,000
Sec. 15	22,720,000		1,661,000		24,381,000
Sec. 17	1,140,000				1,140,000
Sec. 18		200,000		1,517,000	1,717,000
Sec. 19	4,319,000				4,319,000
Sec. 20	700,000		500,000		1,200,000
	<u>\$303,828,000</u>	<u>\$16,120,000</u>	<u>\$9,001,000</u>	<u>\$4,317,000</u>	<u>\$333,266,000</u>

Bonds Authorized - To Be Authorized per Ord. 79-10

<u>ORD. 79-10</u> <u>Sec. No.</u>	<u>Bonds</u> <u>Authorized</u>	<u>Bonds to be</u> <u>Authorized</u>	<u>Bond Election</u> <u>Date</u>	<u>TOTAL</u>
Sec. 6	\$65,717,000	\$28,648,000	10/2/79	\$94,365,000
Sec. 7	25,386,000	10,248,000	10/2/79	35,634,000
Sec. 8	75,670,000	2,709,000	10/2/79	78,379,000
Sec. 9	7,696,000	2,198,000	10/2/79	9,894,000
Sec. 10	7,277,000	8,433,000	10/2/79	15,710,000
Sec. 11	1,823,000	3,000,000	10/2/79	4,823,000
Sec. 12	2,312,000	538,000	10/2/79	2,850,000
Sec. 13	20,216,000	9,543,000	10/2/79	29,764,000
Sec. 14	2,440,000	1,090,000	10/2/79	3,530,000
Sec. 15	16,031,000	6,689,000	10/2/79	22,720,000
Sec. 17	1,140,000	-0-		1,140,000
Sec. 18	-0-	-0-		-0-
Sec. 19	4,319,000	-0-		4,319,000
Sec. 20	700,000	-0-		700,000
	<u>\$230,727,000</u>	<u>\$73,101,000</u>		<u>\$303,828,000</u>

*4400 out side Prudhoe
4000 + Prudhoe.
87-8800(+) census.*

*Permit 3452⁰⁰ per capita
no limit*

STATE OF ALASKA

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

October 2, 1979

15
JAY S. H. MOND
GOVERNOR

POUCH F - ALASKA OFFICE BUILDING
JUNEAU, ALASKA 99811

The Honorable Arliss Sturgulewski
2957 Sheldon Jackson
Anchorage, Alaska 99504

Dear Senator Sturgulewski:

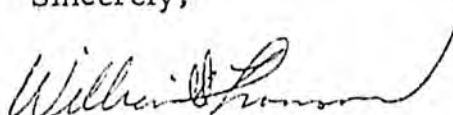
Enclosed is a summary of operating revenues for Regional Educational Attendance Areas (REAA's) and City and Borough school districts for FY 1978. This is the last year for which complete information is available. Fiscal Year 1979 information will be available approximately January 1980 when district year-end audits have been submitted to the Department.

In reviewing the revenue report for REAA's, I would point out that the federal revenue PL 81-874 is deducted from the state aid entitlement per the provisions of AS 14.17.021(a). The uneven generation of this revenue among districts creates student access to wealth (equalization) problems. I will be happy to discuss this in depth with you.

A position paper done in 1976 pertaining to funding for school construction is also enclosed. The major concepts of that paper are still valid. Basically, formulas can be developed which take into account the relative wealth political subdivision of the state. Currently, the Public School Foundation Program uses assessed real property. However, there is nothing sacred about using that mechanism. Per capita income, property wealth or a composite could be used. Each has its strong and weak points.

I hope the information enclosed is useful to you and the Committee. If I may be of further assistance, please feel free to call upon me.

Sincerely,



William D. Thomson
Deputy Commissioner

Enclosures

Education is currently revising its regulations on school facilities, defining "basic school plant" and further revising what a municipality must provide to the department in basic data before a proposed project can be considered for approval. The department has set as a target date, November '76, for presentation to the State Board of Education these regulations for adoption. The department anticipates any municipality seeking state assistance would have to meet the criteria as established through these regulations by January, 1977.

