SCOMM

140:2

Alaska State Legislature

Senator Gary Stevens, Chair
Alaska State Capitol, Room 103
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Committee Members:
Rep. Bill Thomas, V. Ch.
Sen. Tom Wagoner
Sen. Bert Stedman
Rep. John Coghill
Rep. Woody Salmon

Advisory Commission on Local Government

~~~Draft agenda~~~

October 21, 2005
Fairbanks LIO
8:30 a.m. – 12:00 and 1:00 p.m. – 3:30 p.m.

(Teleconference: Wagoner, Stedman, Coghill 1-800-395-5073)

1. Roll Call

2. Approval of Minutes

3. Presentations:

   Bill Allen, USDA, Rural Development Division/CEPRA – Council on Economic Policy for Rural Alaska/regional efforts

   Lamar Cotten, Deltana Borough Commission, ((via: teleconference))
   Process and progress/status report

   Mike Black, Director Division of Community Advocacy, DCCED, Review of questions regarding forms of government - changes to Title 29, Home Rule Light…

4. Public Comment Period

Lunch break

5. AML, Kevin Ritchie (and/or Denali Commission - who are meeting during AFN as well....)

6. Review of Legislative options: current legislation, ideas for legislation, support (subcommittees?)

7. Rep. Mary Kapsner, Bush Caucus update on Rural Energy Action Council recommendations - bulk fuel problems

8. Adjourn
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Alaska State Legislature

Senator Gary Stevens, Chair
Public Members:
Lisa Von Bargen
Scott Brandt-Erichsen
Marvin Yoder

Committee Members:
Rep. Bill Thomas, V. Ch.
Sen. Tom Wagoner
Sen. Bert Stedman
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Rep. Woodie Salmon

Advisory Commission on Local Government

Minutes

October 21, 2005
Fairbanks LIO

Roll Call: Members present: Chair, Sen. Gary Stevens, Vice-chair Rep. Bill Thomas, Rep. Woodie Salmon, Lisa Von Bargen, Scott Brandt-Erichsen, Marvin Yoder (Teleconference: Rep. John Coghill 1-800-395-5073). Not present: Sen. Bert Stedman, Sen. Tom Wagoner,
Also present: Sen. Gary Wilken, Rep. Mary Kapsner, Rep. Reggie Joule, Bill Allen, USDA, Rural Development; Michael Black, Director, Division of Community Advocacy, DCCED; Kevin Ritchie, Alaska Municipal League;

Approval of Minutes:
Minutes of the September 1, 2005 meeting. Lisa Von Bargen moved for approval, no objections.

Presentations:
Bill Allen, USDA, Rural Development regional director
Rethinking Rural Economic Development

Sustainable Utilities Committee was formed in 2001. Look at what state and federal agencies could do to provide rural Alaska with sanitary conditions. Have invested a lot of money toward that goal. USDA Allen is required to report to Denali Commission about systems installed. In July was writing report to Denali Commission. Came to realization that all systems in Rural Alaska are not sustainable. What do we do about making those systems sustainable so they can have an economic life of 25 to 50 years? Need to generate activity in the rural areas to generate revenues. Most challenging problem is getting communities on firm financial footing. Federal dollars are being reduced and will continue to be reduced. Financial problems for survival will continue. The root of problem is how do you crea sustainable economies in rural Alaska. Success should not be measured by the number of grants a community receives. Using more effectively the resources we have. Public safety utility, post office, village store, teachers, health aides are the jobs available in rural communities.

Task force is often a way to put off doing something. In this case a task force is the way to go. Denali Commission is well equipped to be that task force. Work group will serve as council on economic policy. Council on Economic Policy of Rural Alaska eight regional task forces of the state are being formed. CEPRA will present a proposal to governor and legislature impediments of economic development and ways to deter the impediments.

CEPRA's initial meeting on Aug. 17th established a steering committee. That presentation is posted on Denali Commission website. Steering committee is comprised of leaders and entrepreneurs and representatives from on road and off road communities. High cost of energy, lack of adequate transportation, lack of skilled workforce, lack of acceptable housing, lack of available land, lack of universal communications. USDA loan application is intimidating just because of size.

Have asked people from rural Alaska to serve on task force to look at potential economic development projects statewide. If a village is not interested we move on to another village. Looking at starting with small projects. The Project Evaluation Committee is action oriented. It will evaluate projects and move on to the Capital Committee to seek funding if the evaluation committee finds the project workable.

Alaska Native Health Trust, USDA, Rural Development, SBA can share the funding of a project. The impediments to the success of a project are on the table to resolve. Identify various organizations and entities that provide economic development services and
Alaska Native Health Trust, USDA, Rural Development, SBA can share the funding of a project. The impediments to the success of a project are on the table to resolve. Identify various organizations and entities that provide economic development services and funding. There were 42 economic development groups in FNSB when he was mayor and the population was 75,000. He consolidated them into a single entity.

Find out what the entities have tried, what works, what didn't work. Recently met with three ARDOR directors from SE and Kenai. Discussed state of Ohio website. It is business friendly not structured for government convenience. Chris Buckhold's job is going to communities to set up Internet and broadband. People in communities need to be trained to utilize the potential. Agency has money to fund several million dollars for Internet and Broadband. Training for ecommerce is a necessity. Impressed by ARDOR representatives.

Third step identify solutions to impediments for local economic development, establish local cash flow and create local jobs. As CEPRA develops will create a plan to kick this into action and identify projects improve lives

Demand from China and India ensures that oil prices are not going to decrease. Current practice is to sustain present lifestyle. Find ways to generate revenues in communities. Alaskan bankers need to step up to the plate and fund economic development projects in rural Alaska. As a banker his practice was to fund only projects in Fairbanks, maybe in North Pole but certainly not Galena. Bankers have a tendency to sit at their desk and wait for projects to come to them. He suggests they get out of their chair and go to rural Alaska to look for projects to fund that will create real economic development. Need to grow small business sector statewide.

Let's not borrow money to fix band-aids. The biggest challenge is to believe in us and invest in ourselves. Hope the legislature will help makes this happen. At initial steering committee an elderly fellow from Barrow, Nelson Angivak said let's get beyond talk and get something done.

Bill asks the legislature to give him one long-term project and one short-term project to fund. Bill will be there as ex-officio for the steering committee to help with funding but will not be making any of the decisions. Marvin Yoder is on the steering committee.
