

396 SCRA HB 941 - MUNICIPALITY OF ANCHORAGE

II. Legal Issues

Three major legal issues are involved in the litigation:

A. Which State agency first obtained jurisdiction over the subject property?

Under AS 38.05.030(b), all lands assigned by the Division of Lands to the Department of Highways are required to be returned to the Division of Lands when no longer needed by the Department of Highways. It is therefore important to determine whether the subject property constitutes property assigned by the Division of Lands to the Department of Highways. It is the State's position in the lawsuit that the subject property first came within the jurisdiction of the Division of Lands for the reason that AS 37.20.030(b) provides all Omnibus lands received from the federal government fall within the jurisdiction of the Department of Natural Resources.

The Municipality has taken the position that the property first came within the jurisdiction of the predecessor of the Department of Highways under AS 37.20.030(c), which provides that all public buildings accepted from the federal government under the Omnibus Act are subject to the jurisdiction of the Department of Public Works. Given the fact that the 1974 appraisal of the subject property found the buildings to be of no value while the land was valued in excess of \$1,000,000, we believe the Municipality's assertion that public buildings, and not land, are at issue has no basis in fact.

B. Whether the Commissioner of the Department of Highways possessed the authority to sell State property of the type at issue?

The State has taken the position that even if the subject property is found to have first come within the jurisdiction of the predecessor of the Department of Highways, the Commissioner of the Department of Highways had no authority to sell the property, based upon AS 38.05.030(d) which specifically mandates that the Department of Highways turn over to the Division of Lands jurisdiction over all property it no longer needs except for property acquired by eminent domain or purchase. The subject land not having been acquired by eminent domain or purchase, the Commissioner of the Department of Highways had no choice but to turn the land over to the Division of Lands when it was no longer needed by his Department.

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The Municipality has argued that under AS 19.05.070, the Commissioner of the Department of Highways had the authority to dispose of the property for it constituted property "no longer necessary for highway purposes." Again, in the State's view the Municipality's argument is without merit. What AS 19.05.070 was intended to do was to authorize the Commissioner of the Department of Highways to dispose of essentially remnant pieces of property. For example, if the Department of Highways had condemned a portion of property only to find after construction of the highway that a small piece of the property was unnecessarily condemned, the Department under AS 19.05.070 could return the land to its prior owner or an adjacent landowner or sell the land outright. This interpretation is borne out by the committee report on Ch. 35 SLA 1971 which appears at 1971 House Journal, page 776.

If the court were to side with the Municipality, the result would be an ad hoc land acquisition and land disposal system for the State with various departments acting as entirely independent entities in purchasing and disposing of property. What the State has sought from the court is a determination that there exists but one department responsible for disposing of all State property and that department is the Department of Natural Resources. We believe this is what the Legislature intended when it enacted AS 38.05 et seq., the Alaska Land Act, which states at AS 38.05.035(a)(7) that the Director of the Division of Lands is to have jurisdiction over all State lands.

C. Whether there was adequate public notice prior to entrance into the lease-purchase agreement?

Article VIII, Section 10, of Alaska's Constitution provides:

No disposals or leases of State lands, or interests therein, shall be made without prior public notice and other safeguards of the public interest as may be prescribed by law.

The only notice given prior to the signing of the lease-purchase agreement was the listing of the lease-purchase agreement as one of at least nineteen agenda items to be considered at an Anchorage City Assembly meeting. It is

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the State's view that the constitutionally required public notice means more than the mention of the transaction on a City Assembly agenda. It is just not reasonable to expect citizens to look to the agenda of an Anchorage City Assembly meeting to determine what is happening with the public's property.

The above is a succinct summary of the case and only briefly addresses the major legal issues. The facts of the case make it apparent that the Municipality of Anchorage saw a good deal and took it. And they did so with full knowledge that the Attorney General's office considered the transaction to be illegal. The arguments presented to the court by the Municipality are nothing more than attempts to justify ex post facto the Municipality's prior misconduct. Any ratification of the lease-purchase agreement would allow the Municipality to retain its outrageous bargain at the expense of the State and the public. It would also mean that two years of effort by the Department of Law have been wasted.

Sincerely,

AVRUM M. GROSS
ATTORNEY GENERAL

By:
Richard M. Burnham
Assistant Attorney General

RMB/bl

Municipality of Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 274 2525

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MUNICIPAL ATTORNEY

April 5, 1978

Senator Joseph Orsini
Pouch V
Juneau, Alaska 99811

Dear Senator:

On November 14, 1974, the City of Anchorage and the State of Alaska entered into a Lease Purchase Agreement whereby the City leased from the State the industrial complex situated at the intersection of Third Avenue and Post Road in Anchorage. During territorial days, the complex was utilized as a maintenance and operations center for equipment for the Federal Bureau of Public Roads in Southeast Alaska. It was conveyed to the State of Alaska under the Omnibus Act of 1959 and was utilized as the Southcentral office and maintenance center of the Department of Highways and its predecessors until the Department moved to the new complex on Tudor Road in 1974. The Lease Purchase Agreement, which was negotiated at arm's length between the City and Commissioner Campbell between 1971 and 1974, provided that the City would pay the State rent of \$100,000.00 per year plus \$10,000.00 per year for the option to purchase. The term of the lease was to run for 10 years from August 14, 1974, and the purchase price, if the City chose to exercise the option, was to be \$1,000,000. Prior rent and option payments were to be credited to the purchase price. Since August, 1974, the former highway complex has been used by the City and, for a time after the unification in 1975, by the Municipality of Anchorage, as a central maintenance center for city vehicles and, more importantly, as the maintenance center for the People Mover--a mass transit system which serves the needs of half the population of Alaska. If disputes surrounding this property can be resolved, the Municipality intends to utilize the former highway complex as a satellite operations center for the People Mover.

Shortly after the present administration took office, the State announced its intention to repudiate the Lease Purchase Agreement. It has subsequently filed a lawsuit to have the Agreement declared null and void and to have the Municipality ejected from the premises. The suit alleges that the Commissioner of Highways lacked authority to enter into the Lease Purchase Agreement, that the Director of the Division of Lands was the only official who could execute such an agreement, that appropriate public notice was lacking, and that the

property was appraised six, rather than three months prior to the effective date of the Agreement. The matter is still pending before the courts.

During the course of negotiations the Commissioner of Highways repeatedly assured City officials that he had full authority to execute the Agreement. The property was appraised by the State in February, 1974, six months prior to initiation of the Lease in August, 1974. The appraised value was a little over \$1,000,000.00, approximately the purchase price set forth in the Agreement. Yearly rent paid to the State by the City is approximately 10% of the appraised value.

If the state succeeds in its efforts to have the Lease invalidated, the Municipality will need to seek new quarters for the property maintenance and operations center for the People Mover. The property values in downtown Anchorage have been escalating at approximately 2% per month since 1974 when the Agreement was executed, the cost of such relocation would be extremely oppressive to the taxpayers and highly disruptive to the financial structure of the mass transit system. The spectacle of the State seeking to interfere with the future growth of the Municipality's mass transit system through invalidation of the Lease becomes even more ridiculous when one considers that the State pays the Municipality \$857,710 a year in state revenue sharing to promote mass transit.

The State's suit is even more ridiculous when one considers the past history of cooperation between local government in Anchorage and the State concerning matters affecting the public interest. For many years, the City of Anchorage provided the street light systems for the portion of the State Highway system within the City at no cost to the State. The Municipality has continued to do so. The City of Anchorage has leased 8.7 acres of valuable land at Lake Spenard to the State as a site for the National Guard at a lease rate of \$1 a year for 102 years. In addition, the City leased the State Division of Aviation 21 acres of valuable land adjacent to the shore line of Lake Spenard at the nominal rate of \$1,800 a year.

Basis of the State's Challenge
to the Lease Purchase Agreement

The State contends that the Lease Purchase Agreement should be invalidated because the Commissioner of Highways lacked authority to execute it, that adequate public notice was not given, and that the property was appraised six months, rather than three months, prior to the effective date of the Agreement. The critical question is whether the Commissioner had such authority; unfortunately, that answer is masked in a bewildering tangle of statutes.

AS 38.05 (The Alaska Land Act) requires that most conveyances of state land be made by the Director of the Division of Lands, pursuant to the provisions of the Land Act. However, AS 38.05.030(B) of the

Alaska Land Act exempts certain conveyances by the Department of Highways from the procedural requirements of the Land Act. It provides:

(B) The provisions of this chapter do not apply to any power, duty or authority now or in the future granted to the Department of Public Works and the Department of Highways in the name of the state, to acquire, use, lease, dispose of, or exchange real property, or any interest in real property. Lands assigned by the Division of Lands to the Department of Public Works and the Department of Highways shall be returned to the management of the Division of Lands when they are no longer needed for the purposes assigned.

AS 38.05.030(d) provides:

(d) Real property acquired by, and under the management of, the agencies referred to in (a) and (b) of this section, which is no longer needed for its intended use, shall be returned to the jurisdiction of the Division of Lands, except that the Department of Highways may dispose of real property acquired by it under AS 19.05.040(2) and AS 19.05.080-19.05.120.

AS 19.05.070 gave the Commissioner of Highways the following powers to dispose of land:

19.05.070. Vacating and disposing of land and rights in land.

(a) The department may vacate land, or part of it, or rights in land acquired for highway purposes, by executing and filing a deed in the appropriate recording district. Upon filing, title to the vacated land or interest in land inures to the owners of the adjacent real property in the manner and proportion considered equitable by the commissioner and set out by him in the deed.

(b) If the department determines that land or rights in land acquired by the department are no longer necessary for highway purposes the department may:

(1) transfer the land or rights in land to the Department of Natural Resources for disposal, or

(2) sell, contract to sell, lease, or exchange land or rights in land according to terms, standards and conditions established by the commissioner.

(c) Proceeds received from disposal of land or rights in land as authorized by this section shall be credited to the

funds from which the purchase of the land was made originally. (§ 4 art IV title IV ch 152 SLA 1957; am § 4 ch 35 SLA 1971).

The key question is whether the highway complex was ever assigned to the Department of Highways by the Division of Lands. If there was an assignment, the property should be returned to the Division of Lands for conveyance. If not, the Commissioner of Highways had the authority to execute the Lease Purchase Agreement. The State concedes there was no express assignment by the Division of Lands; however, it argues that there was a constructive assignment by operation of law. Historically, the situation is very confused.

In 1959, the State received the highway complex from the United States under the Omnibus Act. Chapter 176 SLA 1959 provided that public lands were to fall into the jurisdiction of the Division of Lands or its successor and all public buildings were to be placed under the jurisdiction of the Alaska Highway and Public Works Department or its successor. In 1974 the Department of Highways was a direct successor in interest to the Alaska Highway and Public Works Department, being created from the Public Works Department by Executive Order No. 23 in 1962. The latter vested the Department of Highways with all highway powers and responsibilities formerly exercised by the previous department. The highway complex was used as the Anchorage headquarters for the Department until 1973. These factors indicate that the Commissioner of Highways had authority to execute the Lease Purchase Agreement, but it will probably take a Supreme Court ruling a year or two hence to decide the matter finally.

Public notice of the transaction was given in the Anchorage Daily Times concerning Anchorage City Council consideration of the Lease Purchase Agreement although it was not formally given by the State. If the transaction is not covered by the Alaska Land Act, as discussed above, Alaska Statutes did not require public notice.

The property was appraised by the State by Paul M. Dirksen in February, 1974, some six months prior to August 14, 1974, the date of the Agreement. The State alleges that the transaction is invalid because the appraisal was made six, rather than three months, prior to the effective date.

If the Agreement is invalidated as a consequence of lack of notice and deficiencies in appraisal, title to hundreds, if not thousands, of other land conveyances by the State could be affected. I have enclosed a copy of an Affidavit of Dale Tubbs, formerly of the Division of Lands, which indicates the effect that invalidation of this conveyance for want of notice and appraisal would have upon other conveyances if the same standards were applied.

Appropriate Remedy

The Municipality believes the Commissioner of Highways had authority to execute the Lease Purchase Agreement and that it was an entirely proper conveyance. However, because of the State's challenge, the issue will probably not be resolved for at least another year or two because of litigation. In the meantime, the future of the State's largest mass transit system is cast into doubt because of the hopeless ambiguity of statutes concerning the authority of the Commissioner of Highways to make the conveyance. The Municipality has put many thousands of dollars into improving the property to keep the building habitable and in conformity with OSHA standards. The Municipality believes that because of the confused statutory situation and because of the State's commitment to improving mass transit in urban Alaska, that the Legislature should resolve this impasse by enacting a bill doing two things:

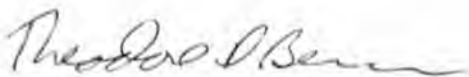
1. Ratifying the actions of the Commissioner of Highways in executing the Lease Purchase Agreement;
2. Directing the Commissioner of Natural Resources and the Director of the Division of Lands to approve the Lease Purchase Agreement as a conveyance to another government entity pursuant to AS 38.05.315(A). The following provision allows the Director of the Division of Lands to convey or lease to another government body for less than fair market value and without auction.

Such legislative action has been used frequently in the past. Examples are Chapter 144 SLA 1961; Chapter 20 SLA 1962; Chapter 54, SLA 1962; and Chapter 92, SLA 1965, copies of which are enclosed.

I have enclosed a copy of the draft bill which probably accomplishes these things. There is no pride in authorship, so please feel free to rework the draft as you see fit.