In dealing with B and C, which are closely related, I am assuming that our present Debt Retirement Program, Chapter 249, SLA 1970, is a negative approach for providing state assistance in that it requires a municipality to indent itself for 100% of school construction before it is eligible for 50% of that amount for state assistance, thus placing less wealthy municipalities in the position of not being able to fund their projects other than through a direct appeal to the legislature. Therefore, to provide state assistance to municipalities and meet the criteria as outlined in B and C, the department proposes the following:

1. In order to allow a municipality to begin a basic school project, the State would fund the entire cost of that project.
2. To enable the State to perform this function, we would propose establishment of a school construction revolving fund or bond bank which would fund the initial cost of school construction. Later part of the cost would be reimbursed to the State by a municipality.

To determine what the actual entitlement from the State would be, the following formula is proposed:

- A. The State would establish a floor of 50% state assistance for all municipalities (50% because existing law establishes that percentage as state assistance).
- B. The level at which a municipality would receive additional state assistance would be based upon that district's wealth stated as a ratio against the statewide average assessed wealth. This wealth could be stated in several different terms.

The total dollars spent for school construction statewide in a given year could be expressed in terms of mills and how many mills levy would be required to finance that effort. The percentage that a municipality would receive above the 50% average of state assistance would be determined by applying the average mill levy against the wealth of the municipality to determine how many dollars that would generate. The municipality would be required to pay to the bond bank or revolving grant fund that percentage out of the principal and interest incurred in a year for the life of the bonds or in other words, the inverse ratio of the district's wealth to the state's average wealth.

- C. Other methodology for determining district wealth in relationship to the average state wealth would be to use instead of average mill levy, the average amount per pupil in the average daily membership and funds spent for school construction in a particular year (to determine statewide average) and the average wealth per pupil of the particular municipality.

Another method would be to use the average wealth per capita versus individual municipality average wealth per capita.

I believe that the program could be easily administered and adjusted by raising or lowering the floor of state assistance and annually assessing the state's wealth and the municipality's wealth to increase or decrease on a current basis the municipality's participation in paying for the construction of schools. There would be three agencies of the state involved: 1. the Department of Education for project approval; 2. Department of Revenue for the bond bank for the revolving fund; 3. Department of Regional & Community Affairs for valuation of assessed evaluation.

I believe the above proposal takes into account many of the factors that you have taken into account on page 6 of your proposal. The foregoing would require a municipality to contribute to the project during the financial life of that project and also provides municipalities with the opportunity to obtain facilities without undue local fiscal burden and also through basic school project approval to achieve the goal to equalize school facilities in all of the districts in the state. Finally, it would insure that the State participates as a full partner in all school construction.

I might suggest all of the proposed legislation take into account the existing debt retirement for school construction because practically every municipality has in their covenants references to state participation, Chapter 249, SLA 1970. It is incumbent upon the State to honor State commitments to that program until a specified date; for example, July 1, 1977. After which all communities seeking new facilities would obtain state assistance under the new program.