Gary Stevens has toured some of the mining projects lately and has found that the mining companies are trying to work with subcontractors locally for supplies and housing. Bill said, "we need to make sure that training is provided for local workforce". Stopped in Kotzebue recently and met a family nurse on the plane. She had been in Kotzebue for three months gets room and board plus transportation and $45 an hour. Why can't we fill these jobs with Alaskans. Palmer hospital is being vacated in January and he is looking at making it a training center for health care providers.

Economic development is one job at a time. We are not going to get GM to relocate production plant to Valdez. That is a reality. He is obsessed with this project. People in rural Alaska need to be able to get up in the morning and go to a job. The suicide rate is horrible.

Bill Thomas commented that in SE they get a project to the end and the environmentalists rip the heart out of it. He said the steering committee needs a representative from the environmental community to nip the problems ahead of time.

Lisa asked about where the University falls into this committee. Bill noted that Wendy Redman represents President Hamilton on Denali Commission. Said the keystone of success is identifying the solutions to impediments. Transportation task force just met last night. Impediments for most economic development prospects are transportation.

Woody Salmon said the economy is the bush is nil, but can economy be enhanced with high oil prices. Allen said you cannot be a production community with 54 cents KWH and high oil prices. AVEC board said if people are not paying their bills, turn off their power.

Scott Brandt-Erichsen noted that the August 17th minutes provided to the Commission contained a theme presented by an economic development specialist regarding the need to have individual entrepreneurs help generate a cash economy in rural Alaska. In Scott's experience a committee looks at community-wide larger economic development projects. Allen has spent a lot of time with Vernon Smith, Nobel Prize winning economist. Flowchart of CEPRA needs to be turned upside down. Want CEPRA members to go out in villages to help communities to look at what resources are available to create a cash community.

Example: Elim has marble granite and would like to manufacture tombstones. The idea came from an individual who is doing his research and will need funding to carry the project out.

CEPRA is asking communities to form local economic development groups to identify projects to present to CEPRA.

Lisa: How do you protect the proprietary rights of an entrepreneur's projects? Allen doesn't have an answer for that. Because you are dealing with government funds the project has to be transparent. USDA is asking people to write down a concept and sign it. He will protect the idea the best he can. He can make assurance of protection. Hopefully people will have integrity.

Bill Thomas was concerned about match money. He doesn't want match to be an obstacle. He wants to create a cash economy in rural Alaska. If he had an idea that cost $3 million, he sure as heck can't come up with $300,000. Allen said a project might have to be subsidized for three years, which is okay as long as the project can become sustainable in three years.

Lamar Cotten, Deltana Borough Commission process and progress/status

The area considering borough formation includes 5,000 people 900 of which live in the city that maintains public services. Two broad issues occurring in the area are the increase of construction and operation of Greeley BMS and Teck-Pogo's investment in the mining operation. To date they have 300 million invested. Projecting 300 jobs at site. Third thing is increase in Slavik population. 45% of grade school population is Slavik and roughly 23% of population is Slavik.

LBC identified model borough boundaries for the unorganized borough that includes the Delta area with the Alaska Gateway REAA (Tok). LBC completed a recent analysis of the areas that minimally met the LBC incorporation standard and it included Delta/Tok. Other factors creating interest in incorporation include SJR 12 by Sen. Wilken several years ago supporting formation of boroughs and FNSB has looked at annexing Pogo-Teck.

The commission came up with a unified home rule borough consolidating the REAA, city, state planning and platting powers. The boundaries would be those of the Delta-Greely REAA. The local revenues would be a 3% fuel tax and 10% energy tax along with the Teck-Pogo PILT agreement. All assembly and school board seats would be at-large.

The city is studying the PILT and will address it on November 1st. The PILT would be a ten-year contract and if there is no borough formed by January 1, 2008, the contract would expire. The assembly with the Mayor's concurrence can appoint a borough administrator.

If no borough is formed Pogo would pay $500,000 to city in 2005. In 2006 Pogo would pay $500,000 to city or borough and $1 million to city or borough in 2007. Once a borough is formed, in 2008 Pogo would pay 10 mils or $2 million, whichever is higher. Teck-Pogo has agreed to pay a portion of bonded capital projects at a rate of 1.35 mils up to 2020, not to exceed $350,000 annually.

There has been discussion on why to vote for this. People aren't really against a borough they just don't want to pay for it. The ballot on the revenue issue will be designed as one vote. The ballot issue is all or nothing. The voters have to approve the tax package and the incorporation together.

Mr. Cotten noted concern about legislation that has interfered with their Borough formation efforts. SB 179 may be an honest effort to weed through the complicated issue of severance and property tax in rural Alaska. He is leery of any bill that creates two classes of boroughs. The state cannot promote local government and probably should not set different standards for local government. Pogo, Donlin Creek, Pebble are three major mining projects. Pebble is in an existing municipality. He is perplexed that the mining operations haven't sat down with the people surrounding the operation to see what the problems are and what they are trying to achieve.

Marvin Yoder said it seems the areas mentioned are areas with large economic development projects. He also speculated that areas with the TAPS are ripe for a borough. He was interested to see Rudd attorney saying there will be other taxes raised. Lamar said he thinks it is unfair to require one industry to be the taxpayer. It is unwise to rely on one source of taxes. He thinks regions need to find a fair way to pay for services without gouging the mining industry.

Marvin asked about a statewide severance tax. Lamar said there are so many unknowns, the number of new people moving in, gold prices, and oil prices. There is a Kodiak severance tax on fish. There is a 1986 Alaska State Supreme Court decision about Red Dog

Letter from Guess & Rudd attorney James De Witt discussing the Payment in Lieu of Taxes proposal between Teck-Pogo and Deltana Charter Commission discusses how Fairbanks North Star Borough was established by the legislature in 1964 and the legislature has the ability to form any borough without the permission of the residents. It discusses that most, but not all, boroughs use property taxes as the primary source of revenue. The Deltana Charter Commission intends to form a borough without property taxes so the focus of discussions with Teck-Pogo is a mineral severance tax. Denali Borough imposes a mineral severance tax on Usibelli Coal Mine and Northwest Arctic Borough imposes a mineral severance tax on Red Dog Mine. Mineral severance taxes are not addressed in state statute and the legality of it is questionable but to date there have been no court challenges.

Negotiations were disrupted by the SB 179 legislation that would limit a mineral severance tax to 4 mils on a portion of the mine's assets. Legal challenges would require the Deltana Borough and the City of Delta Junction to spend dollars they don't have.