Thank you for considering this matter. Speedy resolution of the dispute could end an unseemly battle between government entities at the taxpayers' expense and remove a cloud from the future of mass transit in Anchorage.

Sincerely yours,



Theodore D. Berns
Municipal Attorney

TDB/ckb

cc Rep Rudd

SCR

125



Official Business

Alaska State Legislature

Senate

Committee on

Community & Regional Affairs

June 9, 1978

Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

Information received by the Senate Community and Regional Affairs Committee has identified six sections of the coastal zone regulations submitted by the Alaska Coastal Policy Council which, in the opinion of the Committee, warrants change. These appear in the standards for timber harvest (6AAC 80.100). Three of these sections, namely 6AAC 80.100 (a), (b) (3), and (d) were deleted entirely by the House of Representatives. We concur in this result.

There are three other sections which are also of concern. Section (b) (2) of the regulations, as submitted by the Policy Council, requires that timber harvest activities in the coastal area be conducted so as to "assure unrestricted fish movement in coastal waters". The word "unrestricted" as appears in this section is absolute in its requirement, therefore placing an unreasonable burden upon the timber industry. On the other hand, the Committee does desire that fish movement in coastal waters be assured. Since we cannot amend this section and therefore have a choice only between adopting it entirely or deleting it entirely, we wish to pass the section without change. However, we strongly urge the Alaska Coastal Policy Council to delete the word "unrestricted" as it appears in this section for the reason given.

For the same reason we also urge the Alaska Coastal Policy Council to delete the word "unrestricted" as it appears in Section (c) (4). Again, we will pass this section as written, but believe that the word "unrestricted" places an unreasonable burden upon the timber industry.

Finally, we urge the Alaska Coastal Policy Council to delete the words "potential for" in Section (b) (1) as submitted by the Council. As presently written, that section requires that timber harvest activities in coastal areas be conducted so that "the location of facilities and the layout of logging systems shall be managed so as to minimize potential for adverse environmental impacts". Industry should minimize adverse environmental impacts. However, the words "potential for" add an open-ended burden, the meaning of which we are uncertain; we therefore strongly urge that these words be deleted by the Alaska Coastal Policy Council.

It is the intent of the Committee with respect to the timber harvesting process section under review that, for the reasons stated above, the Alaska Coastal Policy Council review the sections discussed above and resubmit them with the recommended changes.

Joe Orsini

JOE ORSINI, Chairman

SENATE COMMUNITY & REGIONAL AFFAIRS
COMMITTEE MEETING

June 9, 1978

Present: Senators Orsini, Ferguson, Sumner and Willis

Absent: Senator Hackney

The Senate Community and Regional Affairs Committee met directly after session this day and passed out CSHB 134 with "INDIVIDUAL RECOMMENDATIONS" and CSHCR 125 am (C&RA) with a 'Letter of Intent' that passed out with "INDIVIDUAL RECOMMENDATIONS".



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

LISA RUDD, Chair

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3870

LETTER OF INTENT -- CSHCR 125

By the Community and Regional Affairs Committee

Testimony received by the Community and Regional Affairs Committee identified two provisions of regulations submitted by the Alaska Coastal Policy Council for which change is suggested. Both bear upon the desire of members of the committee to maintain the broadest possible opportunity for public participation in the understanding of the process of developing district and state coastal management programs. Specifically,

(1) in 6 AAC 85.120(b), it is the intent of the committee that, in addition to giving of notice of public hearing by newspaper advertisement, where no newspaper of general circulation exists within a community or region, general notice should be given by radio;

(2) in 6 AAC 85.140, it is the intent of the committee that broad public circulation through general notice or radio broadcast be given to recommendations of the Coastal Policy Council in its review of district programs, that the public at-large (rather than only those persons specifically served a written copy of the Council's recommendation) have opportunity to respond with written comments, and that the public at-large enjoy the opportunity to attend all subsequent sessions, including mediation sessions.

Language adopted by the Coastal Policy Council in each of the sections cited complies with the letter of each underlying statute; the committee recommends reconsideration and change to more nearly accord with the spirit of public participation and understanding which is the basis of the coastal management program.


LISA RUDD, CHAIR
HOUSE C&RA COMMITTEE

LR/vb

Agricultural -
Tours

Allen Linn

745-3236

3/24/78

Tenn
Henn

Primarily from an determination
for as a ... + formula
did not consider other
competing factors - e.g.
use for residential development

✓ Joe
F. Agri

NOTES ON TELCON WITH ALLAN LINN RE SB 14 - 2-23-78

Linn confirmed that neither he nor the Division of Agriculture was involved in drawing up the criteria for the formula which the Division of Lands devised for the classification of agricultural lands under the bill. Nor was he actively involved in the classification process itself for the lands.

He pointed out that the Division of Lands has the responsibility for land classification and that the Division of Agriculture does not have the funding to carry out such a classification process. Linn said that he had no problems with the agricultural criteria set up by the division of lands, but noted that his expertise and involvement lay in the direct agricultural assessment, not in determining the applicability of access, other potential land uses, transportation facilities, state policies on d-2, etc.

Ben Harding

LINN COMMENTS RE CSSB 14 am IMPLEMENTATION

Linn said that the classification of state agricultural land had not been carried out by his office (the Division of Agriculture) but by the Division of Land.

He said he was not specifically aware of how much of the 650,000 acres called for in CSSB 14 had been classified, but he recalled the following general figures:

first year - 85,000 acres - scattered in the Susitna valley, Nenana, the Chena river valley, and possibly Kenai.

2nd year - 125,000 acres - primarily in the Delta area for the barley project.

He was not directly aware that any "formula" had been used to classify agricultural land under CSSB 14. He did say, however, that the Division of Land had developed a process in which a number of factors were quantified and weighed to evaluate whether lands should tentatively be classified as agricultural or not. He said he could not rule out the possibility that Division of Land people might have used this weighing process to select land under CSSB 14, although he said he was aware it was being used for the state's agricultural selections under d-2. He also mentioned that "access to transportation" was one of the factors that was used in the process.

He assumed, however, that the classification of agricultural land has been completed for CSSB 14.

The state is using data compiled by the USDA Soil Conservation Service to estimate its total potential agricultural land. The SCS figure is 17.5 million acres, which Linn said has been revised upwards, since the SCS estimates are deliberately low. Linn said that the SCS is the only agency which has been involved in field work to select agricultural land. The state has not been, and Linn asked for \$200,000 in his budget to be used as a contribution to the SCS work. That amount, he said, was deleted in the administration's budget.

Ben Harding
3-14-78

D. Hanson Interview

3/23/78

SB 14

the land

432 K in detailed survey by USGS
56 K reconnaissance "

87 K done since statehood - much sold
170 K " " passage of act

only 130 K more is all that is possible (if G. Johnson full time)
throughs upper; ~~difficult~~ smaller blocks

G. J. been working w/SCS - since bill (14) passed

some ~~is~~ state matching funding for SCS -
DH will find out \$

G. J. worked w/SCS on land from suitability

"small" areas
dropped

{ Rec area - Ft. Ker - 4-6 K acres
{ Ft. G. " - Smitna - ~30 K acres

in Valley pattern area

FY 77 - ? fiscal note?

FY 78 & 79 - in DNR budget?

acquir of info - recon survey cost?

~~recon~~
relative value & farmability

Dir Ag - criteria

" - weighting

" - rating scales

" - quant. input for each area of land

maps - SCS maps & ESCUPC maps

weighting of criteria

DNR COMMENTS REGARDING THE IMPLEMENTATION OF CSSB 14 am

Summary

At this time, 165,144 acres have been classified for agricultural use under the bill, according to Gary Johnson, Planning and Research Section, DNR. Another 479,185 acres have been identified, but not classified, for agricultural potential. "Things look tight" for the classification of 650,000 acres by the end of the three year deadline in CSSB 14. Additional funds and manpower could ensure that the minimum acreage figure could be classified. Although some land between Circle and Fort Yukon has been tentatively applied for by the State from the BLM, the decision was apparently made by the State not to request agricultural land in the heart of the Yukon Flats, even though this is the best contiguous farming land in Alaska, because of the d-2 situation.

Location and Amount of Land Classified

Johnson gave the following breakdown of the 165,144 acres so far classified:

Jan. 1977	Kenai area	6,798	acres
" "	Mat-Su area	33,638	"
" "	Fairbanks	4,393	"
" "	Nenana/Tolchaket	42,119	"
Nov. "	Delta (barley project)	78,205	" (est.)

An additional 479,185 acres have been identified as potentially classifiable into an agricultural use category.

Johnson also believes that further agricultural acreage could be found in the following areas:

Delta	50,000	acres
Nenana/Tolchaket	25/30,000	"
Nenana (elsewhere)	120,000	"

He said that there is significant agricultural potential for land in the Susitna valley, but that insufficient funds and land data have so far prevented its identification and classification.

Johnson said that "things look tight" for meeting the 650,000 acreage figure set by CSSB 14 am within the three year time frame. He said, however, that he could not say that it was impossible but indicated that with increased funding and manpower it was more likely that sufficient land can be found and surveyed for agricultural use. At this time, the State has no capability to perform soil surveys in the field. The USDA Soils Conservation Service is the only agency doing such work and the State is using this data. Johnson thought that \$50,000 had originally been considered for a matching grant to the SCS to carry out additional soil survey work but he did not know whether the money was still in the administration's budget.

Agricultural Potential of the Yukon Flats and D-2

According to Johnson, the Yukon Flats and the Delta area contain the greatest amount of contiguous, good quality agricultural land in Alaska. Of the two areas, the Yukon Flats is the best. The State has tentatively applied for land with the BLM between Circle and Fort Yukon, but Johnson said that the decision was apparently made for the State not to apply for land "in the heart" of the Yukon Flats because of d-2 considerations. He estimated that of the approximately 18 million acres of potential agricultural land in Alaska about 40% would be

withdrawn under HR 39. Of that, he estimated as much as 7 million acres in the Yukon Flat of potential farm land would be withdrawn under the d-2 proposals.

Elsewhere in the state, Johnson said that there is no doubt that enough agricultural use land exists to meet the 650,000 acre figure; it's only a matter locating it through soil surveys or through more general reconnaissance.

Formula for Determining Agricultural Classification

Johnson said that a formula was devised with the Division of Agriculture for classifying state land for agriculture. He described the formula as one of locating "core areas" of a minimum of 90 acres (he noted that much farm land in the state was scattered in small patches among muskeg bogs). Then minimum 10 acre adjacent areas were located, along with minimum 40 acre areas lying within 10 chains of the core area. Johnson explained that the formula was essentially "to identify land in blocks large enough to have agricultural usefulness" for farmers in the future. Another criterion was for the land to contain 50 percent or more Class II or III soils.

Initially Johnson said that such factors as transportation facilities, access to the land, or nearness to population centers were "not really considered" in the formula. Later on he indicated that, to some extent, these factors were taken into consideration

He also noted that before the land was classified for agricultural use, it underwent an "interagency review" which consisted of the Department of Fish and Game, the Department of Community and Regional Affairs, and the eight divisions within the Department of Natural Resources. This review had resulted in the deletion of three areas initially included in the agricultural classification: the area adjoining the capital site in Willow, a very important moose habitat, and an area near Fairbanks that had been used for recreational purposes

Knowledgeable persons in the USDA SCS, Johnson said, were Wayne Long, Ted Freeman, or Bill Fibbish (sp?), all of whom could be reached at 276-4246. The author of an upcoming SCS soils survey is Sam Reiger in Palmer.

Ben Harding

3-15-78

213-825 = 2824 Lippman

213-825 = 4726 Waity

Ex. loc.

Reason = sufficient

Detail =

20 - 20 J, T. cm


to the contracts w/ DVR

500K / 1000000 "all the way
200K DJ "not complete"

to Army

ERTS by 7/1 then could

at 2 ... = deficit order

( ...)
(80% kind of money)

Switna & ...

about ~ 150K acres from the
650K total

need meeting w/ SCS, DVR & Stinger
~ 80K with monthly liabilities act

IS BEN HARDING THERE?

GOT JNU
OK

GEOPH INST FBK
ZCZC 022 FAIRBANKS AK MAR 27
ATTN: SENATOR ORSINI
ET

IN RESPONSE TO YOUR INQUIRY REGARDING USE OF LANDSAT IMAGERY TO MAP LANDS FOR AGRICULTURAL CLASSIFICATION, I HAVE THE FOLLOWING OBSERVATION:

THE SOIL CONSERVATION SERVICE HAS MAPPED MUCH OF THE STATE IN TERMS OF SOILS AT VARIOUS LEVELS OF SPATIAL RESOLUTION AND SOIL CLASSIFICATION DETAIL. THESE MAPS ARE, OF COURSE, THE PRIMARY DATA SOURCE FOR ANY PROCEDURE FOR CLASSIFYING LANDS FOR AGRICULTURAL PURPOSES.

WE HAVE WORKED WITH THE SOIL CONSERVATION SERVICE ON A NUMBER OF PROJECTS AND ALONG WITH THEM COME TO THE TENTATIVE CONCLUSION THAT BROAD CATEGORIES OF SOILS CAN BE INFERRED FROM LANDSAT IMAGERY. THE BEST EXAMPLE OF THIS IS A RANGE AND SOIL SURVEY PERFORMED JOINTLY IN THE SEWARD PENINSULA. THIS WORK WAS DONE TO IDENTIFY AND MAP REINDEER RANGE FOR THE NANA CORPORATION. THESE RESULTS APPEAR TO BE QUITE SATISFACTORY.

