

769

NOT AT ALL  
AND  
769

TABLE 1

KODIAK ISLAND BOROUGH COMMUNITY ATTITUDE SURVEY

WHAT RESIDENTS DISLIKE MOST ABOUT / REA

CATEGORY LABEL	RELATIVE FREQ (%) CITY	RELATIVE FREQ (%) BOROUGH
NR	3.5	1.7
Environment	6.5	6.7
Roads	15.1	12.6
Litter	13.1	13.4
Utilities	1.5	0.8
Poor Govt.	2.5	2.5
Animal Control	1.5	0.8
Pub. Transport.	0.5	0.8
Police-Fire	2.5	0
Lack Recreation	2.0	1.7
Trans. Facilities	1.5	0
Planning-zoning	1.5	4.2
Devpt.-Growth	3.0	3.4
Oil Devpt.	0.5	0
High Costs Goods	5.5	10.9
High Cost Land	2.0	0.8
High Taxes	0.5	0
Inflation	3.0	2.5
Lack Housing	5.0	5.0
Physical Isolation	6.5	6.7
Pop. Growth	4.5	7.6
Alcohol Abuse	3.5	1.7

TABLE 2

MAJOR PROBLEM FACING THE KODIAK BOROUGH

	City Residents	Outside City Residents
Inadequate Public Facilities and Services	10.6	5.0
OCS Impact	13.1	21.8
Shortage of Housing	48.2	41.2
Conflicting Land Use	13.1	15.1
Preservation of Cultural Diversity	4.5	4.2
Preservation of Natural Environment	8.5	10.9
Other	9.0	5.0

TABLE 3

COMMUNITIES' MOST PRESSING NEEDS

	RELATIVE FREQ. (%) CITY	RELATIVE FREQ. (%) BOROUGH
NR	8.5	8.4
Housing	36.7	42.9
Jobs	1.0	0.8
Roads	6.0	3.4
Road Maintenance	1.0	1.7
Road Constr.	0.5	0
Better Govt.	1.5	1.7
Open up Land	1.5	4.2
Land for Building	2.0	1.7
Boat Harbor	1.5	0.8
Env. Protection	0.5	0
Alt. Energy	0.5	0.8
Protect Fishing	0.5	0.8
Plan Slow Growth	4.5	5.0
Control Oil Devpt.	1.0	1.7
Interethnic Coop.	1.0	0.8
Enforce Zoning	1.0	0
Public Services	3.0	1.7
Water-Sewer	6.0	2.5
Pest Control	1.0	0
Alc-Drug. Rehab.	3.0	0

TABLE 4

ATTITUDE TOWARD COMMUNITY FACILITIES AND SERVICES

ATTITUDE TOWARD	PERCENT WHO RESPONDED PRESENTLY ADEQUATE		PERCENT WHO RESPONDED NEEDS UPGRADING NOW		PERCENT WHO RESPONDED WILL NEED UPGRADING	
	City	Outside	City	Outside	City	Outside
	Water Utility	30.2	16.8	37.2	39.5	25.6
Sewer Utility	29.1	14.3	40.7	47.9	20.6	16.0
Electric Utility	23.1	19.3	42.2	40.3	29.1	31.1
Refuse Collection	42.7	35.3	27.6	23.5	23.6	26.1
Telephone Utility	15.6	21.8	63.3	54.6	15.1	17.6
T.V. and Radio	25.6	22.7	53.8	58.8	12.1	13.4
Highway and Roads	11.1	10.1	72.9	79.0	9.5	5.0
State Airport	30.2	42.0	41.7	36.	20.6	19.0
City Airport	18.1	26.1	44.7	47.9	13.6	9.2
Kodiak Dock	37.2	45.2	31.7	26.1	21.1	21.8
State Ferry	52.8	55.5	28.6	22.7	11.1	17.6
Law Enforcement	25.1	31.1	51.8	45.5	16.1	17.6
Fire Protection	55.8	43.7	17.8	25.2	18.1	23.5
Animal Control	29.6	21.8	48.2	51.3	10.1	10.9
Emergency Medical	45.2	52.9	24.1	26.9	20.6	15.1
Court System	30.2	35.3	44.7	45.4	16.1	10.9
Elementary School	40.7	36.1	33.2	31.9	18.6	21.3
Secondary Education	36.2	32.8	37.7	37.0	18.1	20.8
Community College	44.7	47.9	23.6	25.2	21.1	20.2
Medical Service	43.2	50.4	35.2	28.6	16.1	12.6
Sanitation	29.1	23.5	45.7	47.9	15.1	18.5
Public Assistance	26.1	25.2	52.8	50.4	6.0	9.2
Employment	46.7	42.0	28.6	28.6	11.6	17.6
Social Services	43.2	44.5	31.2	26.9	12.6	16.0
Parks	28.6	25.6	41.2	47.1	22.6	13.4
Recreation Facilities	23.6	21.8	46.2	49.6	20.1	12.6
Open Space	44.7	37.0	27.6	31.9	11.1	10.9
Museum	67.3	62.2	12.1	19.3	16.1	12.6
Library	69.3	68.9	8.0	14.3	18.1	13.4
Postal	14.6	17.6	62.8	70.6	14.6	10.1

2. Can the City provide services more efficiently and economically than the Borough?

One other area upon which the annexation decision should be predicated is the cost of providing public services. The City asserted in the original petition that it could provide services to the area in question more efficiently through annexation than otherwise.

In discussing this, several things need to be well defined. First, it is desirable to separate public goods from public utilities especially with respect to governmental finance. There are some goods that local governments provide that are, in reality, public utilities. Sewer and water systems fall under this category. Those who receive the benefits from these goods are easily identified; and these systems should, if possible, be supported by user fees. These facilities should not be financed by general taxes.

Secondly, with respect to the financing of public goods, it is possible to go the service district route efficiently. All that is required is an institutional arrangement whereby those who receive the benefits can be assessed in proportion to the costs. (The costs would include some prorata share of the fixed plant, not just thin marginal cost.) There is no loss in efficiency in doing this through service districts, and there is no economic reason for necessitating annexation. Expansion of services may produce some economies of scale (the larger the operation, the lower is the cost per unit of output); yet these can be realized without annexation. The service district would seem a more desirable route because of the ability of the residents to choose which public utilities they want.

Public goods are those types of goods which must, by necessity, be provided through taxation (police, planning, general administration, parks, etc.); yet there is no reason to believe that they require the annexation process. They could be provided on the basis of service districts and differential taxation. It should be remembered that the benefits of the service (public good) do have geographical limitations.