Scott said Article IX section 1 of constitution states the power of taxation shall not be suspended. What if someone gets tired of paying an energy tax and files a public interest litigation? DeWitt's letter states there is a chance of that.

HB 217 is language from SB 48 which gives flexibility to communities along the pipeline the state is not obliged to pay the 4 mils required under AS 43.56

Mike Black, DCCED, Review of questions regarding forms of government - changes to Title 29, Home Rule Light

Mike Black is inspired by Vic Fischer's comments of thinking out of the box. State law says if you are a borough you have areawide school operation responsibility, platting requirement, and taxes. There are many discretionary powers from solid waste to police powers. They have applied light-borough concept for Haines borough having school operation responsibility and deleted the requirement of regulation of land use. The commission might consider a new idea. Everyone involved with state services realizes there is a difficult time with overlapping of all agencies involved with some or all the authorities in an unorganized borough. If you form a mandatory borough make the assembly work with those agencies with their decisions affecting that borough. Receive, review and comment of proposed capital projects in the borough. Provide a sounding board for legislative proposal. Become a clearinghouse, like 'A95 Process' federal clearinghouse, where all agencies provided comments in a regional basis.

Light Borough Concept:

- Receive, review, and provide written comments and recommendations with respect to proposed capital improvements and agency programs and services that involve legislative appropriations and that affect the people and resources of the borough.

- Serve as a clearinghouse for information, data, and other materials that may be helpful or necessary to government entities in the discharge of their responsibilities or in obtaining technical or financial assistance.

- Prepare and maintain a regional planning report that established goals for the borough; assesses and reports the needs of residents of the borough; and analyzes alternative ways of meeting the needs of the residents of the borough.

Black considers this minimal but valuable; the toe in the water. A light borough is anticipated to get a light level of funding if revenue sharing was reinstated, but could certainly move to the next level of taking over schools.

Scott: What would be the interaction with existing home rule cities in the light borough? Home rule cities could have issues just as they do now. Gary said the city would maintain all the powers they have now. Marvin said when he first read this he thought we were going back to the third class borough. How does this affect ARDOR's? Black we have ARDOR's working in existing boroughs and some operating is a combination of boroughs. Black said the ARDOR's will have to work with ARDOR's. The light borough would be the focusing entity for the state and we would give deference to them. This would eliminate the confusion for what entity should be the voice for an area.

Marvin: How do you relate to tribal entities? Black: The Home rule concept gives boroughs great flexibility. NW works with tribal entities. Lake and Pen Borough revenue shares with tribes. Lisa: Is Mike Black recommending that all unorganized borough be broke up into light boroughs and should there be a timetable for the formation of these boroughs. Black said it could be based on timeframes or the ability for the borough to take on the education responsibility.

Lisa wanted to know if Valdez would ever have to move out of light borough status because the City of Valdez already has 95% of the area paying for education. Black really didn't have an answer.

Thomas: In SE there isn't much state land. Give them money to entice them. Put the carrot out there for four years to encourage people to form. Haines would end up with 3,500 to 4,000 acres which is just enough to hag themselves. Give them money to create a permanent fund that can't be spent. They would have to invest and use the income.

Woodie: He thinks rural Alaska has learned the lesson from forming cities in rural areas. The state offered money and took the money away leaving rural cities in financial trouble. Learn from the past.

Black said he has proposals for the legislative session with incentives of money and putting the details together for the proposed borough. Based the money incentive on a varying rate based on the amount of land available in an area.

Scott: Administrative units were discussed in first meeting. The borough could have contracts with non-profits and tribes, if administrative units were used would there still be the capacity to contract. Administrative units through Black's department would have to follow the procurement statutes. Black would find it something difficult for the division to deal with because they would have to deal with multiple entities.

Scott: Looking at a new type of borough. Would it be feasible to start with appointed people by the governor to represent areas in a light borough that are not in an organized city. Black said it is best practice to elect representation.

Marvin: What concerns him is what becomes of the water system or sewer system when the city, like Woody said, dries up because the state has taken the revenue sharing money. Black said in a light borough you could have a public works director that could help the municipal utility workers with their problems. The borough would be in a better position to attract dollars because they wouldn't be competing with each other. When there is conflict you would work that out in the charter. Example: A city does have a public works director and doesn't want a borough public works director running the show.

Public Comment Period

Senator Gary Wilken thanked the commission for the work. This is a difficult issue and will not be solved in one meeting.

Chart shows eleven ways to structure local government. If you see some enhancements to the chart, let him or Sheila know. He wants to touch on four things for report. Why you are here is not a short term fix but look at the headlines of the next generation.

- Those in our state are able to pay for local government must pay for their local government. They can do it under their own terms or the state's term. There are places in the state that need money to create wealth. We can't do anything until we generate the first dollar. If we continue to place money in hands of people who can self governance we are taking them away from those who can't.

- Hope the commission has courage to recognize NPRA North Slope era, Kuparak era now NPRA era. Courage to recognize state and federal law and make sure money flows to all of Alaska not just NS borough.

- There should be some recognition that the current structure of Congress keeps the access to federal resources available but that is going to change. That cliff got closer when Young told the U.S. to kiss his ear. Rep Coghill and Wilken analyzed federal spending. In 2004, 60% total state and federal 10.6 billion was federal. Take out military, state's money (GF) and federal money is equal and 20% permanent fund. The point we are going to be forcefully and painfully weaned away from federal money.

- We all should recognize and appreciate is what the commission is doing is about he next generation and it requires some tough love. We need to figure out a way to have a soft landing. The state needs to move ahead but not at the expense of local economies.

We are caught up on $1.5 billion sitting on the table as a proposed surplus. Two years ago break even was based on $34 a barrel, last year it was based at $42 a barrel and today it would take $54 a barrel. He encouraged restraint. Don't throw your money at our problems.

Stevens asked what do we do when those who can pay continue to refuse to pay? Sen. Wilken has watched Delta move toward organizing the borough. When it goes to a vote and gets voted down 49 to 51, the state needs to step in and form a method for taxation and make Delta residents pay for their schools. You have to base decisions on what is set forth in the constitution and what benefits the state as a whole.

Stevens thinks there needs to be a way for people to write a check to pay for education and be a part of the decisions to be made about education so they have to generate revenue and create some level of self-governance.

Scott: What sort of revenue program would be palatable to the legislature. Sen. Wilken doubts this legislature would go back to revenue sharing, as we know it. It is not prepared to support a municipal dividend based on head count without other provisions added. He is supportive of using permanent fund earning. If you surveyed people without disclosing their names, you would find a surprising number of people in the legislature ready to spend the earnings.