THE SATELLITE DATA IS BASED ON LIGHT REFLECTED FROM THE SURFACE COVER OF THE EARTH. GENERALLY, THEN, ATTRIBUTES ARE IDENTIFIED THROUGH SPATIAL RELATIONSHIPS AND IDENTIFICATION OF SURFACE MATERIALS. IN ALASKA THE SURFACE MATERIALS ARE USUALLY VEGETATION. HENCE, SOILS MAPPING WOULD DEPEND LARGELY ON RECOGNITION OF PATTERNS (MORAINES, ABANDONED STREAM CHANNELS, DUNES, ETC.) AND VEGETATION TYPES AND THE ASSOCIATION BY INFERENCE OF THESE ATTRIBUTES WITH THE UNDERLYING SOILS.

WE HAVE NOT YET PERFORMED A FEASIBILITY ANALYSIS TO DETERMINE WHETHER THE KIND OF RESULTS FOUND ON THE SEWARD PENINSULA CAN BE OBTAINED IN THE REGIONS OF ALASKA WHERE AGRICULTURAL SOILS ARE FOUND. HOWEVER, WE AND MEMBERS OF THE SOIL CONSERVATION SERVICE HAVE SUSPECTED THAT BROAD ASSOCIATIONS CAN BE MADE.

THE AGRICULTURAL CLASSIFICATIONS TO DATE HAVE PROBABLY BEEN MADE ON THE BASIS OF "DETAILED" SOILS MAPS. I BELIEVE SCS HAS MAPPED A MUCH LARGER AREA OF THE STATE ON A "RECONNAISSANCE" LEVEL. PERHAPS THESE "RECONNAISSANCE" LEVEL MAPS COULD BE USED WITH LANDSAT IMAGERY AND TOPOGRAPHIC MAPS TO CLASSIFY OTHER AREAS. THE ACCURACY AND DETAIL OF PREVIOUS CLASSIFICATIONS COULD NOT BE MATCHED. THE SMALLEST MAP UNIT WOULD PROBABLY BE ON THE ORDER OF 360 ACRES.

I WOULD ENVISION SUCH AN ANALYSIS TAKING PLACE ALONG THE FOLLOWING LINES:

THE "RECONNAISSANCE" MAP WOULD IDENTIFY THE GENERAL AREA WITH THE DESIRED SOILS. TOPOGRAPHIC MAPS WOULD BE USED TO ELIMINATE STEEP SLOPES AND OTHER AREAS OBVIOUSLY NOT SUITED TO AGRICULTURE. FINALLY THE LANDSAT IMAGERY WOULD BE USED TO ELIMINATE POORLY-DRAINED AREAS, AND LANDFORMS GENERALLY NOT SUITABLE FOR AGRICULTURAL USE. THIS WOULD BE FOLLOWED BY A SHORT AERIAL (WINDOW) SURVEY TO MAKE SURE GLARING ERRORS HAD NOT BEEN MADE.

THESE ARE MY THOUGHTS. CERTAINLY THE SOIL CONSERVATION SERVICE SHOULD BE QUESTIONED ON THIS. THEY ARE THE EXPERTS. SHOULD THEY BE INTERESTED IN PURSUING THE MATTER WE WOULD BE HAPPY TO WORK WITH THEM. OVER THE NEXT FEW DAYS WE WILL LOOK A LITTLE DEEPER INTO THIS MATTER AND SEND YOU FURTHER INFORMATION.

BILL STRINGER
ASST. PROF. APPLIED SCIENCE
NNNNEND

JUST SEC

ZCZC 022 CONTINUED

ATTN: ORSINI

THE FOLLOWING IS MY OPINION ONLY AND IS BASED ON ASSUMPTION OF OUR INVOLVEMENT. IT WOULD TAKE A MAXIMUM OF TWO MONTHS AFTER FUNDING TO COLLECT THE NECESSARY MATERIALS AND DO THE PRELIMINARY GROUND WORK. FOLLOWING THAT THE AREAS WITH A POTENTIAL FARMING CLIMATE COULD BE ANALYZED AT 1:250,000 SCALE WITHIN FOUR MONTHS TO ESTABLISH GENERAL FARMING POTENTIAL AREAS. RESULTS WOULD BE IN TERMS OF TWO TO FOUR SQUARE MILE SECTORS. FOLLOWING THIS SELECTED AREAS COULD BE ANALYZED AT 1:63,360 SCALE (INCH TO MILE) WITH RESULTS IN TERMS OF 1/2 SQUARE MILE SECTORS. THIS SECOND PHASE WOULD TAKE ANOTHER FOUR MONTHS. THIS INCLUDES BASIC AERIAL RECONNAISSANCE.

TOTAL TIME FROM INITIATION: 10 MONTHS. ASSUMING SCS AND DIV. OF LANDS COOPERATION, OUR TOTAL COST WOULD BE \$50,000 FOR PHASE I (1:250,000 SCALE) AND \$35,000 FOR PHASE II (1:63,360 SCALE). A FINAL FIELD CHECKING PHASE MIGHT BE ADVISABLE PERFORMED BY SCS WITH OUR PARTICIPATION. ESTIMATED COST FOR OUR PART: \$15,000.

BILL STRINGER

TLX 35414

NNNNEND•

GOT JNU

R U GOING TO SEND MSG?

DEN HARDING THERE????

ANYONE THERE?

V

ACKNOWLEDGE RECEIPT. MANY THANKS.

DEN HARDING

DO YOU RECEIVE?

GOTY

JNU

YES WE REC'D IS THAT ALL?

ROGER.

GEOPH INST FBK

))))

BUSINESS
PROPERTY
TAX

V.I.C.
2 F: BUSINESS
PROPERTY TAX

FURTHER COMMENTS BY ORRIN POMEROY (STATE ASSESSOR'S OFFICE)
RE YOUR BILL ON BUSINESS PROPERTY TAX IN UNORGANIZED BOROUGH

Pomeroy had the following concerns regarding the draft bill:

- 1) By restricting the tax to business property, would in fact the measure cost more to administer than it would raise in revenue?
- 2) Why should property tax exemptions be granted for communities with existing sales taxes? He believed that the two were different in nature and affected different segments of the local population. For the sake of equity, he agreed that exemptions should be stipulated for communities already having some form of property tax.

He noted that from his preceding remarks it was clear that he still favored the approach of SB 35 which taxed all real property in the unorganized borough. He remains concerned that absentee, "foreign" i.e. non-local, land owners possess considerable unimproved property in the unorganized borough which they are allowing to appreciate free from taxation.

He also remains concerned about what defines the concept of business property. He suggested that you might want to include language in your bill stipulating that records such as business licences should be made available to the Assessor's Office, but acknowledged that the legality of this would have to be determined first.

Pomeroy has not yet drawn up a fiscal note although he says his original rough estimate (\$200-300,000 and 3/4 additional positions) is still a good ball park figure. If you would like him to start on the fiscal note, he said he would be ready to begin.

Ben Harding
1-24-78

DEPT. of
C + R A

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

F: CSHB
483 am
JAY S. HAMMOND, Governor

POUCH B - JUNEAU 99811

May 25, 1978

The Honorable Joseph Orsini
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Orsini:

Your have requested comments from this Department concerning CS for House Bill 483am relating to "clean-up" of the Municipal Code (Title 29).

Although the bill, in its current form, received some minor amendments from the House, we very strongly support the bill. Our only concern is that Section 16, which repeals a section of Title 14 perhaps should not be in a "clean-up" bill to amend Title 29, but I presume your legal advisors can more adequately respond to this concern.

Basically, the bill originated with this Department. A group of municipal attorneys who participated in the original drafting of the 1972 version of Title 29 were invited to a special work session to offer suggested amendments to Title 29. Once drafted, the bill was widely circulated among municipalities for comment. Among others, the Association of Municipal Clerks offered additional amendments, some of which are incorporated in this bill.

Billy Berrier, now Director of the Legal Services Division for the Legislative Affairs Agency (and one of the participants in the original drafting of this bill) will hopefully be available to your committee when this bill is calendared, since he, perhaps better than anyone, can explain the reasoning for many of the proposed, technical amendments offered by HB 483.

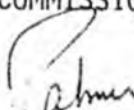
Although this bill, if enacted by the Legislature, won't "clean-up" all of the problems of Title 29, we feel that passage of HB 483 will markedly improve the language of the Municipal Code and eliminate some of the more obvious problems which we, in this Department, and municipalities have had to live with during the past few years.

The Honorable Joseph Orsini
May 25, 1978
page 2

If we can provide additional comments, please advise.

Sincerely,

LEE McANERNEY
COMMISSIONER


by: Palmer McCarter
Director

PMcC:ssh

cc: Billy Berrier, Director
Legal Services - LAA

STATE OF ALASKA

F. D. C/RA
AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

March 3, 1978

SUMMARY OF: A Review of the Department of Community and Regional Affairs

PURPOSE OF THE REVIEW

In accordance with the provisions of Title 24 of the Alaska Statutes, a review of the Department of Community and Regional Affairs was conducted to determine if the financial statements appearing in the State's Annual Financial Report for fiscal year 1976-1977 are fairly presented.

FINANCIAL STATEMENTS

Because of scope limitations, we do not express an opinion on the Statement of Revenues-Estimated and Actual. Because the unencumbered balances for continuing programs were overstated \$7,392,880, the Statement of Expenditures and Encumbrances Compared with Appropriations and its related schedules are not presented fairly. The Statement of General Fixed Assets is presented fairly.

NOTE TO FINANCIAL STATEMENTS

Audits of grants under the Comprehensive Employment and Training Act (CETA), for which the Division of Manpower is the prime sponsor, have disclosed questioned costs of \$868,561.

FINDINGS AND CONCLUSIONS

1. The Division of Budget and Management, Office of the Governor, should obtain Legislative Budget and Audit Committee approval on all transfers between budget request units and new positions.

During the fiscal years 1977 and 1978 positions were created and funds transferred between appropriations without Budget and Audit Committee approval.

2. The Department should review year-end contract encumbrances and reduce or close out unrealistically high encumbrance balances.

Year-end encumbrances for the Child Assistance program were overstated by \$183,497.98, 11% of program expenditures and encumbrances. Community Services was overstated by \$78,950.27, 7% of program expenditures and encumbrances.

3. The Department should be more timely in submitting billings for reimbursement on Federal grants.

Revised final billings on a Federal grant were not submitted until a year after grant closing.

4. The Division of Finance, Department of Administration, should report all General Fund revenues in the financial statements and should enforce administrative regulations regarding receivables. The Department of Community and Regional Affairs should follow those regulations.

Errors by the departments in recording receivables and prior year revenues, and the method used by Finance to calculate adjustments to revenues are among the reasons why some revenues are never reported as revenues in the financial statements.

5. The Department should take a complete inventory to update the property list.

The use of the property list as a management tool is reduced because divisions swap equipment and never record the exchange.

State 'glacially slow'

By ROSEMARY SHINOHARA
Daily News Staff Writer

It's nasty in a couple of spots, funny in others, and if there were a best seller's list for annual reports, it would definitely be a candidate.

The third annual report of the Ombudsman for the State of Alaska is most remarkable for its brevity. The gist of the story can be absorbed in 10 or 15 minutes.

IT'S SMALLER than a comic book, larger than a paperback, a total of 65 loosely-filled pages.

The brevity is explained in the introduction:

"In light of the legislative desire to minimize pomp and paperwork, we have reduced the size of last year's report and have attempted to present the relevant facts and statistics in as clear and concise a manner as possible."

THE NASTINESS starts on page 15, prefaced by a comment that "most" state agencies are very cooperative in resolving complaints which poured into the office at the rate of 7.31 for every day of the year in 1977.

So, acknowledging that most people are nice, let's look at the facts: for the best agencies, cases closed equal more than 80 percent of the new cases opened in complaints about dealings with the agency.

"The major exceptions are Community and Regional Affairs, in which closures equalled only ten percent of openings; Environmental Conservation, where closures equalled 56 percent of openings; and Natural Resources where closures equalled 50 percent of openings."

THE REPORT, signed by chief ombudsman Frank Flavin, says the Natural Resources Department is "glacially slow" at making decisions, but when they're made, they're generally well-re-



searched and documented.

And Environmental Conservation is excused because of the "complexity of the complaint load."

But, says the report, "Community and Regional Affairs complaints are open 'forever' due to an agency tendency to 'dig in and lower the flak shields' at the least hint of criticism — no matter how constructive."

NO SPECIFIC mention is made in the report of the biggest complaint to surface involving the Community and Regional Affairs Department — a complaint against the hiring practices of a division

(Continued on Page 2)

• Ombudsman's report

(Continued from Page 1)

director that led to his indictment by a state grand jury. Charges were eventually dismissed.

The department takes exception to the comments in the annual report. Carl M. Gonder, deputy commissioner, said there's a "very strong inference" on page 15 that the department was uncooperative. "We felt that anytime they had a request for information or an investigation they were conducting we were cooperative."

People in the department who dealt with the Juneau representative of the ombudsman felt they had good relations, Gonder said.

"I THINK the crux of the thing in our view is that the ombudsman, when he makes an investigation, draws his own conclusions. If somebody disagrees with his conclusions, then he's unwill-

ing to admit he might be wrong himself."