Further, it is doubtful that any particular government has a unique advantage in terms of production costs. Both the Borough and the City have to buy their resources in the same market, and they face the same types of technology. There is probably no economic rationale for having a service provided by one government over another.

*G. Hayden Green, Ph.D., MBA*

To provide a basis for comparing the cost and operating efficiency of the two governments, we used the 1977/78 operating budgets of the two entities. (See Table 5)

It should be noted that several duplicated positions exist within the Borough and City governments. These will not be eliminated if the City boundaries are expanded.

A preferable alternative to annexation would be unification. If the two governments were unified, the positions listed in Table 6 could be eliminated. It should be noted, however, that the historical experience of unification efforts have not resulted in substantial cost savings. Where costs are saved in one area, they are often absorbed in others. The primary advantage of unification is the elimination of the conflict that often arises where two governments serve the same citizenry.

TABLE 5

BOROUGH AND CITY BUDGETS

GENERAL COST Executive & Clerk	City	Borough
1. Travel & Per Diem	6,870	8,780
2. Compensation Mayor council	2,760	4,800
3. Legal	55,000	16,500
4. Capital Expenditures Office Machines, etc.	10,100	10,000
5. Manager's salary	39,500	42,462
6. Manager's Secretary		13,687
7. Clerk/Treasurer	27,687	18,331
8. Secretary	13,810	13,687
9. Bookkeeper		15,741
10. Benefits	24,319	6,103
11. Dues	6,190	4,200
12. Expenses (Mayor & Council)	4,800	2,000
13. Overtime	100	1,200
14. Supplies	5,350	8,000
15. Professional Services	7,000	5,000
16. Professional Development		5,000
17. Insurance & Bonding		2,500
18. Group Insurance		1,089
19. Communication, Adv.	4,490	6,790
20. Printing	8,000	

TABLE 5 (continued)

BOROUGH AND CITY BUDGETS

GENERAL COST Executive & Clerk	City	Borough
21. Repairs and Maintenance	500	2,000
22. Rentals	4,805	1,500
23. Equipment		
24. Vehicle Allowance		3,000
25. Post Audit		25,000
26. Election		7,000
27. Boards and Commissions		500
28. Termination Reserves		3,000
	Expenses 221,281	241,870
		86,648.48
		328,518.48
		102,575.00
		Expenses 431,193.48
Revenues earned	60,514	305,070
shared	36,546	750,000
taxes	124,221	51,143

TABLE 5 (continued)

## CITY

Tax Collecting - Finance	Revenues	
Expenses	Earned	31,492
223,270	Shared	36,873
	Tax	154,904
Police Department	Revenues	
Expenditures	Earned	251,330
813,379	Shared	172,635
	Tax	389,414
Fire Department	Revenues	
Expenditures	Earned	59,150
333,241	Shared	55,042
	Tax	219,043
Public Works	Revenues	
Expenditures	Earned	296,142
631,401	Shared	144,279
	Tax	190,979
Parks & Recreation	Revenues	
Expenditures	Earned	20,500
128,946	Shared	21,295
	Tax	87,151
Library	Revenues	
Expenditures	Earned	15,000
137,351	Shared	22,935
	Tax	99,416
Museum	Revenues	
Expenditures	Earned	0
18,000	Shared	2,973
	Tax	15,027
Engineering	Revenues	
Expenditures	Earned	32,100
112,159	Shared	18,524
	Tax	61,535

TABLE 5 (continued)

Non Departmental		
Expenditures		Revenues
1,450,239		Earned 471,034
		Shared 239,518
		Tax 739,687
		Taxes (including tax on city utilities)
		2,081,385
		Earned and Shared
		1,987,882
BOROUGH		
Assessing Department		
Expenditures		Revenues
102,386		Taxes &
		Reserves 102,386
Planning and Zoning		
Expenditures		Revenues
173,949		Earned
		Shared 15,800
		Tax 158,149
School Support		
Expenditures		Revenues
851,498		Shared 248,033
		Tax 603,465
Health		
Expenditures		Revenues
226,850		Shared 162,000
		Tax 64,850
Building and Maintenance		
Expenditures		Revenues
191,344		Earned
		Tax 191,344
		Taxes & Surplus 1,171,337
		Earned & Shared 805,883

TABLE 6

POSSIBLE DUPLICATION ELIMINATED THROUGH UNIFICATION

	Cost	No. of Positions
Mayor	\$ 600	1
Travel	2,160	6
Transportation	1,685	
Dues & Subscription, City Manager	4,500	
City Manager	39,500	1
Benefits	11,850	
Transportation, City Manager	3,650	
City Clerk	27,687	
Benefits	8,306	
Transportation for City Clerk	1,100	
Annual Audit	23,500	1
Dues for City Clerk Assoc.	1,600	
	<u>\$126,138</u>	

(2% saving on combined budget)

3. Are residents inside the City carrying a disproportional burden for services?

Kodiak is particularly concerned that they (City residents) are paying for many "public goods" that are used by people who live outside the City boundaries. The charge is that these non-city residents are "free riders." It would be useful to examine sources of revenue for the City and identify revenues that are paid by City residents and by non-residents.

The population of the respective areas (City and surrounding area) is computed as follows: The total population of the City (official population figures used by the State of Alaska for revenue sharing) and the Borough in 1977 is 4,960 and 7,901 respectively. The population of the five second-class cities in the Borough (these are Akhiok, Larsen Bay, Port Lions, Ouzinke and Old Harbor) totaled 940. It will be assumed that there are approximately 200 persons living in other areas (areas outside cities). Therefore, the total population living in the greater Kodiak (City) area is 7,901 less 1,140 or about 6,761. Of that total, 4,960 live in Kodiak city; and about 1,800 live in the surrounding area. Therefore, of the total resident population in the greater area, City residents account for approximately 73 percent which implies that the surrounding area holds about 27 percent of the population.

Additionally, the migratory labor force accounts for a significant portion of those people who are hit by sales taxes. Accounting for a trend, it would appear that, on average, the labor force is 13 percent higher than the permanent residents would support. This is due to the cyclic nature of employment.