Marvin: Criticism of a local governments being tied to resources, the truth is the state is tied to one resource. Commend Delta by dealing with Pogo, but if they form a borough it is going to have to be longer than ten years they want the agreement for. Wilken doesn't buy the ten-year-mine life theory. He doesn't think the future should shirk us away from moving ahead with self-governance. Alaska is a resource state and we'd better use it well to the benefit of all. A part of that benefit is self-governance.

Rep. Reggie Joule, public comment.

Don't rob Peter to pay Paul with NPRA. NPRA was set up by Congress to help people who were impacted. The state has not contributed to these impacted communities.

One unfortunate truth most of the rural Alaska has gone to the federal government because Alaska didn't step up to the plate. The state at the legislative level chose not to make monies available in certain areas so they went to the federal government.

As you discuss local government, he was listening to Mike Black about the light borough and Marvin's question about relationship about tribes. The state has made a decision not to deal with tribes. If the state continues not to recognize tribes by implementing light boroughs that do not have to deal with tribes, there will be a problem. When you come from ignorance and fear you can't talk reason. The process has to be disseminated well so people feel inclusive not exclusive. Tap all resources, human and government.

As Reggie talked to Bill Allen, Reggie admits his left knee is connected to his elbow. As we strive for more independent government as we develop resources we must demand that human resources are developed as well. It's high fuel prices this year that deter progress and improvement of life, it will be something else next year.

Stevens asked Reggie for thoughts on revenue sharing. The state gets better than 85% of its revenues from rural Alaska. It's a travesty that the state is not sharing it with rural Alaska. He agrees with Wilken that it could come from the earnings reserve. He would not eliminate the personal dividend and he thinks there is enough money to do both the personal dividend and the municipal dividend. He talked to one community yesterday that might have 2,000 gallons of heating fuel left Without revenue sharing, communities are ordering smaller amounts at a time instead of buying a winter's supply. He is from a hub community and they're paying $4.65 a gallon for gasoline.

Stevens wants to know how to help cities that can't acquire an attorney to close up shop.

Arliss Sturgelewski thanked the committee for amount of dialogue and the positive tone of the discussions. Be cautious not to deter an area's ability to become self-governing. A government close to the people is the government our constitution wants. She likes the "light borough" concept because it gives smaller units a voice in the decisions

Lunch break

Kevin Ritchie Executive Director, Alaska Municipal League and Dave Talerico incoming President of AML

Two sides to look at:

Immediate short-term types of programs to involve small communities so there is a base for economic development.

For each $1 increase in a barrel of oil:
State treasury gets $60 million
Everybody else pays $20 million

As of 10/05 the price for gasoline:

Urban on the road – unleaded	$2.85
Rural – good port	$3.50
Bush-remote of river	$4.20 - $5.25 gallon

Massive impacts on government, business, and homeowners

Maximum local self-government is intent of constitution. Commission should keep focused on constitutional intent.

Scott Brandt Erichsen list
Kevin's list to achieve Maximum Local Self Government

- Sharing state oil revenue (not raise local taxes or deprive Alaskans of critical public services.)
- Develop local administrative capacity – constitutional "Local Government Agency"
- Develop real incentives to organize self-governing boroughs. Eg. Community dividend or borough endowment
- Defeat bills that reduce local decision-making or revenue generation. (eg. Mining bill pre-emption of local taxation of mining industry, SB 179/HB 280)

- Uniform state regional service delivery in the unorganized borough with maximum local participation

  Different departments have different geographical regions for delivery of services. We have to have a regional approach to handle the small projects.

  Two reasons for failure of local government:

- Not enough resources
- Lack of administrative capacity

  In a small community they have to fill out the same paperwork for federal grants as New York City. If someone moves on with these skills, there may not be anyone to replace them.

Formulas to share revenue:

1. Goals

- Accountability
- Meet local needs/ equity
- Local empowerment

  Encourage local service provisions
  Encourage local revenue generation
  Long term/permanent source
  Strengthen local administrative capacity

2. Source of funds

- Community dividend (Rep Moses bill
- General Fund or CBR

3. Source of funds:

- Community Dividend (Rep Moses bill, or excess earnings of PF or endowment with current excess oil revenues)
- General fund or CBR

Base funding required:

- Due to the lack of a local tax base in most small communities, there simply must be a base funding to allow small communities to support basic administration

- For example, Rep. Rokeberg's bill to share $50,000 per communityFormulas

  Formulas to share revenue $ Base + formula

- $ for services (1969 formula for revenue sharing worked for 11 years
  - eg. $25 per capita for police
- Local revenue/local tax base X population (1980 "tax equalization" formula)
  - If tax effort is equal to capacity = 1
  - Tax effort lower = fraction of one
  - Tax effort higher " more than one
- Per capita (1980 municipal Assistance) in existence until a couple of years ago.
- Match local sales tax or other form of local tax (with minimum per % say $12,000)

Stevens asked Kevin Ritchie about match to local tax. Many communities have a sales tax but don't have a lot of sales, so tax brings in $10,000 to $15,000 not enough to fund government. Stevens said Kodiak would benefit not the smaller villages around Kodiak because there aren't stores and they have to buy groceries and goods in Kodiak.

Stevens wanted to know what short-term solution would help small communities considering that Senator Wilken is in an important position to determine what gets passed.

Dave was fascinated with Bill Allen's concept of working from the bottom up and also likes light borough concept. Is reluctant to create new municipalities when we are seeing existing municipalities growing out of business. Need to concentrate on getting failing municipalities back on their feet. He agrees with Gary about assembly members being elected as he too was appointed, like Gary and had people say you weren't elected. Dave has grandchildren and is big fan of western and northern Alaska. As structures fail, it is not a good thing to the State of Alaska to force them to go to the federal government or the tribal source of funds.

Dave sees the community dividend as a way to save communities and get them on their feet so Bill Allen's concept can be implemented.

Kevin said maybe one of the new features of the community dividend could be the regional concept. The real solution is jobs in rural Alaska. You have to have a government to get there. While they talk about unorganized boroughs there is only one unorganized borough, state government.

Bill Thomas wanted to know why AML didn't support the people voting on whether to go into the earnings reserve. Dave said the average household income in Denali Borough is $76,000, but the PFD is the most important check. Bill thinks people may vote for it if it could lower mil rates.