The ombudsman's report also passed out praise to individuals, and gave a "most improved" accolade to the people in state government who handle the longevity bonus system.

Occupational Licensing, Revenue, Audit, Student Financial Aid and Workmens Compensation agencies were also cited for being easy to deal with.

ON THE WHOLE, the report concludes Alaskans are complaining at a higher rate than elsewhere, and they're doing it more every year.

The 1977 complaints, totalling 2,569, were up 31 percent over 1976 complaints. And the number of Alaska complaints exceeds those in Hawaii by 46 percent, in Iowa by 51 percent, and in Nebraska by 2-7 percent.

Bureaucratic 'Shuffle' Spurs Lawmakers

By The Associated Press

In voting overwhelmingly last week to override Gov. Jay Hammond's veto of a bill to give a legislative committee authority to suspend administrative regulations between sessions, lawmakers were expressing a rising frustration with the state's growing bureaucracy.

Just about every member of the House and Senate has a favorite story about alleged bureaucratic blundering in the implementation of regulations which often have more impact on people than the acts of the Legislature itself.

One classic example of what lawmakers call the "bureaucratic shuffle" surfaced Tuesday

in a letter from Rep. Bill Miles to Rep. Bob Bradley, chairman of the House State Affairs Committee, over the status of regulations necessary to fully implement a \$7.5 million bond issue for elderly housing approved by voters in the 1976 general election.

The two Anchorage Democrats want the current Legislature to begin appropriating money from the bond issue for projects around the state, but found they couldn't proceed without the regulations.

So, Miles took on the job of trying to find out what was going on. The following is a summary of his account to Bradley about the effort.

Last Wednesday, Kevin Waring of the Department of Community and Regional Affairs told Miles that the regulations were completed and were in the lieutenant governor's office awaiting the expiration of a statutory 30-day grace period before they could be implemented.

Miles sent his administrative assistant to the lieutenant governor's office to obtain a copy of the regulations, but was told they had not arrived yet.

On Friday, Miles received a letter from Community and Regional Affairs Commissioner Lee McAnerney, containing a copy of what was listed as the final regulations approved by the at-

torney general's office for filing with the lieutenant governor.

Miles then contacted Waring again and was told that, yes, it was true that the attorney general's office had completed its review and, yes, the regulations were on file in the lieutenant governor's office.

Once again, Miles sent his assistant up to the lieutenant governor's office and once again she came down with the message that the regulations weren't there.

Miles then asked the attorney general's office in Juneau if it knew anything about the regulations and was informed that they were being worked on in the Anchorage office, and had not yet been approved.

A short time later, however, the attorney general's office called Miles back to report that the regulations were not in Anchorage after all but were being reviewed in the Juneau office.

"If a legislator has this hard of a time getting information on regulations from the bureaucracy, imagine what a citizen has to go through," said Miles, chairman of the House Democratic caucus.

Miles said he concluded that "either the department does not know where the regulations are

located or misinformation is being deliberately spread.

In his letter to Bradley, Miles said he was particularly upset because the Department of Community and Regional Affairs had been promising him all year that the regulations soon would be ready.

"Regardless, housing for Alaska's elderly is most important," Miles said. "We cannot allow continued delay and risk missing another construction season."

Bradley responded to Miles'

letter with a resolution which asks the governor to direct McAnerney to adopt the regulations within 90 days.

McAnerney could not be reached for comment.

Bradley said he didn't think the resolution was unreasonable in light of Miles' experience and fact that the department was asked to adopt emergency regulations within less than two months. Passage of the bond issue would spend \$2 million to complete elderly housing projects in Ketchikan and Juneau.



LOCAL
BOUNDARY
COMM.

*F. Strandberg
Commissioner*

First Equity inc.
REALTORS®

Office 276-4555
Res. 243-1772

Sigvald J. Strandberg
Broker/Owner

Suite 201
555 W. Northern Lights Blvd.
Anchorage, Alaska 99503

February 15, 1978

Honorable Joseph L. Orsini, Chairman
Community & Regional Affairs Committee
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Orsini:

Enclosed is my résumé in conjunction with review of my reappointment to the State Local Boundary Commission.

Thank you for the many courtesies extended to me while I testified before your committee last week.

Sincerely,

Sigvald J. Strandberg
Sigvald J. Strandberg

Enclosure

Resume

Sigvald John Strandberg, 7235 Blackberry Street, Anchorage, Alaska 99502

Personal Data

Birth Date: January 29, 1943 Birth Place: Anchorage, Alaska

Height: 5 ft. 10 in. Weight: 165 lbs. Hair Color: Dark Blonde
Eyes: Brown

Married: Wife, Arlene, sons, Sigvald, Jr. (6/8/68) and Neil (1/18/70)

Health: Excellent

Education

Primary & Secondary:

Entered first grade 1948 @ Chugach School, attending through first half of sophomore year @ Anchorage High School; thence to Fairbanks (family move) in January 1957, enrolling in Fairbanks Lathrop High School through May, 1959 when family returned to Anchorage. Graduated from Anchorage High School in 1961. Member, National Honor Society.

Post Second: Attended Willamette University, Salem, Oregon, 1961/62. General studies preparatory to law school. Transferred to Alaska Methodist University in 1962 and graduated therefrom in 1965 with B. A. degree (major concentration in math, chemistry and physics). Attended fall semester 1965 at Long Beach State College, Long Beach, California, taking supplemental courses in chemistry prior to entrance into graduate school. Attended night school at AMU fall semester 1966.

Military

Contracted recruitment in the Alaska Army National Guard in spring 1966. Served in Kenai, Anchorage and Juneau units. Honorably discharged 1972 after completing 6 years enlistment. Rank Spec. 5. Scored highest in State in 1971 and 1970 M.O.S. (occupational speciality) exams.

Personal History

Lifelong Alaskan resident, member of Pioneer gold (placer) mining family. Grandfather, David Strandberg, participated in Fairbanks gold rush in early 1900, and walked, snowshoed and dogsledded much of Alaska's Interior (walked from tidewater at Seward through Anchorage prior to its establishment and across the Alaska Range). Father, E. Odin Strandberg, born in Flat, Alaska in 1915 and family established permanent winter residency in Anchorage in 1923, the year after President Harding drove the golden spike in the Alaska Railroad at Nenana. Mother, Marie Strandberg. Three brothers.

Wife a 30 year Alaskan resident raised in Southeastern Alaska. Her late father a career Coast Guardsman, having extensive world travel and sea duty throughout Alaskan waters including Bering Sea ice patrols.

Interests

Having had the opportunity to serve in policy-making capacity in State Government, I am interested in continuing participation in community and state affairs. (See elaboration of state government duties in Work History section.)

Am very much personally committed to continuing my public service contribution to help ensure that Alaska State and local government continues to operate under policies which respect orderly growth and responsibly control resource and community development.

Served as chairman of the State Local Boundary Commission by appointment of Governor Jay S. Hammond from December 1974 through February 1, 1978. Extensive travel throughout Alaska and acquainted with community leadership and diverse economy of State and in its various regions. As chairman conducted hearings throughout Alaska from small villages such as Selawik, Kasaan and Angoon to cities such as Kodiak on matters relating to municipal services and jurisdiction.

Presently Vice President of Sand Lake Community Council, and past President and currently serving on the Alaska Methodist University Alumni Association board of directors. Past director of the Anchorage Board of REALTORS and the Alaska Association of REALTORS.

Republican candidate from District 12 in the August 1976 Alaska House Primary.

Work History

1974 - present Private businessman involved in real estate sales.

Spring 1977 along with several partners, formed First Equity, Inc. REALTORS, and First Equity, Inc. (an Alaskan corporation) with principal offices in Anchorage.

Real estate broker, March 1977 till present, associate broker 1976 until 1977. Also have an Alaskan business license to perform appraisal work and other real estate services; counselor, property development consultant.

1973 - 1974 Independent contractor in municipal consulting.

July, 1972 Director, Division of Local Government Assistance,
to Department of Community and Regional Affairs.
August, 1973

January 5, 1971 Senior Local Government Specialist on Local Affairs
to Agency, Office of the Governor, staff.
July 23, 1972

March 23, 1972 Honorably discharged from the Alaska Army National Guard, 910th Engineers Company, after completing 6 years enlistment.

Work History -
1971

to

1960

and

Personal
Interests

and

References

- See Attached -

RESUME

Sigvald John Strandberg

~~Page 2~~

Work History
continued

December, 1969
to January 4,
1971

Appointed by Governor Keith H. Miller to direct the functions of the Local Affairs Agency. Supervised five professional level staff members (four local government specialists and the State Assessor) and four clerical personnel. Functions of the agency involved extensive contacts and coordination with other Departments and programs in the Executive Branch. Appeared frequently before legislative local government and other committees to offer testimony on bills impacting municipal governments. Supervised development and implementation of agency advisory city manager program, serving selected cities throughout the State with comprehensive interim professional municipal managerial assistance. Keyed to development of council-manager form of local government, assistance was directed to cities of Haines, Dillingham, Unalaska, among others. Supervised preparation and publication of the agency's Alaska Municipal Bond Report to the Governor and Legislature. Other publications included the agency's Fiscal Manual and Chart of Accounts for Small and Medium Sized Cities, and the agency Residential Cost Appraisal Manual for Alaskan Assessors and Appraisers. Coordinated Local Boundary Commission public hearings and meetings involving boundary changes proposed by the cities of Anchorage, Fairbanks, Valdez, Cordova and Haines, among others. Supervised the development and implementation of Federal Title IX (Demonstration Cities and Metropolitan Development Act of 1966), Title VIII (Housing Act of 1964) Community development training services, and 701 (Housing Act of 1954) Community Development Advisory Services programs. Other functions included representation of the Governor's Office on the Rural Alaska Community Action Program Board of Directors and Executive Committee, and Chairman of the State Geographic Board.

February 19, 1968
to December
1969

Transferred from Department of Labor to Office of the Governor, Local Affairs Agency as Local Government Specialist. Working under the supervision of the Agency Director, provided technical assistance to municipalities including development of ordinances, budgeting and accounting advice, and interpretation of Alaska municipal law. Duties also involved specific research in municipal service allocation schemes and analysis of the structure and function of the Alaskan borough and city systems of local government. Served in staff capacity to the State Local Boundary Commission, an independent agency attached to the State Executive Branch for administrative services. Arranged for and attended public hearings and meetings of the Commission. Participated in the drafting and review of proposed standards and procedures for municipal boundary changes. Assisted in the formulation of administrative procedures governing State Aid to Local Government Program (Revenue Sharing).

RESUME

Sigvald John Strandberg

~~Page 3~~

Work History
continued

- September 27, 1967 to February, 1968 Returned to former position as employment interviewer at Alaska State Employment Service, Juneau Local Office.
- May 15, 1967 to September 11, 1967 Active Duty training, Alaska Army National Guard 6 month obligation (24 March 1966 date of enlistment ANG). Duty completed at Fort Bragg, North Carolina and Fort Belvoir, Virginia. Seven week powerman course in U.S. Army Engineer School at Ft. Belvoir; graduated number 1 in class of 62.
- March to May 1967 Employed by Department of Labor, Employment Security Division, Alaska State Employment Service, Juneau Local Office: employment interviewer. Interview unemployed individuals, determine suitable occupation from analysis of previous work background, educational level, skills, knowledge, abilities and personal preference. Refer applicants to existing job openings. Arrange interviews with employment counselor for those people who are not job-ready. Recruit and screen for various Federally sponsored programs such as MDTA and Job Corps. Administer proficiency tests to clerical applicants. Make employer visits to determine manpower needs. Coordinate with various State and Federal agencies such as Vocational Rehabilitation, State Division of Welfare, Bureau of Indian Affairs, Neighborhood Youth Corps and Youth Opportunity Campaign. Assist Unemployment Insurance personnel in claims filing.
- November through January 1966 Employed by Department of Army, Petroleum Distribution Office, Anchorage Terminal: petroleum pumping equipment operator. Defueled ocean-going tankers at Port of Anchorage, unloaded railroad tank cars into storage facilities at depot. Issued diesel oil and automotive gasoline to military base stations. Issued jet fuel and aviation gasoline to hydrants under aprons at Elmendorf Air Force Base.
- October to November 1966 Employed by Department of Army. Drove 45 passenger school bus transporting military dependent children to and from schools on Ft. Richardson.
- February through September 1966 Installation, operation and maintenance of diesel, dual fuel, and spark fired natural gas engines driving AC generators, supplying power to City of Kenai and Wildwood Air Force Station. Supervised up to four other operators and mechanics.

RESUME

Sigvald John Strandberg

~~Page 4~~

Work History
continued

- 1964 through 1965 During college terms, employed by Alaska Methodist University doing miscellaneous work, including messenger services, custodial work.
- 1961 through 1965 Summers employed at Consolidated Utilities, Ltd., Kenai, Alaska. Job duties same as noted above.
- 1960 through 1961 Part-time winters, part-time June through August employed by E. Odin Strandberg & Associates, Anchorage, Alaska. Chairman and rodman, general land, tideland and commercial surveys.
- 1957 to 1960 Summers (June through September) employed at Strandberg Mines, Inc., Folger, Alaska. Operating engineer and general mine operations: stripping, clean-ups, maintenance of camp landing field and facilities, mine survey work.

Personal Interests

Since 1961 I have been interested in aviation. This has enabled me to see a large portion of Alaska on business and pleasure flights. Private Pilot License (airplane single-engine land) obtained in 1963; 250 hours logged to date.