CITY & BOROUGH SCHOOL DISTRICT REVENUES
FY-78 Audited

	Other Federal	Federal 874	Total Federal	Foundation	Pupil Trans	Boarding Home Tuition	Other State	Total State	Appropri- ation	Rental	Interest Income	Other Income	Total Local	Total All
Anchorage	53,057	2,280,063	2,333,120	53,366,996	4,784,209	2,008,958	461,678	60,621,921	22,521,854 ¹⁾	123,326	658,522	310,737	23,614,439	86,569,480
Bristol Bay		149,700	149,700	1,021,907	59,237	18,325	11,978	1,111,527	80,000			3,089	83,089	1,344,316
Cordova		27,924	27,924	1,266,521	17,070	52,340	55,987	1,391,918	170,765 ³⁾		3,492	21,569	195,826	1,615,668
Craig		99,885	99,885	558,965	23,321	22,621		604,907		5,372	185	926	19,483	724,275
Dillingham	2,000	164,341	166,341	1,601,000	61,743	44,025	5,327	1,712,095	30,000		21,294	48,892	100,186	1,978,622
Fairbanks		443,050	443,050	16,516,620	2,930,650	103,326	122,677	19,673,281	6,359,676	29,833		23,319	6,412,820	26,529,159
Galena		196,850	196,850	721,995	14,229	13,696		749,920	6,468			8,495	14,963	961,733
Haines		45,994	45,994	1,164,842	65,285	25,365	9,628	1,265,120	246,490 ¹⁾		10,524	29,717	286,731	1,597,845
Hoonah		119,709	119,709	797,095				797,095	13,994	1,688	6,159	672	22,513	939,317
Hydaburg		40,189	40,189	413,822			11,348	425,170	---		1,648	12,245	13,893	479,252
Juneau		309,066	309,066	7,883,508	543,613	28,497	25,140	8,480,838	2,931,700 ⁶⁾	4,054		50,686	2,986,440	11,776,344
Kake		166,262	166,262	621,203	12,355	4,614		638,172	15,000		3,270	777	19,047	823,481
Kenai		357,683	357,683	11,596,365	1,800,751	32,645	6,968	13,436,737	3,520,000 ¹⁾	7,617		58,874	3,586,491	17,380,911
Ketchikan		69,572	69,572	4,773,760	353,914	28,344		5,156,018	1,634,770 ³⁾			33,290	1,668,060	6,893,650
King Cove		84,865	84,865	614,541	7,697	3,766		626,004	27,146		5,105	622	32,873	743,742
Klawock		133,850	133,850	236,522				236,522	1,500		---	468	1,908	372,280
Kodiak		253,745	253,745	5,186,334	132,238	202,990	173,701	5,695,263	457,180	35,387	13,315	59,032	564,914	6,513,922
Mal-Su		42,339	42,339	7,362,022	1,746,325	64,357		9,172,704	2,536,240 ³⁾			95,239	2,631,479	11,846,522
Metana		9,751	9,751	803,781	51,584	80,170		935,535	17,000		8,239	1,555	26,794	972,080
Nome		49,039	49,039	2,829,350	72,832	55,622	409,800	3,367,604	64,475	26,861	13,245	87,678	192,259	3,608,902
North Slope		1,508,098	1,508,098	4,737,769	214,013		14,402	4,966,184	5,149,100	164,639		35,245	5,348,984	11,823,266
Pelican		---	---	151,033	---	1,819	---	152,852	6,635	---	1,349	---	7,984	160,836
Petersburg		39,295	39,295	1,316,446	51,527	122,233	5,000	1,495,206	231,371 ⁷⁾	1,354	16,371	---	249,096	1,783,597
Sitka		517,106	517,106	3,434,227	145,466	3,475		3,583,168	783,288 ⁷⁾	6,477	40,356	137,689	967,810	5,068,084
Skagway		---	---	600,995	1,122	3,737	3,782	609,636	49,000		3,253		52,253	661,819
St. Mary's		140,739	140,739	723,022	---	---	48,879	771,901	---	11,350	2,247	14,088	27,685	940,325
Unalaska		42,916	42,916	634,606	55,630	9,755	---	699,991	112,500 ¹⁾		---	1,580	114,080	856,987
Valdez		---	---	2,253,281	125,602	48,304		2,427,187	995,644		60,498	13,041	1,069,183	3,496,370
Wrangell		17,105	17,105	1,168,920	43,097	911	886	1,213,814	215,500		8,461	5,529	229,490	1,460,409
Yakutat		---	---	590,610	30,573	5,028		626,211	20,369		944	3,725	25,038	651,249
	55,057	7,309,136	7,364,193	134,948,138	13,344,259	2,984,923	1,367,181	152,644,501	48,210,665	417,958	878,477	1,058,719	50,565,819	210,574,513