Woody wanted to know if Kevin would include tribal governments. Kevin said you have to include the tribal government because in many places that is one-half of the local government. Coghill said he doesn't know if he wants to have government to government relationship with the tribal government. We have to be really careful to have government to government relationship in Title 28 with tribal councils.

Woody said there are places where the tribe is the only form of government. Whether you like it or not sooner or later you are going to have to include the people. The tribe is the people in rural Alaska. He'd like to see the mayor of New York solve the problems in Nulato. Chalkytsak does not have a city government. School districts are good example of how regional government does not work. He was on the city council of Ft Yukon for two years. The big city, Ft. Yukon, gets everything and the small villages get scraps. In old revenue sharing, Klawock got money Bill Thomas commented. The oil line is owned by the people and no one should be left out.

Gary Stevens said he does not understand why Woody Salmon is cutting up the process bringing the tribal government into the picture.

Kevin said in most cases it is the same people who serve the city and the tribal council. Stevens said he wants the committee to get along and hollering is only going to make enemies.

Salmon said this is why we have the urban rural divide. What are we getting in rural Alaska? Where is our police protection? Coghill said the regional education areas should be looked at and if it is true that people aren't being represented properly then we need to rethink it. Committed to getting the history of REAA's. Gave an area to local authority to provide education but didn't give them the authority to find funding for education. If they have not been good representatives of education polices why would we think they would be good representatives of other services.

Marvin said he thinks the state will have to fund bandaids for a couple of years.

Kevin Ritchie's quoting Stevens saying perfect solution would insure nothing is done. Revenue sharing is really a critical issue. Especially in times when high oil prices impact the Alaskan people and economy, the state should share the surplus with the communities of the state. AML will support the committees concepts and legislation. The long-term concept of the light borough with population distribution of funding can be supported.

Bill Thomas talked about a raw-fish tax. And how it goes back to the communities that generate the revenues. How do you get the money back to the people impacted Anchorage or Fairbanks. Rural communities should get four to one monies. The rural communities have generated the revenue and Bubba from Texas gets the jobs at the expense of the local workforce.

Coghill said the administrative costs are a major concern of forming light boroughs. It wouldn't be a bad idea if we look at administrative costs under the old program. Give the municipalities a windfall time to reinvigorate their government and what they are going to do to develop a stable

economy. We have to produce our way out of it; we can't spend our way out of it. They have assets and they need to use their assets. He said he hasn't heard what their capacity to produce is. He would like to see recommendation that there has to be an identification of the resources to be developed, the impediments to development, and solution on the table for the economy.

Dave appreciates the time and energy the committee is putting in and thinks what the committee is very important. Kevin said this is not a simple job and AML will support what they put out.

Woodie said community dividend bills in CR & A Moses, Kapsner, and Rokeberg leave out 72 villages because they are not organized. Moses does pay. Stevens said they need a hybrid bill to solve the problem.

Update on legislative solutions (Gov./Rural Energy Action Council)
Mary Kapsner thinks we need to deal with worse situations in rural Alaska. Urban areas have miscalculated their $585,000 their fuel needs with the increase of fuel oil prices. Marine Highway system has asked for supplemental. This isn't anything that one group or any person created. She thinks Gov Murkowski and legislators who voted to eliminate the revenue sharing and municipal assistance are to blame for the situation. She hoped the committee would see it as a given for expansion of PCE and energy problem. Expand to snowmachine gas, electricity, and heat. If we all benefited from 9 cent a KWH power Napakaque 64 cents KWH with PCE credit. The Powerstat system – prepaid power system is being brought into villages. AVEC has a remote switch where they cut them off from Anchorage. AML provided an energy survey. Told Dave Donaldson that was the good picture because they had a fax to receive survey and answer it. Last year received $6.145 million in supplemental from governor that some villages are still living on. It would have been better if they could use it for telephone bills, electricity, PERS/TRS. Suggests this year's supplemental is worded broader to include all utilities. Communities that were no longer were incorporated did not qualify.

Stevens said Wilken talked about "tough love" and the fact that Ted isn't going to be around forever.

Kapsner said there needs to be equal love. There is a perception that rural employees are irresponsible or lack of capability. That's not a fair assessment. Many local people are working for free.

- Fuel assistance program framed after PCE.
- Impose a fuel tax waiver program
- Energy rebate – when the state receives a bonus from higher per barrel price, consumers get a rebate

Bill Thomas go out fishing for three days costs $500 for fuel alone. Fishing plants are going to shut down. Haines pays 15 cents a KWH on hydroelectric plant. Cheaper to heat with

electric than with fuel oil. Passed out oil price comparisons. Was pleased Nels Anderson called task force Action Council but there have been no actions.

Handout includes recommendations of the Governor's 2005 Rural Energy Action Council.

- Fully fund the PCE Program
- Front-load the PCE endowment
- Create bulk fuel operator technical assistance program
- Including downstream tanks and pipes into upgrades
- Support the creation of regional bulk fuel cooperatives
- Enable single and cooperative applicants to receive higher loan limits for the bulk fuel revolving loan program
- Improve power plant operational efficiencies and remote capabilities
- Increase support for alternative energy systems, such as coal, instream, wind and gas projects'Accelerate renewable energy programs and implement energy conservation measures
- Continue Low Income Home Energy Assistance Program (LIHEAP) funding and programs

A lot of communities not have the capacity to buy a year's worth of fuel oil at one time.

People want the $19 billion surplus to go into corpus and the CBR. Bill Thomas said we need to forward fund education. Not a fan of POMV.

Dave said he has asked it's $31 billion, when will it be big enough to allow us to use it for government. The answer is there will never be enough for most people to agree to using the corpus for government.

Review of Legislative options: current legislation, ideas for legislation

Gary Stevens said forward funding and transportation revolving fund.

Gary Stevens would like to see the Commission bring forward recommendations for:

- Legislation to help for dissolution
- Revenue sharing
- Light boundary
- Make sure that those who can afford to organize will be organized – toss the carrot and if they don't bite force them to organize without the carrot.

Woodie Salmon:

Borough is good concept if you have the population and the economy. On the other hand in rural areas you don't have the population your back into the situation with the city that failed, the borough will fail too. He totally disagrees with the light borough concept. He doesn't think anyone including Delta should be forced to become a borough. Unorganized areas should share with revenue sharing.

Lisa Von Bargen:

She is more concerned with sustainability being addressed than figure a delivery mechanism for services or a new form of government. Makes sure the incentives are not disincentives. She doesn't want to see existing communities running good punished by losing their revenues.