Thus, there would appear to be a significant portion of the population that would be hit by the sales tax who are not permanent residents of Kodiak city. Assuming that there are not wide differences in the distribution of income between residents (of the City) and non-residents, it would not be unreasonable to assume that people would pay the same amount in sales taxes to the City, no matter where they lived either within the City, the surrounding area or were transient labor force. Conceivably, what I can account for would seem to indicate that residents of the surrounding area and transient labor force (in covered employment) would probably account for about 40 percent of the total sales taxes collected. Additionally, there are others who pay sales taxes who are not accounted for by this figure (any sales that are made to Borough residents outside the greater Kodiak city area which would include all the outlying villages and any purchases made by the U.S. coastguard personnel). Also, there are significant sales taxes paid by people who work in Kodiak in the summertime who are not in covered employment; this would include all the sales made to fishing boats from the outside. Thus, the portion of sales taxes paid by non-city residents is probably greater than 50 percent.

*G. Hayden Green, Ph.D., MBA*

One of the traditional arguments for a sales tax, at least in this instance, would seem to hold true. Sales taxes can be levied to tax people who might otherwise escape taxation, notably, tourists, transients, and non-residents of a political jurisdiction.

Other taxes of the city that are ultimately paid by non-city residents would include their portion of the property taxes that are shifted forward by commercial businesses within the City. Traditionally, across the U.S., businesses account for about 50 percent of property taxes (see Advisory Commission on Intergovernmental Relations, Federal-State-Local Finances: Significant Features of Fiscal Federalism, 1973-74 ed., Washington, D.C., p. 173). It is commonly believed that businesses shift large portions of the property tax on to the consumer in the form of higher prices. For example, the Port of Kodiak included \$83,000 as a payment to City government in lieu of property taxes. This payment was included as part of the rate base in calculating charges for use of the terminal. This shifting is especially true in non-competitive market structures which is characteristic of the Kodiak economy. Thus if 50 percent of total retail sales which are made in Kodiak are made to non-city residents and are passed along in the form of higher prices, then it would be possible to conclude that approximately 25 percent of the property taxes paid to the city are, in fact, paid by non-city residents.

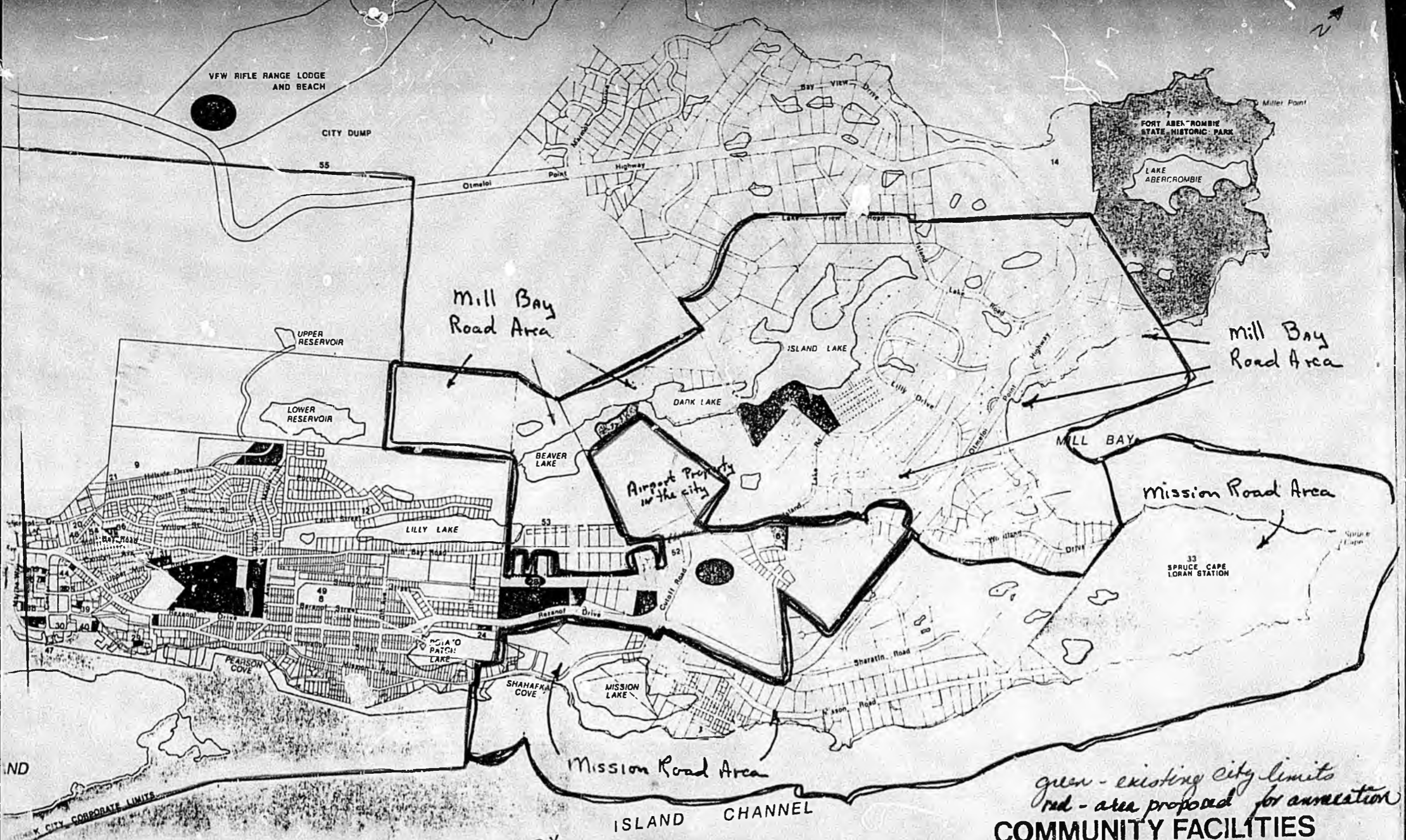
In terms of the total tax revenue Kodiak city collects, the City residents collect a significant portion of their taxes from people who do not reside in the City. Of total property taxes paid, we can attribute \$163,750 to non-residents; and, of the total sales tax revenue (\$1,250,000), approximately half (\$625,000) can be attributed to non-residents. Thus it would seem as though non-residents pay as much as \$788,000 into the purse of Kodiak city which accounts for almost 41 percent of total tax revenue. It can hardly be said that there is a significant "free rider" problem.

It is interesting to examine what would happen to property taxes in the area to be annexed if annexation were to take place and the City spread its property taxes out over a larger tax base. Currently, there are four service areas where differential taxation is imposed. These include: the City (TCA1), the fire district (TCA8), the road district (TCA9) and the villages (TCA9). The fire district and the road district property would be added to that of the City upon annexation; both of these areas hold about 12.85 percent of the total property in the Borough. The City, on the otherhand, contains 81.17 percent of total property in the Borough.