RURAL EDUCATION ATTENDANCE AREAS
REVENUE

FY-78 Audited

	Other Federal	Federal 874	Total Federal	Foundation	Pupil Trans	In Lieu Of	Boarding Home	Other State	Total State	Rental	Interest	Other Local Income	Total Local
Adak		1,469,558	1,469,558	245,201	57,737	416,240	---	---	719,178	9,088	60,417	12,889	82,394
Alaska Central		355,136	355,136	1,226,448	160,372	241,488	---	1,107	1,629,415	19,402	35,816	---	55,218
Alaska Gateway		44,531	44,531	1,551,000	163,454	290,336	482	---	2,005,272	2,183	23,248	7,616	33,047
Aleutian		187,079	187,079	1,297,921	---	160,304	10,442	---	1,468,667	2,278	12,890	72,638*	87,806
Annette Is.		974,909	974,909	23,125	5,645	219,472	---	1,984	250,226	---	24,209	2,500	26,709
Bering Strait		661,549	661,549	1,981,201	21,080	304,784	305,784	---	2,612,849	30,133	11,348	2,768	44,249
Chatham		278,532	278,532	410,502	---	127,968	---	---	538,470	24,073	1,670	---	25,743
Chugach		72,804	72,804	230,032	---	33,024	---	---	263,056	---	---	8,903	8,903
Copper River		343,113	343,113	1,870,637	289,715	482,976	9,404	---	2,652,732	---	19,314	21,838	41,152
Delta/Greely		900,583	900,583	1,244,417	267,219	533,200	1,760	---	2,046,596	---	36,343	1,351	37,694
Iditarod		465,099	465,099	1,239,901	---	195,392	---	61,145 ²	1,496,438	20,829	3,101	---	23,930
Kuspuk	16,880	706,247	723,127	1,363,986	31,749	233,920	4,654	33,521	1,667,830	20,255	23,864	3,951 ⁴	48,070
Kower Kuskokwim	89,098	2,173,269	2,262,367	3,154,856	50,582	1,016,176	1,070,870	---	5,292,484	95,177	75,530	142,242 ³	312,949
Lower Yukon		1,480,442	1,480,442	2,227,933	---	615,072	---	51,500	2,894,505	148,234	68,122	46,405 ⁴	262,761
Northwest Arctic		2,316,087	2,316,087	3,992,413	---	1,033,376	91,811	2,711	5,120,311	169,692	50,415	22,340 ⁴	242,447
Pribilof		439,713	439,713	467,787	---	126,592	---	3,181	597,560	---	20,012	---	20,012
Southeast Is.		896,690	896,690	720,310	12,332	294,464	23,793	3,253	1,054,152	---	29,415	---	29,415
Southwest		1,293,592	1,293,592	1,649,017	---	359,824	---	---	2,008,841	56,890	52,532	26,605	136,027
Lake & Pen.		751,920	751,920	1,635,080	33,708	263,504	4,275	---	1,936,567	36,250	21,541	231	58,022
Yukon Flats		415,576	415,576	1,328,863	---	209,152	17,432	---	1,555,447	---	---	4,339 ⁵	4,339
Yukon-Koyukuk		1,259,442	1,259,442	2,184,325	---	453,392	---	51,500	2,689,217	70,505	43,400	122,574 ⁵	236,479
		17,485,871	17,591,849	30,044,955	1,093,593	7,610,656	1,540,707	209,902	40,499,813	704,959	613,187	499,190	1,817,366

*1 Sale of Capital Equipment

2 Includes 21,000 Insurance Proceeds

3 Federal Payments

4 Includes Indirect Cost Payments

5 Includes AVEL Subsidy

Senator Mike Gravel
3121 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Gravel:

I am writing to you to express some serious concerns I have regarding CETA participants in the State employee system.

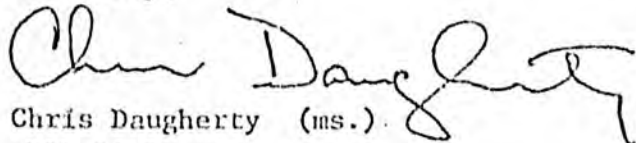
It is my understanding that the idea behind CETA is to train or retrain persons for unsubsidized employment. Currently, I am employed through CETA as a para-professional Social Services Associate with the Division of Health and Social Services. When I was first hired, the Division was under the impression that my position was for eighteen months, a training program that would, in addition to my college background, qualify me as a Social Services Associate III and possibly as a Social Worker I. We subsequently discovered, however, that the State has a policy of tying all CETA hires to the Temporary Hire guideline which allows only six months of employment in any twelve month period.