Family interests include sport fishing and cross-country skiing.

References

Mr. John R. Beard, 7014 Madalyne Way, Anchorage, Alaska 99504

Mr. M. Roy Goodman, 7030 Foothill Drive, Anchorage, Alaska 99504.

Mr. John S. Hedland, Rice, Hoppner, Blair & Hedland, Suite A, 1016 6th Avenue, Anchorage, Alaska 99501

Sigvald J. Strandberg 2/15/78
Prepared by Sigvald J. Strandberg



Official Business

Alaska State Legislature

Senate
Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

January 27, 1978

Mr. Sigvald Strandberg
Chairman
Local Boundary Commission
7235 Blackberry
Anchorage, AK 99502

Dear Mr. Strandberg *Sig*

Further to your telephone conversation this morning with my Administrative Assistant, I would like to invite you and any other members of the Local Boundary Commission to attend the hearings which the Senate Community and Regional Affairs Committee will be holding in regard to your recommendations on the proposed annexations by the Cities of Skagway and Petersburg and the Haines Borough.

The committee meeting is scheduled for 3:00 P.M. in Room 100 of the Assembly Building Tuesday, February 7, 1978.

I look forward to seeing you and any other Commission members who wish to attend at that time.

Sincerely,

Joe Orsini

Joe Orsini
Chairman
Community and Regional
Affairs Committee

JO/tb

2147

LOCAL BOUNDARY COMMISSION

✓ Mr. Sigvald Strandberg Chairman 7235 Blackberry Anchorage, AK 99502	243-1772 home 276-4555 business
Mrs. Shiela Jones 3201 G. Street, Suite 201 Anchorage, 99503	276-8356 home 276-7614 business
✓ Mrs. Josephine Anderson P. O. Box 351 Wrangell, 99929	874-3590 home 874-3621 business
Mr. Jim Dodson 2.5 Mi, Steese Highway Fairbanks, 99701	452-5671 home 456-7670 business
Mr. Edwin Hobson P. O. Box 143 Barrow, 99723	852-5141 home 852-6970 or 852-6930 business



City of Kodiak

PHONE (907) 486 - 3224
P.O. BOX 1397
KODIAK, ALASKA 99615

Local Boundary Commission
Page Two
April 24, 1978

Local Boundary Commission

April 24, 1978

Local Boundary Commission
Department of Community and
Regional Affairs
111 West Fourth Avenue
Anchorage, Alaska 99501

Gentlemen:

As I understand it, the Boundary Commission is holding a hearing in Kodiak to consider three items. The first is to make a decision on the Mill Bay Road annexation. This was heard by the Boundary Commission on December 12, 1977. The second item is to discuss two 1968 annexations: one involving the City's airport property and the other is the Frontier Southern Baptist Church property. The third item is to discuss the boundary question in the total urban area of Kodiak.

The City of Kodiak has supplied the Boundary Commission with a great deal of information regarding the Mill Bay annexation. The Borough has gone ahead with their plans to create a service area in the Kodiak urban area adjacent to the city limits. The City of Kodiak has decided to stop this service area creation through the court system. If it turns out that the courts will not allow the service area to be created, the responsibility will be placed on the City of Kodiak to provide services to the projected service area.

There is another area that I would like to bring to your attention as well. This includes the Coast Guard Base adjacent to the City of Kodiak. At the present time, the State of Alaska leases part of the Coast Guard Base for the State airport and is currently considering expansion of that facility. The Coast Guard Base, including the airport, is not within the boundaries of the Kodiak Island Borough; therefore, we have a difficult situation.

The City of Kodiak Police Department is the security agency involved at the airport. Our police officers provide the necessary anti-hijacking protection for the State. There are areas at the airport that are leased to individuals and the property is not taxed in any way. As the airport grows and develops, increased commercial activity will be present at that facility. It is obvious that the Kodiak Island Borough

is missing out on a great deal of personal property tax at the airport. I am not certain about the real property taxes since it is Federal property.

Another issue is the fact that Kodiak Native Corporation is receiving excess property from the Coast Guard. There are plans to develop this property, of course. As long as the property remains outside of the jurisdiction of the Planning and Zoning function, the area could be developed without adequate controls. I feel it is important that the Boundary Commission take a look at this situation as well.

The immediate concern is to annex the State airport. I believe that part of the Coast Guard Base could be annexed without any residents taken in. I realize this is another whole dimension to the boundary situation in the Kodiak urban area; however, I think that if you are going to be looking at the total urban area around the City of Kodiak, the Coast Guard facility and State airport should be taken into consideration.

I have done some research regarding the formation of boroughs and utilization of service areas in the context of what is happening currently in the Kodiak urban area. I must apologize that the amount of research done and the limits of my resources does not make this study a complete one; however, the basic issues as I see them are presented below.

The most adequate source of information is a publication called "The State and Local Government System" by Thomas A. Morehouse and Victor Fisher. I was only able to find the SFG Interim report #23, March, 1970.

I would like to take the liberty of quoting the specific paragraphs and furnishing you with Xerox copies of specific pages of the report. By utilizing this method, I will not take things out of context and give you incomplete information. This, of course, will make this communication to you a rather lengthy one; however, I think the end result will be much more convincing.

Since the subject report was published in March of 1970, I am certain the research was done in 1969 and before. That means that at least for the last year or so the State of Alaska has been aware of the problems existing between cities and boroughs. There are references to other publications in this study that show that the State of Alaska has been aware of the problem prior to 1968. Due to lack of resources and adequate time, I will not go into a long dissertation regarding the Constitutional Convention, creation of boroughs and other instrumentalities of local government. However, I do plan to dwell on the issues that were brought out by Mr. Morehouse and Mr. Fisher that relate to the specific problem that the Boundary Commission is concerned with in the Kodiak urban area.

On Page I-18, the situation that we now have here is presented. At the top of the page, it mentions the Boundary Commission's responsibilities and ability to effectuate the necessary controls. The next paragraph talks about the borough form of government and I quote: "In its current stage of evolution, then, the borough possesses the form but not the substance of authoritative area-wide government. It is 'general government' within which a powerful special government--the school district--has maintained and even increased its autonomy. It has 'exclusive authority' for area-wide functions, but in practice, its functions are divided and shared with independent city and school administrations. It is a 'regional government' but it competes with city government for both territory and function. It speaks of promoting 'area-wide' policy and programs but it is so structured as to facilitate the expression of local self-interest and localized service area needs"

The next paragraph on Page I-18 and I-19 further develop this idea: "The basic problem is that in most areas two forms of local government--the city and the borough--are attempting to occupy political and physical 'space' where there is room only for one. This is so particularly where a borough centers on a single urban core served by a well established city (Anchorage, Fairbanks, Sitka, Ketchikan). The case for a single urban area-wide governmental unit for these places would seem clear. Much less clear, however, is the rationale used for superimposing the borough as a second unit for local general government on the existing municipal base in these more developed regions of the State. On the other hand, where the borough, as a regional government, might serve smaller numbers of settlement and rural areas, as well as region-wide needs, more room could be considered available for both borough and city governments (e.g. Kenai, Kodiak, Matanuska-Susitna)."

The fact that growth in the last nine years has placed the City of Kodiak in the same situation as Anchorage, Fairbanks, Sitka and Ketchikan is pointed out by your addressing the same issues as discussed in the report.

On Page I-21, at the top of the page, there is a discussion regarding cities. "City boundaries should be so located as to encompass an entire 'natural' socio-economic and political community. Since most of Alaska's urban settlements are small and relatively compact, there is no technical reason why this criterion cannot easily be met. This would minimize the need for service areas in organized boroughs to perform urban services that can be performed by a city."

On the same page there is a discussion regarding service areas. This goes on to the next page as well and is certainly germane to the discussion at hand. "While it is generally desirable that matters of government organization and functions

be determined locally, past experience of borough-city conflict over annexation and the creation and operation of service areas indicate that the State probably through the Boundary Commission should review local action and play a mediating role. The purpose would be to insure that appropriate incorporation and annexation standards are met, that a new service area is actually warranted and, if so, that it is properly constituted. Any area bordering on a city should be subject to annexation rather than permitting its establishment as a borough service area or its incorporation as a separate city. If annexation or incorporation is not feasible or desirable, expansion of an existing service area would be considered providing that a determination is made that the existing service area should not itself be annexed or incorporated. Only after each of these options is considered in order should it be permissible to establish a new service area and then only with a clear understanding that it is subject to future adjustment within the broader system of organized local government."

Further on in the study, on Page IV-37, the same kind of information is presented. "The State was to assume a continuing responsibility for the overall design and performance of the local governmental system. Specifically for this purpose two new State agencies were mandated by the Constitution: a Local Boundary Commission and a 'local government agency'. The Boundary Commission would assure that borough and city boundaries were properly aligned in the first instance and subsequently were responsive to changing needs and conditions. The Commission was thus authorized by the Constitution to 'consider any proposed local government boundary changes' and subject to legislative veto it could implement such changes."

On Pages VI-16 and VI-17 there is a discussion of city versus borough. "It was apparent from the start that a potential stalemate between cities and boroughs was built into the new local governmental system set forth in the Constitution. Boroughs and the cities within them were very likely to compete with each other for territorial jurisdiction over urbanizing areas outside city limits. To service these places the borough would need to acquire additional powers or create special service areas. If additional area-wide powers were sought these would be at the direct expense of city authority since area-wide powers assumed by the borough are denied to the cities. If nonarea-wide (outside city) powers were sought or if service areas were created, these could constitute blocks to city expansion."

On Page VI-18, there is a discussion of annexation versus service areas. "As viewed by the Public Administration Service (PAS) in its report to the Statehood Committee in 1959, there were two contrasting approaches to local government reorganization in the more urbanized areas of the state. On the one hand, the borough could be established with a view toward eventual absorption of the city within it. On the other, the jurisdiction of the city could be expanded through annexation of the urbanizing areas around it. In most of urban Alaska, there appeared to be no need for more than one unit of local government to provide urban services.

Population and economic bases were small and duplication of governmental machinery would be wasteful. 'By all odds' reported PAS, 'the most direct and least complicated line of evolution for many communities would be expansion of the central city with all of its existing plant, political structure, credit and fiscal base and political know-how'. But, 'if this line of reasoning is valid, what foreseeable use is there for organized boroughs . . . ?'

PAS concluded: "It may be that the best solution for the problems of urban government in most areas will be to concentrate the full responsibility in a single level, the city, or the completely consolidated city-borough. On the other hand, it may be that the borough will provide a very useful agency in rural Alaska for the exercise of local responsibility for administration and at least partial financing of education and a growing list of local or regional services such as local roads, fire protection, utilities (water, sewer and others), health, recreation, etc., some of which would be provided on a borough-wide basis and some in special service areas organized and governed under the authority of the borough."

"Ignoring these considerations, the State layered borough government over the cities of urban Alaska and established no borough units in rural Alaska."

On Page VI-20, this thought continues. "At the same time, the borough service area has been available as a vehicle for meeting service needs for developed enclaves outside the city. This tends to neutralize whatever attraction city annexation may have for those seeking more and higher quality urban services. With the borough service area, residents outside the city may select the particular mix of services they wish and be assured of paying, through differential mill rates, only for those additional services directly received in their immediate area of residence. For this reason, however, service areas also fragment the borough. The separate suburban enclaves develop a built-in resistance to unified or consolidated area tax and service structures, and service area status insulates their residents from the cost of city facilities and services that they share or benefit from, perhaps most obviously as owners of property whose value is enhanced simply because the city is accessible."

I find that the above paragraph gets to the heart of the problem and I think that to go further would just elaborate this very same thinking and belabor the point.

One of the outgrowths of the current Kodiak Borough-City conflict has been the idea of unifying the governments in the Kodiak Island Borough. Resolutions have been passed by both the City of Kodiak and the Kodiak Island Borough regarding unification. At the Borough Assembly meeting on April 7, the Borough Assembly

did adopt a Resolution to put the question on the ballot next October. Hopefully, the Boundary Commission will look at the problem in the immediate context of what is going on now rather than what might happen in the future. I am certain that you are aware of the unification procedures and the fact that the Kodiak Island Borough is fragmented with a home rule city, five second class cities and the Borough. In addition, there are many residents outside of the cities that compound the complexity of unification. While I personally see unification as the only answer and ultimately it is bound to occur, the process will probably take two to three years before unification becomes a reality.

The Boundary Commission is the only body that has the power, authority and responsibility to mediate the conflicts described above. I feel that the State of Alaska is certainly at fault by allowing the borough-city annexation-service area conflicts to exist in the first place. In the last nine or ten years the situation has gotten worse and it has even reached Kodiak Island which in itself is isolated from the rest of Alaska. This is certainly not the time nor the place to lay blame but to look at answers within the context of legalized solutions.

The obvious is clear. The Boundary Commission should consider steps to annex the total urban area into the City of Kodiak by using the stipulation for differential taxation as described in 19AAC 05.020 (3) and (4). Without the total picture being reviewed and the Boundary Commission taking appropriate action, I see this situation continuing for a number of years. Since the Boundary Commission decided not to act on the Mill Bay Road annexation when you were here in December because of a decision to look at the entire urban area, I think it is incumbent that the Boundary Commission act positively to stop the squabbling and hassles that have resulted because of the City-Borough conflicts.