*G. Hayden Greer, Ph.D, MBA*

By using the mill rate and the tax base of the areas to be annexed along with the City, it is possible to examine what would happen if the property tax of the City were spread over the whole area. Currently the City is taxed at a 16.33 mill rate; the surrounding area mill rate is 7.23 with an additional assessment of 0.75 mills in the road district and 2.27 mills in the fire district. If the focus of annexation were to simply shift some of the cost to the outlying areas, the same total amount would be collected with the mill rate of the various areas being equalized. The overall mill rate would be 15.19 mills -- a decrease of 1.14 mills in the City (a decrease of \$85.5 on a \$75,000 home), an increase of 5.69 mills in the fire district (a \$426.00 increase in property taxes on a \$75,000 home), and an increase of 7.21 mills in the road district (an increase of \$540.75 on a \$75,000 home) for residents outside the City.

Further, it might be noted that the area to be annexed includes the U.S. Coast Guard base. Thus the retail sales on the base would be subject to the City sales tax which would add to the City revenues significantly. It is difficult to know how much this will add to the City revenues. The Office of non-appropriated fund for the Coast Guard reported that this total operation was approximately \$3.5 million. While most of that was the BX and similar activity, the precise amount that would be hit by a retail sales tax would be difficult to determine. If, for example, \$2.0 million were covered by the retail sales tax, the City would collect \$60,000. This is about five percent of the total tax revenues for the City.



ND

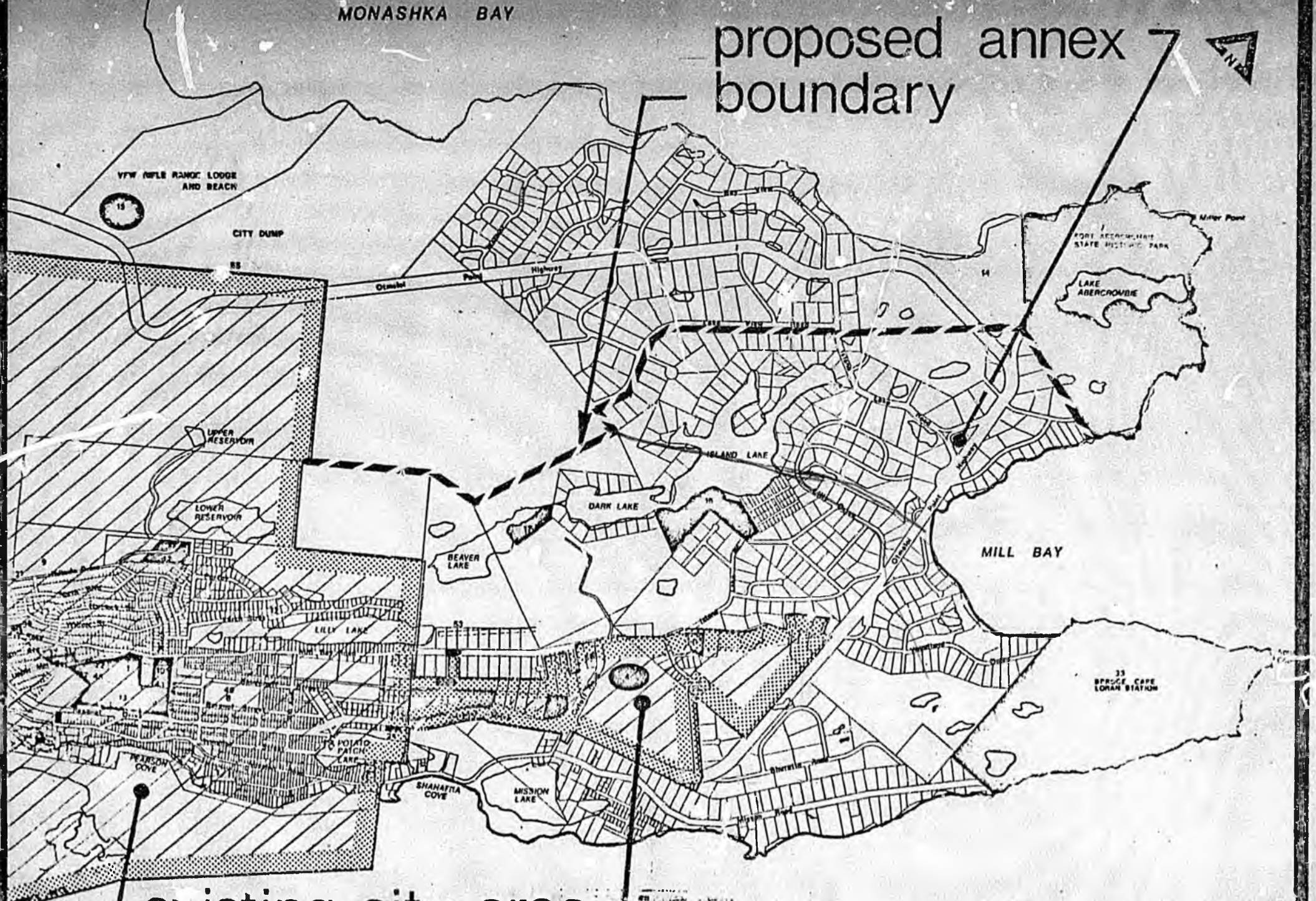
ND CITY CORPORATE LIMITS

ISLAND CHANNEL

green - existing city limits  
 red - area proposed for annexation  
**COMMUNITY FACILITIES**

MONASHKA BAY

proposed annex boundary



existing city area

kodiak island



# City of Kodiak

## SPECIAL REPORT

### ANNEXATION

The area outlined below has been recommended for Annexation by the State of Alaska Boundary Commission. It generally encompasses the area from the existing City limits to Spruce Cape along the water — then to Abercrombie and along Lake View Drive.