Scott Brandt-Erichsen:

- Orderly dissolution
- Revenue sharing
- What characteristics of previous system were unfair

North Slope Borough gets lots of revenue. North Slope Borough may not have the need but western Alaska has the needs. Eight light boroughs would get $1.3 million. Light borough what should be provided. Basic services identified are public safety, roads, administrative function, water and sewer, and landfill. A regional government could provide high level of grant writing skills and public works expert. It does not address education funding. If there is nothing done to address the split between those who tax themselves and those who don't we are still going to have a problem.

John Coghill:

When you talk about government you talk about people being able to decide how they live. When it comes to government services people want we need to pay for them. It is fair to share resources when we have the resources to share. How do we get to the place where people get an incentive for people to serve themselves. Where he comes from people don't want government. If he wants his kids education he would take money out of pocket and educate them. That's what he did. He likes the incentive method. Create another form of local government that provides only education with incentives. Need a solid, practical, maintainable, doable without creating another tier. Home rule gives best possibility of obtaining that. If you want to work with tribal entities home rule is the best way to do that. Looking at what is on the table already instead of creating another form of government might be the right answer. Basic service of government is administering. Light power and water should be born by the people of the area. He is going to stay to the structural side of it. Don't let the perfect get into the way of the doable.

Marvin Yoder:

- At some point, Alaskans need to decide what services state government is responsible for providing.

- If government is responsible to do certain things are they responsible to provide it directly or indirectly through local government. Instead of putting a trooper in every community provide funding for the local community to provide law enforcement.

- It makes sense for a public works director to be responsible for more than one community to provide licenses or give expertise to communities in a regional government

- On long-term basis there has to be a method of providing revenue to communities that is not tied to an annual budget appropriation. Community dividend would be great.

Representative Thomas:

- Incentive for boroughs
- Legislative process takes one year to react-that's why he likes the idea of using earnings reserve
- Get rid of senior citizen tax exemption – Haines 47% of homeowners have tax-exemption. Seniors vote on bonding propositions and don't pay taxes. Have a 10 mil cap. New school bond is 2.4 mil.

Adjourn

Next meeting will be in Anchorage November 11th during the Alaska Municipal League, which is Nov 9 –11 at Hilton in Anchorage. Thomas suggested the meeting be split into two days so there is minimal on AML. At 3:00 p.m. on the 10th AML is holding a broad meeting on revenue sharing and community dividend. Meeting in January on Friday the sixth in Juneau. Be prepared to stay over into Saturday.

Advisory Commission on Local Government
October 21, 2005
Scott Brandt-Erichsen

In looking at the commission's charge I have been thinking about how our work might be organized so as to reach our designated objective of delivering findings and appropriate legislative proposals by January 15, 2006. The commission duties include reviewing prior work on these issues and looking at the relationship and roles of the State and local governments. Much of the focus is on the financial relationship and the provision of local government services in those parts of the state which are either economically disadvantaged or in the unorganized Borough or both.

With these thoughts in mind, I believe that the commission needs to have some sort of framework or roadmap for dealing with the issues raised if we are to accomplish the desired goal of making specific recommendations. I believe that a good way to do this (I acknowledge that it is not the only way or necessarily the best way), is to identify specific goals which we can agree on that recommended legislation should achieve, and then to look at the tools we have available and determine which combinations of tools is most likely to achieve the stated goals. The goals are statements of the public policy objectives we would be identifying with our findings.

The following information is something I have put together for discussion purposes. I have started trying to organize some points regarding both the goals which any legislation we recommend might be designed to achieve and the tools or components which might be included in a package of legislation. The goals may need additions or deletions, and not all tools listed would be needed or wanted, but most have been mentioned in the course of past debate on these issues. I believe that if we are able to focus our discussion in this way we can identify pros and cons of specific legislative proposals and perhaps narrow down the possible approaches into a recommended approach. Please circulate this for consideration by the commission.

Draft Goals

- The State should provide the tools to allow for sufficient funding of a basic level of local pubic services across the state through legislation enabling local taxes and fees and through direct fund transfers to local governments.
- The State should adopt legislation which requires all residents of the state to contribute some equitable amount towards paying for the costs of basic local services.
- The State should adopt legislation requiring all residents of the state to contribute some equitable amount towards paying for the costs of educational services.
- The State should adopt legislation which provides an orderly procedure for transitions as may be appropriate to a given area for 1) formation of administrative units in the unorganized Borough; 2) transition from administrative units of the unorganized Borough to an organized Borough; 3) dissolution of cities; and 4) transfer of assets essential to basic public services from dissolved or non-functioning cities to successor entities.
- The State should adopt legislation which would allow local Boroughs or administrative units of the unorganized Borough to incorporate interaction with traditional local groups such as tribal entities for the provision of local public services.
- Any legislation which would implement a significant change which decreases existing revenues relied upon by communities or significantly increases cost burdens on communities should be designed to be phased in to allow for a transitional period.

Tools

- Legislation placing all areas on the state in Boroughs – Mandatory Boroughs
- Legislation establishing administrative units within the unorganized Borough, or smaller unorganized Boroughs, and giving those units certain powers and duties (related to standards for unorganized Borough, LBC 2005 p. 132-145).
- Administrative order doing the same with advisory "assemblies" (Kevin Ritchie draft Executive order).
- Require contribution to education in some form from the unorganized Borough (LBC 2005 p. 115-122).
  1. 4 mill minimum (current standard for education)
  2. Revenue target (whether from sales tax property tax or other sources) adjusted in relation to per capita income as compared to a standard
  3. Revenue target
- Legislation to funnel any financial assistance only through Boroughs or administrative units of the unorganized Borough (maybe phase in over a 2-3 year period) (LBC 2005 p. 123-124) .
  1. Timber receipts (LBC 2005 p. 129)
  2. Shared Fisheries tax (LBC 2005 p. 131)
  3. Funding for REAA's
  4. Funding to City School districts
- Legislation to provide additional entitlement lands or payment in lieu of lands in connection with Borough annexations (LBC 2005 p. 128-129).
- Change the treatment of pipeline property with respect to borough property taxes (LBC 2005 p. 126).
- Village Safe Water program and similar grants limited so that they are only given through Boroughs.
- A revenue sharing program which provides funds only through Boroughs or administrative units of the unorganized Borough.
- A revenue sharing program tied to specific local services (e.g. public safety, roads, health and sanitation, school contributions).