After diligent inquiry, eventually using the Ombudsman office, I was told that the policy was due to the feelings of APEA on temporary hire, but when I contacted the local field representative, he told me that APEA has no problems with CETA people in positions such as mine staying in the program for up to one year. I was later able to discover that this policy was formulated by the administration and the Blue Ribbon Commission.

The Catch-22 of the situation is that the state register for hiring recognizes blocks of work experience in one year increments only. With CETA tied to the T-hire plan it is impossible to get the year of training to qualify for the register. Having the program set up in the way it is precludes getting into unsubsidized employment after the training period. It assures that just as a person has received enough on-the-job training to be effective, they are laid off. Also, it seems to me that the best it does do is allow the State to have a Federally subsidized "body" around for six months at little expense to themselves. I really feel that in the instance of training para-professional people, the State of Alaska is misusing CETA funding and not fulfilling the idea of the program.

I would be most interested to hear your thoughts on the matter as I can not believe that this situation is what you intended when you got CETA monies for Alaska.

Sincerely,



Chris Daugherty (ms.)
POB 5417
North Pole, Alaska 99705



Illinois Legislative Council
Phone: AC217 782-6851

107 State Office Building
Springfield, Illinois 62706

RESEARCH AGENCY FOR THE GENERAL ASSEMBLY
September 7, 1979

Mr. Gregg K. Erickson, Director
Division of Research Services
Legislative Affairs Agency
Legislative Council
Pouch Y, State Capitol
Juneau, Alaska 99811

Your cooperation in meeting this request will be appreciated and also reciprocated when you need information from us. Please feel free to refer this inquiry to another agency if you feel they can respond more directly than you.

Local Government Consolidations

The Illinois General Assembly is considering legislation which would transfer the functions of many single-purpose, special districts (airport authorities, fire protection districts, hospital districts, library districts, etc.) to general purpose local governments (counties, municipalities and townships).

If your state has undertaken or considered any local government consolidations in the past, we would appreciate any reports, legislation or other information which dealt with these efforts.

Of particular interest are the ways that you handled problems relating to

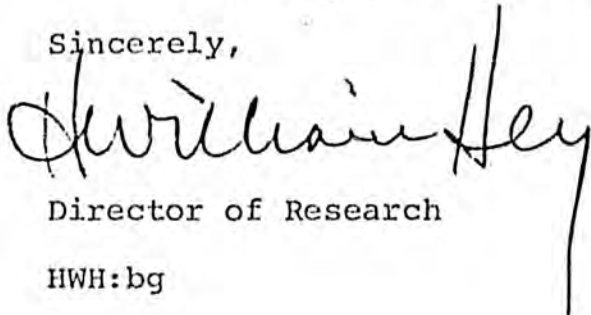
--overlapping boundaries (i.e., a special district in two or more counties or municipalities);

--assumption of bonded indebtedness and other financial obligations by the unit of general government; and

--disposition of property owned by the special district.

We thank you for your consideration of this inquiry.

Sincerely,


Director of Research

H. William Hey

HWH:bg

October 29, 1979
POB 5417
North Pole, Alaska
99705

Honorable James Carter
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C.

Dear President Carter:

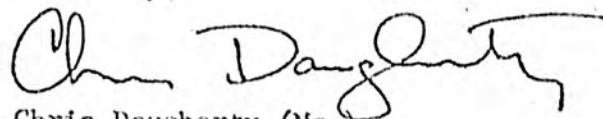
Attached is a copy of a letter I wrote to Senator Gravel detailing my concerns about the CETA program in Alaska.

I have read that you have a strong personal interest in the CETA program and thought that you might be interested in some of the problems that participants are experiencing.

These are hard times for many Americans and Alaskans particularly are suffering from massive unemployment. For many of us who are trying to improve our employability, this type of bureaucratic shuffle acts more as a hinderance than a help.

Thank you for your attention.

Sincerely,

A handwritten signature in cursive script that reads "Chris Daugherty". The signature is written in dark ink and is positioned above the printed name.

Chris Daugherty (Ms.)