#### ISLAND LAKE ANNEXATION HISTORY

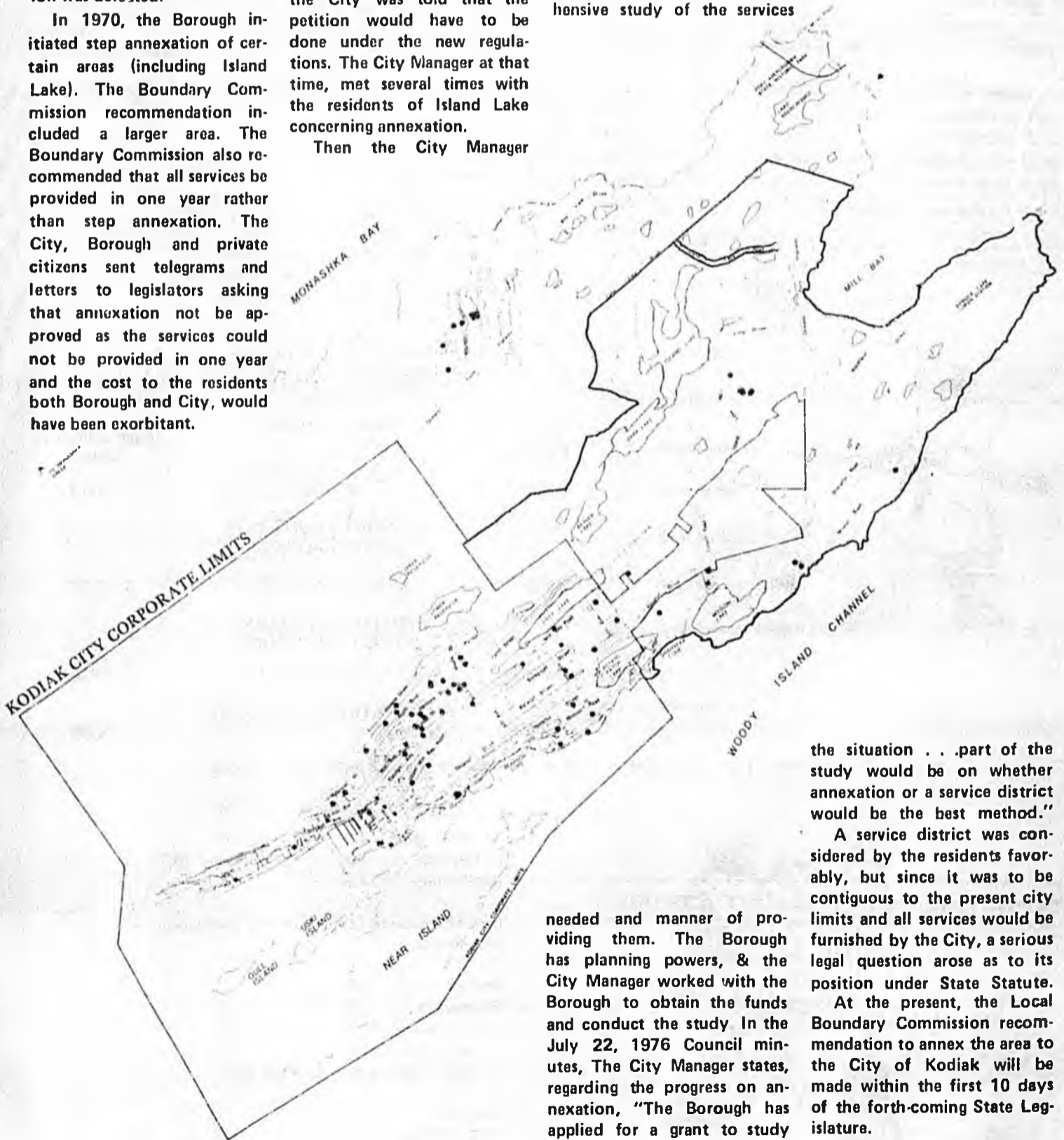
In 1968, the first attempt at annexing Island Lake and Spruce Cape occurred. The main reason for the residents request appears to be fire protection. An election was held and the annexation question was defeated.

In 1970, the Borough initiated step annexation of certain areas (including Island Lake). The Boundary Commission recommendation included a larger area. The Boundary Commission also recommended that all services be provided in one year rather than step annexation. The City, Borough and private citizens sent telegrams and letters to legislators asking that annexation not be approved as the services could not be provided in one year and the cost to the residents both Borough and City, would have been exorbitant.

In 1972, petitions were received from Island Lake residents requesting annexation. However, Municipal Boundary regulations were being revised by the State. After the new regulations were established, the City was told that the petition would have to be done under the new regulations. The City Manager at that time, met several times with the residents of Island Lake concerning annexation.

Then the City Manager

discussed the problem with the Council and it was agreed that the City should proceed rather than asking the people to present another petition. It was then discovered that planning Grant funds would be available for a comprehensive study of the services



the situation . . . part of the study would be on whether annexation or a service district would be the best method."

A service district was considered by the residents favorably, but since it was to be contiguous to the present city limits and all services would be furnished by the City, a serious legal question arose as to its position under State Statute.

At the present, the Local Boundary Commission recommendation to annex the area to the City of Kodiak will be made within the first 10 days of the forth-coming State Legislature.

needed and manner of providing them. The Borough has planning powers, & the City Manager worked with the Borough to obtain the funds and conduct the study. In the July 22, 1976 Council minutes, The City Manager states, regarding the progress on annexation, "The Borough has applied for a grant to study

# CITY RESIDENTS CHARGES FOR SERVICES

## —BY MILL RATE—

PRESENT CITY

ANNEXATION AREA

	1978/79 Budget	Charges for Services Cargo			Payments From Sales Tax		%	X 9.1 Mills	X	1978/79 Real Property Assessed Valuation		
		Less;	Cargo Dock	Boat Harbor								Water/Sewer Utilities
Legislative & Legal	72,500					72,500	2.18	.19		17,646,115	3,559	
Executive	79,660		4,672	3,983	7,966	63,039	1.90	.17			3,000	
City Clerk	86,358		2,892	4,376	8,752	70,238	2.11	.19			3,353	
Finance	242,799		19,604	11,541	34,708	176,946	5.32	.49			8,647	
Police	873,129					873,129	26.25	2.39			42,174	
Fire	351,284					351,284	10.56	.96			16,940	
Public Works	771,650		31,862	4,000	359,061	376,722	11.32	1.03			18,175	
Parks & Recreation	111,802					111,802	3.36	.31			5,470	
Library & Museum	172,679					172,679	5.19	.47			8,294	
Engineering	184,092					184,092	5.53	.50			8,823	
Non-Departmental												
Borough Personal Property Tax	431,600					431,600	12.98	1.18			20,822	
Capital project transfer	588,807					588,807						
Bond Payments	157,158					157,158	4.12	.38			6,705	
Miscellaneous (1)	306,356					306,256	9.18	.84			14,823	
<b>Totals</b>	<b>\$4,409,874</b>		<b>\$59,030</b>	<b>\$23,900</b>	<b>\$410,487</b>	<b>\$588,807</b>	<b>13.327,650</b>	<b>100%</b>	<b>9.10</b>	<b>X</b>	<b>\$17,646,115</b>	<b>\$160,579</b>

(1) Insurance	115,000
Public utilities, Street Lights	80,000
Council on Alcoholism	204,600
Senior Citizens of Kodiak	2,500
Miscellaneous	99,000
Contingency	44,396
<b>Total</b>	<b>306,356</b>



Rates vary within Districts depending on distance of dwelling from Hydrants & Station as well as accessibility.