- Establish an endowment for revenue sharing.
- Establish a format for home rule unorganized Boroughs.
- Legislation to require a municipal fiscal note as a means to draw attention to the impacts on Municipalities of state legislation.
- Don't decrease a city's share of revenue sharing if they are in a Borough.
- Take a percentage of any aid to municipalities and earmark it for Borough functions such as areawide planning and economic development and require regional committees to determine spending priorities for affected projects (i.e. use a program like the RAC's for the 15% of the timber receipts which are restricted to trails and such).
- Direct grant incentives for Borough formation.
- Mandate the consolidation of REAA's into districts organized into administrative units of the unorganized Borough.

OPTIONS FOR A NEW TYPE OF ORGANIZED BOROUGH

Presented to the Advisory Commission on Local Government by
The Alaska Department of Commerce, Community, and Economic Development
Division of Community Advocacy
October 2005

I. Legislature Determines Borough Classifications and Functions.

Alaska's Constitution does not specify the types of boroughs or their functions. Instead, the Alaska Legislature has a duty under the Constitution to establish classifications, powers, and functions of organized boroughs. Article X, Section 3 of Alaska's Constitution provides in relevant part that, "The legislature shall classify boroughs and prescribe their powers and functions."

II. Five Classes of Organized Boroughs Have Been Established; Existing Boroughs Fall into Three of Those Classifications.

Current classifications of organized boroughs and the classifications of the 16 existing organized boroughs are listed below.[1]

CLASSIFICATION	EXISTING ORGANIZED BOROUGHS
Home-Rule (unified)	▪ City and Borough of Juneau ▪ City and Borough of Sitka ▪ Municipality of Anchorage
Home-Rule (non-unified)	▪ North Slope Borough ▪ Northwest Arctic Borough ▪ Lake and Peninsula Borough ▪ Denali Borough ▪ City and Borough of Yakutat ▪ Haines Borough
First-Class (general law)	(none)
Second-Class (general law)	▪ Bristol Bay Borough ▪ Ketchikan Gateway Borough ▪ Kodiak Island Borough ▪ Fairbanks North Star Borough ▪ Matanuska-Susitna Borough ▪ Kenai Peninsula Borough ▪ Aleutians East Borough
Third-Class (general law)	(none)

[1] Unified and non-unified home-rule boroughs are characterized above as two distinct classifications of organized boroughs. This is done in recognition of the technical differences between the two types of boroughs and to address the widespread misunderstanding that a "unified municipality" (i.e., a unified home-rule borough) is a city government. Details regarding such are provided in *The Nature of a Unified Municipality in Alaska*, Local Boundary Commission Staff, August 2004.

III. State Law Imposes Identical Fundamental Areawide Duties on All Existing Organized Boroughs.

State law requires that each existing organized borough exercise only three fundamental duties. Those must be exercised on an "areawide" basis (i.e., throughout the borough).[2] Those three duties are:

FUNDAMENTAL AREAWIDE DUTY	STATUTE IMPOSING DUTY
1. Establish, maintain, and operate a system of public schools as provided in AS 14.14.060	AS 29.35.160
2. Assess and collect property, sales, and use taxes that are levied in the borough's boundaries, subject to AS 29.45	AS 29.35.170
3. Provide for planning, platting, and land use regulation (general law boroughs must do so in accordance with AS 29.40; home-rule boroughs need not follow AS 29.40).	AS 29.35.180

IV. Many Discretionary (Non-Mandatory) Powers are Available to Boroughs.

Beyond the mandatory duties noted above, organized boroughs may (in some cases subject to voter approval) exercise a full range of public services within any of three formally defined geographic areas of the boroughs.

Those geographic areas are (1) "areawide" (i.e., throughout the entire borough); (2) "nonareawide" (i.e., in the area of the borough outside of the boundaries of city governments); or (3) "service area" (i.e., some portion of the borough other than the areawide or nonareawide portions that is specifically defined by the borough ordinance creating the particular service area).

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[2] Not included in the above discussion are numerous general duties of organized boroughs, many of which apply to city governments as well. Five such examples are the requirement to (1) cooperate with the Alaska Department of Corrections in establishing and maintaining an automated victim notification system required under AS 12.61.050; (2) adopt a conflict of interest ordinance (AS 29.20.010); (3) determine the composition and form of representation of the assembly (AS 29.20.070); (4) prepare a journal of the official proceedings of the assembly (AS 29.20.160); and (5) prepare an annual independent audit of the accounts and financial transactions.

V. Alaska Previously Experimented with a "Light Borough" Option.

Following three unsuccessful attempts to incorporate a first-class or second-class borough in the greater Haines region, the 1968 Legislature provided for a new type of borough – a third-class borough. An ensuing fourth attempt to incorporate a Haines Borough – this time as a third-class borough – was successful.

The third-class borough was distinct from other organized boroughs in that its duties were limited to areawide education and tax assessment and collection. Moreover, third-class boroughs were prohibited by law from exercising any power other than education and tax assessment/collection on an areawide basis (AS 29.35.220(b)). Third-class boroughs could, with voter approval, exercise other powers within a service area (AS 29.35.220(d)).[3]

Thus, unless voters authorized a third-class borough to take on additional functions within service areas, it was nothing more than an areawide school district with taxing powers.

The experiment with the third-class borough option met with limited success. In practice, the education power of the third-class borough was interpreted very broadly to include functions well beyond the traditional role of school districts. Under its broadly construed education powers, the third-class Haines Borough operated a cultural facility center, public museum, and public library. It even funded the promotion of tourism. Additionally, the legal restrictions on areawide and nonareawide powers of third-class boroughs could be readily circumvented through the creative drawing of service area boundaries.[4]

Moreover, the third-class borough option failed to overcome borough incorporation disincentives in any other unorganized area of Alaska. From 1968 to 1985, no unorganized region other than Haines took advantage of the third-

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[3] Third-class boroughs were later permitted to exercise a single power on a nonareawide basis (i.e., contain, clean up, or prevent the release of hazardous substances).

[4] As noted above, a service area is some geographic area of the borough that is less than the entire borough. Nonetheless, a third-class borough could, in effect, exercise an areawide power by simply creating, subject to voter approval, a service area encompassing all inhabited and taxable territory and activities within the borough. For example, such a service area might be drawn to encompass the entire borough with the exception of the peak of the highest mountain in the borough.

The borough could, in effect, exercise nonareawide services through similar creative drawing of service area boundaries.