If Kodiak were an isolated case and our problems were unique to Alaska, I would be the first one to bring that to your attention; however, it is clear that since the creation of the Kodiak Island Borough and the fact that City Council members do not sit on the Borough Assembly and removal of the weighted voting provision, many conflicts were bound to result. Only through the good offices of the Boundary Commission will the Kodiak Island taxpayers and residents see a resolution to their problem.

Hopefully, unification is the final solution to the problems, perhaps, that is what this is all about. The Constitutional Convention was aware that unification was probably the only answer; however, they did not deem it practical to mandate that from the beginning. It seems as though the only answer is unification, however, in the meantime we must look to the political realities of that process. As mentioned above, the City is taking legal action against the Borough to stop the formation of the service district immediately outside of the city limits. The Borough plans on utilizing City water and sewer to serve the residents of these service areas. As long as the Boundary Commission refuses to take positive annexation action,

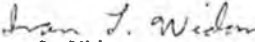
Local Boundary Commission
Page Seven
April 24, 1978

the taxpayers will be the losers. In addition, the residents of Kodiak will divide up into groups and destroy the harmonious relationships that have developed over many years. The Boundary Commission has the responsibility and authority to resolve this problem before it gets carried to extremes. Your assistance will be greatly appreciated. Hopefully, the Boundary Commission will remedy the situation by annexing all the urban area of Kodiak to the City of Kodiak.

Thank you for your time and attention.

Very truly yours,

CITY OF KODIAK


Ivan L. Widom
City Manager

ILW/lp

cc: Governor Hammond
Senator Poland
Representative Snider
Representative Rudd
Senator Orsini
Commissioner McAnerny
Borough Assembly

Encs.

4. The state was to control local government boundary changes that could be made objectively in response to changes in urban population and economic growth patterns. Just as the Boundary Commission was unable to substitute its authority for local determinations in the initial setting of borough boundaries, so it has since played a minor role in controlling subsequent alterations of borough and city boundaries. As in pre-statehood days, most significant boundary changes are subject to several procedural checks and to elections in the areas immediately affected. The commission has not been in a position to counter or withstand the political pressures brought to bear, particularly when proposed boundary changes are perceived as affecting values associated with local autonomy, suburban separatism, or tax and service independence.

In its current stage of evolution, then, the borough possesses the form but not the substance of authoritative areawide government. It is a "general government" within which a powerful special government -- the school district -- has maintained and even increased its autonomy. It has "exclusive authority" for areawide functions, but in practice these functions are divided and shared with independent city and school administrations. It is a "regional government," but it competes with city governments for both territory and functions. It speaks of promoting "areawide" policies and programs, but it is so structured as to facilitate the expression of local self-interest and localized service area needs.

The basic problem is that in most areas two forms of local government -- the city and the borough -- are attempting to occupy political and physical

"space" where there is room only for one. This is so particularly where a borough centers on a single urban core served by a well established city (Anchorage, Fairbanks, Sitka, Ketchikan). The case for a single, urban areawide governmental unit for these places would seem clear. Much less clear, however, is the rationale used for superimposing the borough, as a second unit of local general government, on the existing municipal base in these more developed regions of the state. On the other hand, where the borough, as a regional government, might serve smaller areas of settlement and rural areas, as well as region-wide needs, more room could be considered available for both borough and city governments (e.g., Kenai, Kodiak, Matanuska-Susitna).

Borough government does not exist at all in most of Alaska, for the "unorganized borough" does not function. Current developments in unorganized Alaska suggest, however, that the social and political conditions for increased local self-government are now emergent. Therefore, in considering the governmental needs for unorganized Alaska, it will be necessary to avoid outmoded notions of the "readiness" of its residents for self-government. In the absence of formal governmental institutions, Native leaders are building their own regional organizations and promoting local participation in a number of federally funded social and economic development programs. Unless these realities are taken fully into account, local government policies developed at the state level will meet with no more success in rural Alaska during the 1970's than did state policies concerning the organized borough in urban Alaska during the 1960's.

The momentum of the statehood movement has been spent, making it all the more difficult to effect basic alterations in the existing scheme.

3. Cities. Cities are viewed as the basic units of local government, located both within and outside of organized boroughs. City boundaries should be so located as to encompass an entire "natural" socio-economic and political community. Since most of Alaska's urban settlements are small and relatively compact, there is no technical reason why this criterion cannot easily be met. This would minimize the need for service areas and organized boroughs to perform urban services that can be performed by a city.

The city classification scheme should parallel the borough's. That is, there should be but two classes of municipal corporation -- home rule and general law. As in the case of organized boroughs, general law cities should have the option of assuming home rule status and privileges.

4. Service Areas. Service areas in organized and unorganized boroughs would be vehicles primarily for meeting special service needs and applying differential tax rates, as at present. In unorganized borough areas, they would be directly under the jurisdiction of the state and the advisory councils. The service area should not be used as a substitute for organized borough or city status. The determination of the need to establish a service area should be based upon consideration of settlement patterns within the borough, proximity to a city or existing service area, the desire for special types and levels of service on the part of the area's residents, and their capacity to provide the additional revenues necessary to support the desired types and levels of services.

While it is generally desirable that matters of government organization and functions be determined locally, past experience of borough-city conflict over annexation and the creation and operation of service areas

indicate that the state, probably through the Boundary Commission, should review local action and play a mediating role. The purpose would be to ensure that appropriate incorporation and annexation standards are met, that a new service area is actually warranted and, if so, that it is properly constituted. Any area bordering on a city should be subject to annexation rather than permitting its establishment as a borough service area, or its incorporation as a separate city. If annexation or incorporation is not feasible or desirable, expansion of an existing service area would be considered, providing that a determination is made that the existing service area should not itself be annexed or incorporated. Only after each of these options is considered in order, should it be permissible to establish a new service area, and then only with clear understanding that it is subject to future adjustment within the broader system of organized local government.

Functions and Finances

Issues of governmental structure, functions, and finances are closely interrelated; one cannot properly be considered in isolation from the others. State policies such as the following would help create and reinforce the local government structure outlined above.

1. Financial incentives. State financial aid policies should be designed to (a) eliminate current disincentives to local incorporation or annexation, and (b) provide positive incentives for performance of urban area functions by cities and regional functions (including special service areas) by boroughs. The state should re-examine all provisions of law and fiscal relations (e.g., tax and revenue sharing) that tend

to the long term goal of a unified local governmental system, and provisions were included in the constitution for the purpose of encouraging close cooperation between boroughs and cities within them.

Cities, then, would continue to exist within the new boroughs and, between them, they would eventually exercise all local government powers in the state. Special districts, including school districts and public utility districts, would be absorbed into these two constitutional forms of local government. While elective school boards could remain in existence, they would be under the general budgetary control of the borough assemblies.

The state was to assume a continuing responsibility for the overall design and performance of the local governmental system. Specifically for this purpose, two new state agencies were mandated by the constitution: a local boundary commission and a "local government agency." The boundary commission would assure that borough and city boundaries were properly aligned in the first instance, and subsequently were responsive to changing needs and conditions. The commission was thus authorized by the constitution to "consider any proposed local government boundary change" and, subject to legislative veto, it could implement such changes. The local government agency, on the other hand, would broadly "advise and assist local governments . . . review their activities," and perform other functions assigned by law.

Within this very open and apparently simple constitutional framework, the state legislature was to specify and elaborate essential features of local government and state-local relations. The ultimate goal, however, was not state control, but maximum local control of the internal

serve the city and is obligated to work with the borough planning staff. In the hopeful words of the state's Attorney General, "the system is a carefully balanced one which demands a great deal of cooperation between city and borough."¹⁷

Thus, although the borough presumably has "exclusive" planning and zoning authority, effective arrangements are anything but clear-cut. They are, in part, the outcome of practical, and often unstable, compromises in the writing and interpretation of statutory provisions. Complicating the issue in this case is a concept of planning that does not account for differences in scale or level. Consequently, political and administrative accommodations must be reached at the local level in order that even routine planning tasks -- at project, neighborhood, city, and areawide levels -- can be accomplished. By denying planning authority to the city, the borough act tended to complicate rather than clarify borough-city administrative relationships -- it helped create a structure within which conflict was bound to occur, and one that has in some cases operated to eliminate city planning functions altogether. But the planning conflict only reflects larger differences between the city and borough.

City Vs. Borough

It was apparent from the start that a potential stalemate between cities and boroughs was built into the new local governmental system set forth in the constitution. Boroughs and the cities within them were very likely to compete with each other for territorial jurisdiction over urbanizing areas outside city limits.¹⁸ To service these places, the borough

¹⁷Quoted in Alaska, Local Affairs Agency, Alaska Local Government, Vol. VII, No. 7, October 1964, p. 4.

¹⁸See PAS, op. cit., pp. 63-73.

would need to acquire additional powers or create special service areas. If additional areawide powers were sought, these would be at the direct expense of city authority, since areawide powers assumed by the borough are denied to the cities. If non-areawide (outside city) powers were sought, or if service areas were created, these could constitute blocks to city expansion. Moreover, borough assemblymen from outside the city could be expected to resist city annexation cutting into their constituency. And if, at the same time, this meant that assemblymen from the city would acquire the weighted vote advantage because of an increase of the city population (to a majority of the borough population), the resistance would be all the more intense.

Assembly Structure

Since the city is represented on the assembly by city council members, the ground is already prepared for city-suburban splits and polarization because of the assembly's own internal structure. This can directly channel and reinforce the internal divisions that would in any case exist because of the normal political reality of competition and conflict among the different interests that assemblymen are elected to represent.¹⁹ Direct city representation, as required by the constitution,²⁰ enhances certain naturally unstable aspects of the political process that have already been

¹⁹Cf. Paul Yivisaker, "Some Criteria for a 'Proper' Areal Division of Governmental Powers," Area and Power, Arthur Maass, ed. (Glencoe, Ill.: The Free Press, 1959), p. 35.

²⁰Alaska, Constitution, Article X, Section 4. This, it should be noted, is the only instance in which the article prescribes a specific feature of internal organization, a practice otherwise avoided, and deliberately so, by the article's framers.

built into the borough structure. Another method of city representation (e.g., borough sections, at-large, or some combination of both) would not mean the elimination of conflict. Indeed, it is possible that confrontations between completely separate city and borough governments might even be more intense in the absence of assembly "screening" and internal stalemating. However, these confrontations would more likely occur in political arenas larger than the assembly structure, often forcefully presenting themselves for more definitive resolution at the state level.

Annexation Vs. Service Areas

As viewed by the Public Administration Service (PAS) in its report to the Statehood Committee in 1959, there were two contrasting approaches to local government reorganization in the more urbanized areas of the state. On the one hand, the borough could be established with a view toward eventual absorption of the city within it. On the other, the jurisdiction of the city could be expanded through annexation of the urbanizing areas around it. In most of urban Alaska, there appeared to be no need for more than one unit of local government to provide urban services. Population and economic bases were small, and duplication of governmental machinery would be wasteful. "By all odds," reported PAS, "the most direct and least complicated line of evolution for many communities would be expansion of the central city with all of its existing plant, political structure, credit and fiscal base, and political know-how." But, "if this line of reasoning is valid, what foreseeable use is there for organized boroughs . . .[?]"²¹ PAS concluded:

²¹PAS, op. cit., p. 71.

It may be that the best solution for the problems of urban government in most areas will be to concentrate the full responsibility in a single level, the city, or the completely consolidated city-borough. On the other hand, it may be that the borough will provide a very useful agency in rural areas for the exercise of local responsibility for administration and at least partial financing of education and a growing list of local or regional services such as local roads, fire protection, utilities (water, sewer, and others), health, recreation, etc., some of which would be provided on a borough-wide basis and some in special service areas organized and governed under the authority of the borough.²²

Ignoring these considerations, the state layered borough governments over the cities of urban Alaska and established no borough units in rural Alaska.

As described above, the state was confronted with the problem of "integrating" all areas served by special districts. City annexation of all, or even a larger part, of these surrounding areas appeared to be politically out of the question. Even in the case of a small public utility district completely encompassed by the city of Anchorage, opposition to city annexation was intense, although the annexation was finally accomplished. In this case, the Boundary Commission exercised its constitutional prerogative of ordering the annexation, subject to legislative veto, without a vote of the residents of the district. Its action was upheld by the state Supreme Court.²³ This was a relatively simple case of a special district that was required under the constitution to be integrated into a city or borough. Completely surrounded by Anchorage, it was an obviously practicable and logical move for the city to annex it. On the other hand, the Boundary Commission had been most respectful of political realities in cases where suburban residents, often fearing that the cost in new taxes will outweigh the benefits of additional services received, object

²² *Ibid.*

²³ *City of Anchorage vs. Fairview Public Utility District No. 1, Alaska Supreme Court (1962).*

to city annexation. Certain groups of outside-city residents have also been extremely possessive of their identity and autonomy, much in the tradition of suburban and rural separatism, with central cities often cast in somewhat morally suspect roles.²⁴

At the same time, the borough service area has been available as a vehicle for meeting service needs of developed enclaves outside the city. This tends to neutralize whatever attraction city annexation may have for those seeking more and higher quality urban services. With the borough service area, residents outside the city may select the particular mix of services they wish and be assured of paying, through differential mill rates, only for those additional services directly received in their immediate area of residence. For this reason, however, service areas also fragment the borough. The separate suburban enclaves develop a built-in resistance to unified or consolidated area tax and service structures, and service area status insulates their residents from the cost of city facilities and services that they share or benefit from, perhaps most obviously as owners of property whose value is enhanced simply because the city is accessible.