### HOMEOWNERS FIRE INSURANCE RATING AS THE AREA IS AT THIS TIME (example)

Town Class 5	House Valuation	Island Lake Area Class 9
\$306	\$50,000	\$619
	WITH FIRE SUBSTATION BUT NO HYDRANT	
\$306	\$50,000	\$536
	WITH FIRE HYDRANTS BUT NO FIRE HOUSE	
\$306	\$50,000	\$338
	WITH STATION & HYDRANTS	
\$306		\$506

The area that is presently served by contract with the city pays 2.3 mills for fire service.

### EXAMPLES OF MILL RATES

Borough	7.0	City	
Fire Service (Bell's Flats)	2.3	All services	16.1
	7.2		

Borough residents in the proposed annexation area now pay:

Borough	7.0
Fire Service	2.3
	9.3

Borough residents at Bell's Flats pay:

Borough	7.0
Road Service	7.2
	14.2



# WHAT ABOUT PARKS/RECREATION/LIBRARY

City Recreation Program system utilized approximately / City Library System utilized approximately

28% Borough  
40% Borough

Residents outside the City  
Residents outside the City

Expanded Library Service expected for additional Boro/City Residents as Funds allow

### Suggested Park Development Priority

1. Mill Bay Ocean Park
2. Boy Scout - Island Lake
3. Russian Mill Site - Mill Bay
4. Park at Oceanside - Abercrombie (Cry of Ram) Area.

### List of Programs

Teen Center  
City League Volleyball  
Badminton  
Women's Exercise Program  
Swimming Pool Supervision & Lessons  
Summer Recreation Program  
Tennis Lessons & Tournaments  
Softball and Baseball  
Cross Country Ski Classes  
Special Recreation for Handicapped  
Crab Festival Games  
A.A.U. Programs - Swimming

### WHAT ELSE WOULD YOU

LIKE CONSIDERED ?

# WHAT ABOUT WATER & SEWER



The City of Kodiak engineering department has been doing preliminary planning for water and sewer service to the proposed annexation area so that construction could begin as soon as possible, if annexation were approved. Previous studies have been incorporated. It is anticipated that grants will be received for 50% to 75% of the costs.

The City has to the best of its ability incorporate the previous work of the citizens and engineering firm retained by the Borough. Plans showing proposed water and sewer lines will be available at the public meeting.

One unusual concept advanced is to allow acceptable Septic Systems in low density hard to reach areas in order to keep cost down and to allow assessment relief for the life of the System. Detailed engineering can not be realized until annexation is a reality & appropriate Grant monies can be applied for.

# WHAT ABOUT ROADS

### 1st Priority?

1. Unnamed Road in U.S.S. 3467
2. Track A Island Lake
3. Unnamed Road in U.S.S. 3219, 3103, 3464 Island Lake
4. Cliffside & Cliffside Loop
5. Seabreeze & Woodland
6. Unnamed Road in U.S.S. 3099



### 2nd Priority? What else should be done.

Reconstruct for purpose of snow removal, road grading, fire & police coverage.

There are 2½ miles of maintainable roads in the area. Maintenance means grading, drainage, snow removal and dust control.  
With a minimum of work another 2½ miles of road would be maintainable.

# WHAT ABOUT POLICE

Available on maintainable road system with one year or more additional coverage of state police - dispatch available on personal, telephone, or C.B. contact. Additional policemen and vehicles will be added as necessary to cover the entire area.



# DIFFERENTIAL TAXATION?

WHAT IS IT? A method of allowing new residents a break on taxation until they receive the same type and quantity of services as other residents.

## Zone No. 1

Generally that area next to Mission Road outside the present boundaries that may enjoy all City services afforded present City residents. Present Mill Rate for City purposes at 100% would apply.



## Zone No. 2

Generally that area north of Mill Bay USS 2467, Shafaka Acres, Block 7 Monashka Bay sub-division that cannot receive full services. Mill Rate at 75% would apply.

## Zone No. 3



Generally that area of Woodland Acres, and back of Island Lake that the city is presently unable to reach adequately with fire & police due primarily to present road conditions. 50% of the City Mill rate.

SEE THE CITY'S MAP

## EARLY & SPECIAL REPRESENTATION

Early representation is afforded by a City Charter provision which allows any resident who has lived in the newly annexed for 2 years and in Alaska for 3 years the ability to run for Mayor or Council.

Also, the City Council by special provision will ask for the election of a special representative from the annexed area to serve as an advisor with the council for 3 years. Residents of the annexed area will of course vote for all council members and mayor as their respective terms expire.

THE CITY MADE THE FOLLOWING PROMISES IN RESOLUTION NO. 24 - 78

CITY OF KODIAK  
RESOLUTION NO. 24 - 78

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska as follows:

1. The City will, to the extent possible, establish and implement in the areas to be annexed, a system of differential taxation for any such areas that do not receive all services of the City supported by taxation or which receive these services at a level different from that provided in other areas of the City.

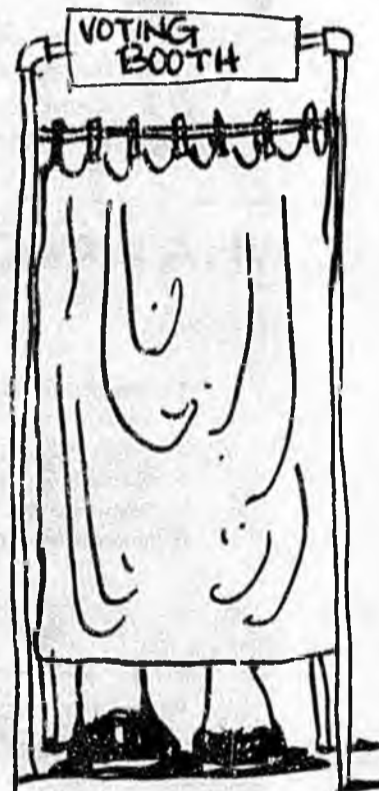
2. The City Manager is hereby directed to develop tentative plans for the provision of services to the areas proposed for annexation and to determine whether the City may be prevented by requirements for capital improvements or for other reasons from providing full services to portions of those areas for any temporary period of time. On or before October 1, 1978, the City Manager shall report to the Council and advise of the areas where provision of full services may be temporarily delayed, the level of service that will be provided and the estimated differential in cost between full services and the services to be provided.