class borough option. The 1985 Alaska Legislature ended the option for incorporation of new third-class boroughs (AS 29.05.031(b)).[5]

VI. Options for a New Type of "Light Borough."

There are almost boundless options for a new type of borough government. However, the lack of enthusiasm for a borough that could be nothing more than an areawide school district with taxing powers reflects the extent to which responsibility for education appears to be a deterrent to borough incorporation.[6]

The Department of Commerce, Community, and Economic Development suggests an alternative approach. The suggested alternative is one that fulfills the need for the following functions on a regional basis:

(1) Receive, review, and provide written comments and recommendations with respect to proposed capital improvements and agency programs and services that involve legislative appropriations and that affect the people and resources of the borough.

(2) Serve as a clearinghouse for information, data, and other materials that may be helpful or necessary to government entities in the discharge of their responsibilities or in obtaining technical or financial assistance.

(3) Prepare and maintain a regional planning report that establishes goals for the borough; assesses and reports the needs of residents of the borough; and analyzes alternative ways of meeting the needs of the residents of the borough.

If the duties of a new type of borough were limited to the three essential functions listed above, and if the State provided a modest amount of general financial aid for each borough, arguments about the fiscal viability of new boroughs would seem to be eliminated.

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[5] The Haines Borough was not required to reclassify under the 1985 law. However, in 2002, voters in the Haines Borough adopted a home-rule charter, thus eliminating Alaska's only third-class borough.

[6] A 1984 study by the Institute of Social and Economic Research noted public policy makers have long recognized that, "School district officials [in the unorganized borough] wanted to avoid loss of autonomy . . . and Alaskans living outside cities and school districts wanted to preserve their tax-free status while receiving school and other state services." *Alaska's Urban and Rural Governments*, p. 43.

To deal with legitimate and long-standing public policy concerns over equity,[7] and to promote efficiencies in the delivery of essential public services,[8] some provision should be made for transition from the new type of borough to more traditional forms of borough government. One approach to such could be to reinstate a State revenue sharing program for all boroughs (not just the new type of borough) based on services provided (e.g., education, planning, taxation, police, fire protection, road maintenance, etc.). That approach was discussed at the Commission's September 1, 2005 meeting.

Another approach could be to require a borough to reclassify when the area within its boundaries reaches a particular threshold. Thresholds might relate to per capita value of taxable property, per capita income, or other relevant and objective criteria.

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[7] For example, more than 80 percent of Alaskans live in boroughs that were formed by legislative mandate more than four decades ago. Residents of those boroughs have had no choice in whether their boroughs incorporated or whether they operate areawide school districts. Moreover, boroughs receive millions of dollars less each year in State aid for schools as a result of the local contribution of 4-mill/45 percent of basic need as set out in AS 14.17.410(b)(2).

[8] For example, to increase the quality of education in school districts with fewer students, some legislators have long advocated consolidation of small school districts. School districts in the unorganized borough comprise about 70 percent of all school districts in Alaska. About 40 percent of the school districts in the unorganized borough have fewer than 250 students. In 1986, the Legislature enacted a law (AS 14.12.025) prohibiting the formation of new school districts with fewer than 250 students (barring a best interest determination). However, existing small districts were not required to consolidate.

A majority of the school districts in the unorganized borough have difficulty meeting a 1998 State law (AS 14.17.520) that requires each school district to spend a minimum of 70 percent for instruction. If a district is unable to comply "due to circumstances beyond the control of the district," the State Board of Education and Early Development may grant a waiver. For the most recent year on record, the State Board granted waivers to more than two-thirds of the school districts in the unorganized borough.

Summary of Proposed Deltana Borough

Background

The Delta Borough area has roughly 5,000 residents. There is one local government-City of Delta Junction-with about 900 residents. City services include library, recreation, landfill, airport, road maintenance, cemetery and volunteer Fire/EMS/Ambulance. The Delta-Greely REAA provides educational services. Platting and planning in the area outside the city are conducted by the state of Alaska. There are no local taxes.

Internal

Growth-Population and Employment

1. Build up of Ft. Greely-Placement of Missile System at site
2. Construction and eventual operation of Pogo Mine by Teck-Pogo
3. Increase in Slavic population

External

1. State Administration/Local Boundary Commission Action
    a. Model Borough Boundaries for the unorganized borough include the Delta area with the Alaska Gateway REAA (Tok).
    b. Recent analysis of areas that minimally met the LBC incorporation standards included Delta/Tok area

2. Legislative efforts to mandate borough formation (SJR 12).

3. Interest by Fairbanks North Star Borough to annex adjacent area including Teck-Pogo mining district.

City Response

1. City appointed a Deltana Borough Charter Commission of nine members with the task of writing a charter and incorporation petition and submitting it to the LBC to allow for a vote on borough incorporation. Members represented different local interest groups and geographic areas in the region. Most members reside outside of the city boundaries.

Deltana Borough Charter Commission

1. Commission developed a charter and petition that entails the following key points.

    a. The new borough will be a unified homerule borough in which there shall only be one local government. The assets and liabilities of the City of Delta Junction will be assumed by the borough. The new borough will assume education and planning powers along with the current powers and services of the City of Delta Junction.
    b. The boundaries shall be those of the Delta-Greely REAA.
    c. Local revenues shall include a 3% fuel tax and 10% energy tax along with the Teck-Pogo PILT agreement
    d. All Assembly and School Board seats shall be elected at large.
    e. Assembly with the Mayor's concurrence call appoint a borough administrator.

Teck-Pogo Agreement

Listed below are the key points to the Teck-Pogo Agreement

1. Agreement would be with the City of Delta Junction and would be assumed by the borough upon borough formation.
2. 10 year term
3. If no borough is organized by 12.31.08, the agreement would terminate
4. Payment schedule by Teck-Pogo
    a. 2005-$500,000 to City
    b. 2006 $500,000 to City or Borough
    c. 2007 $1,000,000 to City or Borough
    d. If payments b and c are made subsequent to any negative public vote ½ goes to City and ½ retained by Teck-Pogo.
    e. 2008 and each year after annual payment of $2 million or 10 mills on value of Teck-Pogo property, which ever is more.
    f. Contribution by Teck-Pogo for bonded capital cost not exceed $350,000 annually. Payments by Teck-Pogo may go to 2020. Teck-Pogo contribution for G.O. Bonds requires local contribution as well

5. Ballot on revenue issue shall be designed as one vote. Entire package has to be approved by voters.