So, following the line of least relative resistance, boroughs were established in large part to solve the special district problem. Critical by-products of this action were the blocking of significant annexation activity by the cities within them and, in several cases, the fragmenting of the urban area. This outcome was foreseen by PAS in its 1959 report: "The conclusion is inescapable that it would often be more difficult to

²⁴ Although Alaska's "central cities" are really small and medium-sized towns by U.S. standards, such anti-city sentiments often seem to be magnified here. This is, in part, the result of Alaska's peculiar socio-economic characteristics and political "culture" as described in Chapter III above, as well as traditional American attitudes toward the "city."



Official Business

Alaska State Legislature

Senate
Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

February 28, 1978

Mr. Sigvald Strandberg
Chairman
Local Boundary Commission
7235 Blackberry
Anchorage, Alaska 99502

Dear Mr. Strandberg:

The Senate Community and Regional Affairs Committee would like to express its support for your reappointment by Governor Jay Hammond to serve an additional term of office on the Local Boundary Commission.

The Committee deeply appreciates your years of public service on the Commission and looks forward to the continuation of your work.

Sincerely,

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

JOE ORSINI
Chairman, Senate
Community and Regional
Affairs Committee

JO:gd



Official Business

Alaska State Legislature

Senate
Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

January 27, 1978

Mr. Sigvald Strandberg
Chairman
Local Boundary Commission
7235 Blackberry
Anchorage, AK 99502

Dear Mr. Strandberg *Sig*

Further to your telephone conversation this morning with my Administrative Assistant, I would like to invite you and any other members of the Local Boundary Commission to attend the hearings which the Senate Community and Regional Affairs Committee will be holding in regard to your recommendations on the proposed annexations by the Cities of Skagway and Petersburg and the Haines Borough.

The committee meeting is scheduled for 3:00 P.M. in Room 100 of the Assembly Building Tuesday, February 7, 1978.

I look forward to seeing you and any other Commission members who wish to attend at that time.

Sincerely,

Joe Orsini

Joe Orsini
Chairman
Community and Regional
Affairs Committee

JO/tb



Official Business

Alaska State Legislature

Senate

Office of the Secretary

*F: Local
Boundary
Commission*

Pouch V
State Capitol
Juneau, Alaska 99811

January 31, 1978

MEMORANDUM:

TO: Chairman, Community & Regional Affairs

SUBJECT: Governor's Appointments - Information only

The following appointment is not specifically required by statute and is submitted for your information only:

LOCAL BOUNDARY COMMISSION

*Sigvald Strandberg, Anchorage, term expiring January 31, 1983

*Reappointed

*F. Strandberg
Chairman*

7235 Blackberry Street
Anchorage, AK 99502
January 30, 1978

Honorable Lisa Rudd, Chair
Alaska House of Representatives
Community & Regional Affairs Committee
Pouch V
Juneau, AK 99811

Dear Lisa:

Have discussed your scheduled hearings (February 6 & 8 @ 9:00 a.m. & February 7 @ 3:00 p.m.) with my fellow commissioners and they request that I represent the Commission on the matters submitted for legislative review.

I'm looking forward to appearing before your committee and, on behalf of the commission, wish to thank you for your courteous invitation.

Sincerely yours,

Sigvald J. Strandberg
Sigvald J. Strandberg
Chairman

cc: Senator Joseph Orsini ✓
Commissioner Lee McAnerney
Local Gov't. Specialist Patrick Poland
LBC Commissioners

LOCAL

BOUNDARY

Comm.

LISTING



Official Business

Alaska State Legislature

Senate
Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

January 27, 1978

Mr. Sigvald Strandberg
Chairman
Local Boundary Commission
7235 Blackberry
Anchorage, AK 99502

Dear Mr. Strandberg *Sig*

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The committee meeting is scheduled for 3:00 P.M. in Room 100 of the Assembly Building Tuesday, February 7, 1978.

I look forward to seeing you and any other Commission members who wish to attend at that time.

Sincerely,

Joe Orsini

Joe Orsini
Chairman
Community and Regional
Affairs Committee

JO/tb

Dear Mr. Strandberg,

Further to your telephone conversation this morning with my Administrative Assistant, I would like to invite you and any other members of the Local Boundary Commission to attend the hearings which the Senate Community and Regional Affairs Committee will be holding in regard to your recommendations on the proposed annexations by the Cities of Skagway and Peterburg and the Haines Borough.

The committee meeting is scheduled for 3:00 P.M in Room 100 of the Assembly Building Tuesday, February 7, 1978.

I look forward to seeing you and any other Commission members who wish to attend at that time.

Sincerely,

Joe Orsini
Chairman, etc.

bfh

1-27-78

2147

LOCAL BOUNDARY COMMISSION

Mr. Sigvald Strandberg Chairman 7235 Blackberry Anchorage, AK 99502	243-1772 home 276-4555 business
Mrs. Shiela Jones 3201 G. Street, Suite 201 Anchorage, 99503	276-8356 home 276-7614 business
Mrs. Josephine Anderson P. O. Box 351 Wrangell, 99929	874-3590 home 874-3621 business
Mr. Jim Dodson 2.5 Mi, Steese Highway Fairbanks, 99701	452-5671 home 456-7670 business
Mr. Edwin Hobson P. O. Box 143 Barrow, 99723	852-5141 home 852-6970 or 852-6930 business

Municipip.
of

ANCHORAGE

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1. STATE REVENUE SHARING

Undoubtedly you have read or heard the Governor's proposed revision of revenue sharing; that of basing the amount a municipality would receive on its relative tax base per capita. While the goal may be equity, tax base per capita is only one factor in looking at such programs. There is no simple correlation between tax base and what state revenue sharing should be.

To begin, tax base is only indicative of the size of the physical plant (buildings, dwellings, etc.) within a given community. The Governor's unstated hypothesis is: the greater the tax base per capita, the greater the capacity to fulfill local service needs by local funds. This is an oversimplification of a longstanding urban problem which has two dimensions: the need for service and complexity of that service delivery. Tax base does not necessarily relate to service needs or demands. Urban densities, congested traffic, large numbers of unemployed and the crime rate are more closely connected to the need for service. Service demands (needs) criteria are the factors to consider before making any judgments on tax base and its relationship to state revenue sharing.

Service demands or need criteria must be evaluated very carefully in order to avoid falling into the argument that not having the funds is tantamount to having a service need. While this may sound ludicrous, the argument is used with surprising frequency. Conversely, the argument that because a community has a high tax base per capita it should receive lesser revenue sharing funds misses the point of service need to capacity to fulfill those needs.

Returning to the need criteria and the faulty argument mentioned above, the State Administration may be unintentionally "helpful" in this establishment of need through the efforts of the Department of Community and Regional Affairs when it fosters municipal incorporation of very small villages. Additionally, new services are encouraged as early after incorporation as possible. This process, while a valid concern of the state's, may simply outstrip the local government's capacity to generate revenue to pay for the "new services". The point here is not that the state shouldn't be assisting in the creation and development of local governments, but that the state can press for too fast a development and thereby create false service demands. Until the "real" service needs and the revenue needed to provide them is established through objective research, the current method of revenue sharing should not be changed.

House Bill 70 does not substantially change the current approach to state revenue sharing. It adds a few categories as separate items. Specifically, HB 70 would separate water and air pollution, make small boat harbors or ports, mass transit and airports separate categories, and add as new categories solid waste disposal and ambulance. The formula used is $B \times P = \text{Amount}$. B is the base revenue sharing amount of \$1 times the units for each service category and P is the population of the community. Thus, for example, if Anchorage's population is 200,000, its share for police protection would be \$12 times 200,000 or \$2,400,000. However, the recent expansion to Muldoon, Sand Lake, and Eagle River of police services will increase greatly the need for a greater amount for the police category. Another way of looking at an increase in the police service category is to remember that the state's responsibility for policing in those areas will no longer be needed. Hence, a larger share of state funds could be made available to the police protection category.

Anchorage Municipality strongly supports passage of HB 70 and endorses an amendment that would increase the police units to twenty dollars per capita. The cost for police services in Anchorage is currently over \$120 per capita. Any relief in this category would be most welcome.

In addition to the above support for the HB 70 revenue sharing bill and possible amendment in police services funding, the Municipality requests consideration be given to building into the annual revenue sharing formula a cost of living (inflation) increase. Such a cost of living index could be based upon the Consumer Price Index (CPI) published by the U.S. Department of Commerce. An example of how this might work is illustrated below.

The base year for the CPI is 1967; therefore 1967 equals 100 points (keep in mind these are not percentage points but can easily be converted to percentage points)

<u>Year</u>	<u>Anchorage CPI</u>	<u>Example Service</u>
1967	100.0	\$8.28
1973	120.8	10.00
1974	133.8	11.08
1975	151.0	12.50
1976	163.3	13.52
1977	177.4	14.69
*1978	191.6	15.86

* The 1978 figure is estimated based on 1973-77 average annual increases.

AS you can see the impact of using the CPI would be to increase annually the revenue sharing in an equal amount as the cost of living has increased (inflationary increase). In accordance with the format of HB 70 it would be better to amend the formula wording of AS 43. 17.030 to the following:

Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a municipality elects not to receive the grant provided for under sec. 20 of this chapter, the amount of revenue sharing for which it is eligible shall be $B \times P$ where

(1) "B" is the base revenue sharing amount of \$1.00 times the Consumer Price Index issued by the U.S. Department of Commerce for that year times the service units for each service performed by the municipality established as follows:

(A) police protection	20 units
(B) fire protection	7.5 units
(C) water pollution control	2 units
(D) land use planning	2 units
(E) parks and recreation	5 units
(F) small boat harbor or port	5 units
(G) mass transit	5 units
(H) airport	5 units
(I) solid waste disposal	2 units
(J) ambulance	2 units
(K) air pollution	2 units

(2) "P" is the population of the municipality rounded up to the nearest 100.

The purpose for this request is to enable local governments to maintain a status quo in the services they are able to render through state revenue sharing than lose ground to inflation. A look at what inflation has done to recent revenue sharing in one category will be illustrative.

In 1973 five dollars per capita was given to municipalities. That figure has not been changed since. The impact of inflation is as follows:

<u>Year</u>	<u>CPI</u>	<u>Parks and Recreation</u>
1973	120.8	\$5.00
1974	133.9	\$5.42
1975	151.0	\$6.92
1976	163.3	\$7.48
1977	177.4	\$8.13

What this says is that it takes \$8.13 to buy in 1977 what it took \$5.00 in 1973. Another comparison that can be made is what the 1977 actual revenue sharing was for Anchorage and what it would be under the CPI method. The comparison is shown in Appendix "A". The CPI is applied to road maintenance and health facilities dollars that are not direct pass through funds.

Original sponsor: Community and Regional
Affairs Committee

Offered: 2/16/77
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal revenue sharing, and the
7 Alaska Business License Act; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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

11 CHAPTER 17. MUNICIPAL REVENUE SHARING.

12 Sec. 43.17.010. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)

13 This chapter may not be construed so as to create a debt of the state.

14 (b) The special municipal services account is established. The
15 legislature may annually appropriate funds to the account to carry out
16 the provisions of this chapter. If there are not enough funds in the
17 account to provide for each local government's or other recipient's
18 share authorized under this chapter, the funds which are available shall
19 be distributed in proportion among eligible local governments and other
20 recipients.

21 (c) If any money remains in the special municipal services account
22 at the end of the fiscal year for which the money is appropriated and
23 this remaining money is more than the amount required for the alloca-
24 tions authorized in this chapter, this money reverts to the general
25 fund.

26 Sec. 43.17.020. MINIMUM GRANTS TO MUNICIPALITIES. (a) A munici-
27 pality proposing to provide administrative services or a service pro-
28 vided for in sec. 30(a)(1) of this chapter may, in lieu of obtaining
29 revenue sharing money as provided in this chapter, obtain instead a

APPENDIX A

	<u>RATE</u>	<u>POPULATION</u>	<u>1977 CPI</u>	<u>1977 W/CPI AMOUNT</u>	<u>1977 ACTUAL AMOUNT</u>
POLICE PROTECTION	12	106,690	1.08	1,382,702	1,280,280
MILITARY	6	18,897	1.08	122,452	113,382
FIRE PROTECTION	7.50	175,189	1.08	1,419,031	1,313,918
AIR/WATER	2	175,603	1.08	379,302	351,206
LAND USE PLANNING	2	175,603	1.08	379,302	351,206
PARKS AND RECREATION	5	164,400	1.08	887,868	822,100
MILITARY	1.25	18,897	1.08	25,511	23,621
TRANSPORTATION	5	245,454	1.08	1,325,452	1,227,270
MILITARY	2.50	37,794	1.08	102,044	94,485
ROAD MAINTENANCE	1,500	35,948	1.08	582,358	539,220
HOSPITALS	2	175,603	1.08	379,302	351,206
	1000/bd	235	1.08	<u>253,800</u>	<u>235,000</u>
				7,239,124	6,702,894

1 minimum grant of \$25,000.

2 (b) The department shall issue regulations regarding procedures
3 and time limits for making an election under this section.