3. The City Manager and the City Attorney shall explore existing legal requirements regarding residency requirements for voting and elective office, and the existing number of Council Members and make recommendations to the Council on or before October 1, 1978, regarding possible changes in law or policy to provide residents of newly annexed areas with representation within the City comparable to that currently available to City residents, and any recommendations regarding required changes in ordinances to implement that objective.

4. The City shall engage in an information program regarding the proposed annexation with the objective of making the public and the legislature aware of the need for and benefits of annexation, and shall employ the services of a qualified person, to the extent determined advisable, to actively support approval of the annexation by the Alaska legislature.

PASSED AND APPROVED this 24th day of August, 1978.

LET THE CITY KNOW WHAT OTHER WRITTEN PROMISES YOU WANT:



### GOT A QUESTION?

Annexation Committee:	Phone Number
Bob Waage	486 - 4493
Emil Norton	486 - 5178
Marion Johnson	486 - 5171
Bob Brooks	486 - 5815
Nick Szabo	486 - 3853
Pete Resoff	486 - 4463
City Manager - Clair Harmony	486 - 3224

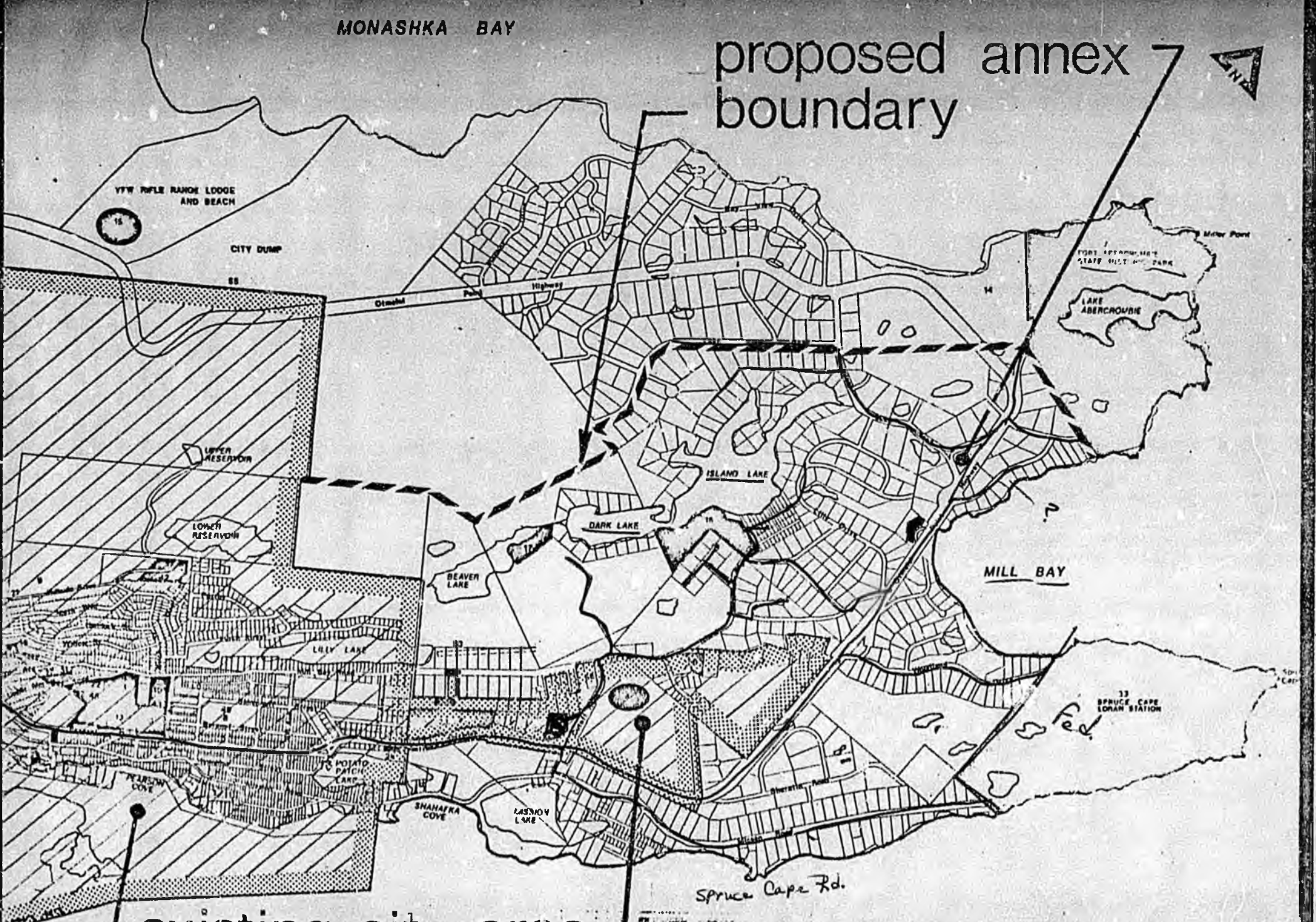
### PUBLIC MEETING

These Ideas are proposals and the City Needs your input.

A Public meeting with the Annexation Committee will be held on December 12, 1978 at 7 p.m. in the Council Assembly Chambers.