4 Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a municipi-
5 pality elects not to receive the grant provided for under sec. 20 of
6 this chapter, the amount of revenue sharing for which it is eligible
7 shall be $B \times P$ where

8 (1) "B" is the base revenue sharing amount of \$1 times the
9 service units for each service performed by the municipality established
10 as follows:

11	(A) police protection	12 units
12	(B) fire protection	7.5 units
13	(C) water pollution control	2 units
14	(D) land use planning	2 units
15	(E) parks and recreation	5 units
16	(F) small boat harbor or port	5 units
17	(G) mass transit	5 units
18	(H) airport	5 units
19	(I) solid waste disposal	2 units
20	(J) ambulance	2 units
21	(K) air pollution	2 units

22 (2) "P" is the population of the municipality rounded up to
23 the nearest 100.

24 (b) If a municipality provides one or more of the services in
25 (a)(1) of this section under contract to a defined area outside the
26 boundaries of the municipality, the revenue sharing amount for those
27 services shall be increased by the service units for each service times
28 the population of the area served rounded up to the nearest 100.

29 (c) If a municipality contains areas having differential rates of

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OFFICE

1 taxation, the entitlement shall be calculated for areawide services and
2 for each area separately and totaled to reach the entitlement of the
3 municipality. Revenue sharing money for which the entitlement is based
4 upon areawide services may be used for areawide purposes only. Revenue
5 sharing money for which the entitlement is based upon service area
6 services may be used for that service area only.

7 Sec. 43.17.040. HEALTH FACILITIES AND HOSPITALS. (a) During each
8 fiscal year the state shall make payments as follows:

9 (1) \$2 per capita to a municipality which has the power to
10 provide health facilities and services and in which a hospital is
11 located;

12 (2) in addition to the payment made under (1) of this sub-
13 section

14 (A) the state shall make payments to a municipality
15 which has the power to provide hospital facilities and services and
16 which exercises the power on the basis of \$1,000 per bed for each
17 bed actually used for patient care limited to the number of beds
18 provided for in the construction design of the hospital, or \$75,000
19 a hospital for those hospitals with 10 or more beds, or \$25,000 a
20 hospital for those hospitals with less than 10 beds, as the muni-
21 cipality may elect; funds received under this subparagraph may be
22 used only for hospitals and shall be apportioned among qualifying
23 hospitals as the municipality determines;

24 (B) the state shall make payments on the basis set out
25 in (A) of this paragraph to a municipality for nonprofit hospitals
26 not operated by a municipality if the municipality first certifies
27 to the department that the hospital is in compliance with all
28 standards for hospitals which have been adopted by the munici-
29 pality; in the absence of this certification the funds which would

1 have gone to the hospital lapse into the state general fund; pay-
2 ments to the municipality shall be transferred to the hospital in
3 accord with the basis by which the entitlement was generated by the
4 hospital and shall be applied to the annual cost of operation and
5 maintenance of the hospital or for the provision of health care
6 service at the hospital as the directors of the hospital determine;

7 (C) a hospital may not receive payment under both (A)
8 and (B) of this paragraph;

9 (3) \$1,000 per bed to an organized borough or city outside an
10 organized borough in which a health facility is operated for each bed
11 actually used for patient care, limited to the number of beds provided
12 for in the construction design of the health facility, or \$4,000 for
13 each health facility as the local government may determine;

14 (4) funds received by a municipality under (1) or (3) of this
15 subsection shall be used for expenses of health services or operation
16 and maintenance of facilities as the municipality determines.

17 (b) If construction of a hospital or health facility began before
18 January 1, 1976, and state matching aid for construction approved under
19 AS 18 for payment to a municipality or other facility sponsor consti-
20 tutes less than 25 per cent of the total project cost, the state shall
21 pay to the municipality or other facility sponsor each fiscal year a sum
22 equal to \$2,500 a bed for the maximum number of beds provided for in the
23 construction design of the facility. State aid provided for in this
24 subsection shall continue until the municipality or other facility
25 sponsor has received an amount which, combined with state matching money
26 for construction of the facility approved under AS 18, equals 25 per
27 cent of the total project cost. No funds received for construction
28 shall be used for any other purpose.

29 (c) In this section

1 (1) "hospital" means a licensed hospital determined by the
2 Department of Health and Social Services to be a general hospital; the
3 term excludes facilities operated or wholly supported by the state or
4 the federal government;

5 (2) "health facility" means public health centers, maternity
6 homes and community mental health centers, facilities for the mentally
7 or physically handicapped, nursing homes and convalescent centers which
8 are licensed, when required, by the state under AS 18.20.010 - 18.20.130
9 and are owned or operated or both by a local government or by a non-
10 profit corporation or other nonprofit sponsor; the term excludes facili-
11 ties operated or wholly supported by the state or the federal government.

12 Sec. 43.17.050. VOLUNTEER FIRE DEPARTMENTS OUTSIDE MUNICIPALITIES
13 The state shall pay to a volunteer fire department registered with the
14 state fire marshal and serving an area not in an organized borough or a
15 city a sum for protection purposes equal to \$7.50 per capita for the
16 population served by the department, as determined by the state fire
17 marshal using the latest figures of the United States Bureau of the
18 Census or other reliable data. Grants shall be made on the same basis
19 to facilitate the organization of volunteer fire departments in an area
20 not in an organized borough or a city. Payment shall be made upon
21 application by the proposed fire protection group to the department and
22 approval of the application according to standards of organization and
23 service prescribed by regulations promulgated by the department.

24 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State
25 payments under this chapter shall reflect area cost-of-living differ-
26 ential. Amounts distributed shall be based upon the sum of the grants
27 due multiplied by the appropriate area cost-of-living differential. The
28 area cost-of-living differential shall be determined annually by elec-
29 tion district under the provisions of AS 39.27.030; however, the area

1 cost-of-living differential to be applied shall not result in an amount
2 to be distributed less than the base allocation.

3 (b) The election districts used in (a) of this section are those
4 designated by the proclamation of reapportionment and redistricting of
5 December 7, 1961, and retained for the house of representatives by
6 proclamation of the governor September 3, 1965.

7 Sec. 43.17.070. FINANCIAL REPORTS. No final payment may be
8 distributed to a municipality under this chapter unless that munici-
9 pality first submits to the department (1) a financial report for each
10 of the two fiscal years immediately preceding the fiscal year in which
11 funds are to be distributed; and (2) a budget for the municipality's
12 fiscal year in which funds are to be distributed. The department may,
13 by regulation, prescribe procedures and filing dates for submitting
14 financial reports and for obtaining all information required to deter-
15 mine the municipality's tax effort.

16 Sec. 43.17.080. POPULATION DETERMINATION. For purposes of this
17 chapter, population shall be determined by the latest figures of the
18 United States Bureau of the Census, Department of Labor estimates or
19 other population data which, in the judgment of the department, is
20 reliable. However, a municipality may not receive state shared revenue
21 based on the population residing on that portion of a military reser-
22 vation annexed to a city or borough after January 1, 1973, except as
23 provided in this section. If a military reservation is located within a
24 city or borough, the city or borough is limited in its entitlement to
25 state shared revenue under this chapter, based on the population re-
26 siding on the reservation, as follows: 50 per cent of the amount paid
27 per capita for police protection; 25 per cent of the amount paid per
28 capita for parks and recreation; 50 per cent of the amount paid per
29 capita for mass transit; 50 per cent of the amount paid per capita for

1 water pollution; and 50 per cent of the amount paid per capita for air
2 pollution.

3 Sec. 43.17.090. ADDITIONAL LIMIT. In addition to the limitations
4 on expenditure of funds contained in sec. 40 of this chapter:

5 (1) if a borough exercises the powers in sec. 30(a)(1) of
6 this chapter in the borough area outside cities only, or in a service
7 area only, the grants authorized under this section shall be based on
8 the population of the borough area outside cities or the service area
9 respectively;

10 (2) if a city within an organized borough provides police
11 protection services, the borough may not qualify for aid under sec.
12 30(a)(1)(A) of this chapter unless

13 (A) police protection services are provided in the
14 borough area outside cities, or if limited to a service area, in
15 the service area, through borough contract with a city or with the
16 state or

17 (B) the borough assumes and exercises power to provide
18 police protection services on an areawide basis in the manner
19 provided by law.

20 Sec. 43.17.100. ROAD MAINTENANCE. (a) During each fiscal year the
21 state shall pay to a city or organized borough which has and exercises
22 power to provide road maintenance \$1500 a mile for each mile of road,
23 street, or highway maintained by that local government. No payment may
24 be made for

25 (1) the official state highway system;

26 (2) roads, streets, or highways not dedicated to a public
27 use;

28 (3) roads, streets or highways maintained under the local
29 services road program;

1 (4) alleyways; or

2 (5) maintenance of roads not used by automotive equipment.

3 (b) Frozen waterways and connections from inhabited areas to the
4 waterways which may be safely used for public transportation by auto-
5 motive equipment and are so used during a portion of a year are eligible
6 for payments of \$900 per mile if the waterways and connections are
7 maintained during the period of use by a municipality or combination of
8 municipalities. The Department of Community and Regional Affairs, after
9 consultation with the Department of Highways, shall determine which
10 waterways and connections qualify and, where the waterways or connec-
11 tions lie outside the corporate limits of a municipality, which munici-
12 pality is eligible for the shared revenue unless the municipalities
involved have agreed in writing to a particular distribution.

14 Sec. 43.17.110. REGULATIONS. The department shall adopt regula-
15 tions necessary to carry out the purposes of this chapter. The regula-
16 tions shall include

17 (1) minimum standards of service required to qualify a muni-
18 cipality for service unit credit for each service; and

19 (2) provisions for a performance report adequate to demon-
20 strate to the department that each service for which credit was allowed
21 was actually performed by the municipality at least at the prescribed
22 minimum level.

23 Sec. 43.17.120. EXPENDITURE OF FUNDS. Funds received by a munici-
24 pality under this chapter may be expended for any public purpose for
25 which the municipality has power to expend funds except as provided in
26 sec. 40 of this chapter.

27 Sec. 43.17.130. UNIFICATION, MERGER OR CONSOLIDATION OF MUNICI-
28 PALITIES. If a borough and the cities within the borough merge, con-
29 solidate or unify in accordance with AS 29.68, the amount of revenue

1 sharing to which the successor municipality is entitled shall be com-
2 puted for the first year and each year thereafter as if the merger,
3 consolidation or unification had not occurred, and the successor muni-
4 cipality shall receive not less than the amount so computed.

5 Sec. 43.17.160. DEFINITIONS. In this chapter

6 (1) "department" means the Department of Community and
7 Regional Affairs;

8 (2) "municipality" for revenue sharing purposes means a city,
9 borough or unified municipality incorporated under the laws of the State
10 of Alaska except a second class city incorporated after the effective
11 date of this Act and lying within an organized borough.

12 * Sec. 2. AS 43.18.010 - 43.18.045 are repealed.

13 * Sec. 3. Other provisions of this Act notwithstanding, a municipality
14 which would receive less money under the provisions of this Act than it was
15 entitled to receive in fiscal year 1977 under the provisions of AS 43.18
16 repealed by this Act shall continue to receive an amount equal to that
17 authorized for fiscal year 1977 under the former provisions of AS 43.18, in
18 accordance with those provisions.

19 * Sec. 4. AS 43.70.010 is repealed.

20 * Sec. 5. AS 43.70.030(a) is amended to read:

21 (a) The license fee for each business is \$25 [PLUS A SUM EQUAL TO
22 ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000 FROM
23 THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED, EXCEPT
24 THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT THE RATE
25 OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY A PRO-
26 FESSIONAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED AGAINST THE
27 INITIAL FEE REQUIRED UNDER THIS CHAPTER].

28 * Sec. 6. AS 43.70.030(c) is amended to read:

29 (c) The licens for the privilege of taking orders through use of

1 catalogs and by mail order offices in the state is the same as set out
2 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF
3 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE
4 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

5 * Sec. 7. AS 43.70.030(d) is amended to read:

6 (d) The initial fee of \$25 applies to all of the provisions of
7 this section, and shall accompany the application. The balance under
8 sec. 30(b) of this chapter is due and payable on December 31st of each
9 year and shall be paid before the first day of March following, except
10 that the department may extend the time until the 30th of the following
11 April upon application showing that the extension is necessary to enable
12 the applicant to ascertain the amount of license money due. To enable
13 accurate determination of the balance of the tax due at the end of each
14 year, each person to whom this chapter applies shall keep records, give
15 statements under oath, and make returns which the department requires.
16 Returns are made under penalty of perjury.

17 * Sec. 8. AS 43.70.040 is amended to read:

18 Sec. 43.70.040. REVIEW AND DETERMINATION OF LICENSE TAX. As soon
19 as practicable after the final payment of the tax under sec. 30(b) of
20 this chapter, the department shall examine the return and determine the
21 correct amount of the tax and, if an error is found, shall notify the
22 taxpayer of the error and examine the taxpayer's records as authorized
23 in AS 43.05.040, and take other proper steps to determine the amount
24 due.

25 * Sec. 9. AS 43.70.110(2) is repealed.

26 * Sec. 10. AS 43 is amended by adding a new section to read:

27 CHAPTER 17. MUNICIPAL REVENUE SHARING.

28 Sec. 43.17.150. ADDITIONAL GRANTS TO REPLACE LOST REVENUE. In
29 addition to all other revenue sharing with municipalities, a municipi-

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pality is entitled to and shall receive each year an amount equal to the amount of money it was entitled to receive under AS 43.70.080 for the year 1978.

* Sec. 11. Sections 1, 2 and 3 of this Act take effect July 1, 1977. Sections 4, 5, 6, 7, 8, 9, and 10 of this Act take effect January 1, 1980.