MONASHKA BAY

proposed annex  
boundary



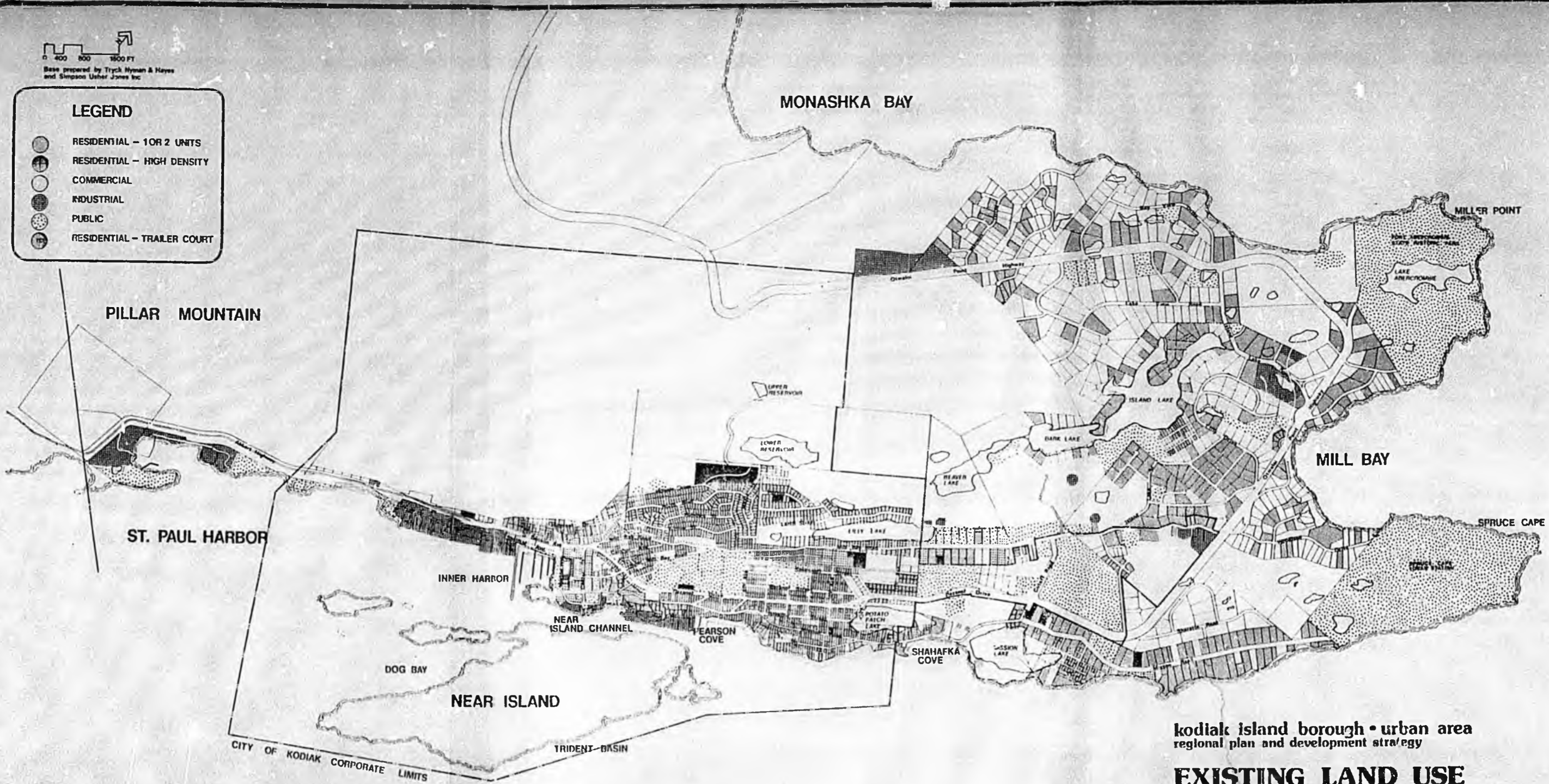
existing city area

kodiak island

0 400 800 1600 FT  
 Base prepared by Tryck Hyman & Hayes  
 and Simpson Usher Jones Inc

**LEGEND**

- RESIDENTIAL - 1 OR 2 UNITS
- RESIDENTIAL - HIGH DENSITY
- COMMERCIAL
- INDUSTRIAL
- PUBLIC
- RESIDENTIAL - TRAILER COURT



kodiak island borough • urban area  
 regional plan and development strategy

**EXISTING LAND USE**

Prepared by Simpson Usher Jones Inc for Kodiak Island Borough  
 and the Department of Community and Regional Affairs, State of Alaska



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Committee Members  
FROM: Rep. Bill Parker, Chairman  
DATE: 2/13/80  
RE: Kodiak Annexation

Attached please find the Report to the Second Session of the Eleventh Legislature relating to Review of Services Provided to the Residents of Kodiak Island Borough. This was prepared by the Dept. of Community and Regional Affairs in response to HCR 7 am passed by the Committee last session on the subject of Kodiak annexation.

REPORT TO THE  
SECOND SESSION OF THE  
ELEVENTH LEGISLATURE  
RELATING TO REVIEW OF  
SERVICES PROVIDED TO THE  
RESIDENTS IN THE KODIAK ISLAND BOROUGH

PREPARED AND SUBMITTED PURSUANT  
TO HOUSE CONCURRENT RESOLUTION No. 7AM  
BY THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

JANUARY 18, 1980

## Background

As a result of a petition to annex a small area into the City of Kodiak the Local Boundary Commission (LBC) held two public hearings, one on December 12, 1977 and the other on May 20, 1978, to take public testimony on the annexation of a larger area to the City of Kodiak. This area included the Spruce Cape area, the Mill Bay Road area, the Monashka Bay area, and the United States Coast Guard Station. Following the public hearing the LBC recommended to the First Session of the Eleventh Legislature that all of the areas, except the Coast Guard Station, be annexed to the City of Kodiak. The Legislature disapproved this annexation by adoption of House Joint Resolution 10. The Legislature, in House Concurrent Resolution No. 7 amended, requested the Department of Community and Regional Affairs to study the various options to provide "services throughout the road system extending North and Northeast of the City of Kodiak" and to submit a report to the Legislature by January 20, 1980.

## Progress to Date

During 1979, the City of Kodiak and the Kodiak Island Borough worked together to devise an acceptable compromise to provide services to the residents of Service District #1 which includes the area proposed by the LBC for annexation. The Department was kept apprised of these negotiations, and it was clear that the City and Borough wished to work its problem out without C&RA involvement.

The negotiations centered around providing water and sewer service to an area referred to as Service District #1, which includes the Island Lake and Spruce Cape areas. The City of Kodiak indicated in writing in December, 1979, that "the City's attitude does not preclude small annexations as requested through the presentation of 100% petitions, but does reject the idea of major annexations". This attitude would also preclude the provision of services by instituting a step annexation. The Local Boundary Commission has also stated that it will not pursue annexation in the City of Kodiak area on its own and will only become involved if petitioned.

The method of providing service through a service district approach appears to have the mutual support of the City and Borough. The City is willing to provide water at the city boundary to Service District #1 and to treat effluence from this area. The City will provide water meters to allow for the billing to the Borough for the residents getting water and sewer service in the area outside the city.

The major concerns that need to be resolved deal with the operation and maintenance of the water and sewer utility service. A rate study needs to be conducted and the City and Borough have not, as of this date, reached an agreement on selection of a consulting firm to do this work. The City has stated that it does not wish to become involved in any contractual arrangement to operate and maintain the water and sewer systems within Service District #1. City Mayor Al Beardsley states that this "maintenance (within Service District #1) can just as easily be contracted (by the Borough) with a private firm". Agreement has been reached to allow the City inspection privileges during

installation of sewer lines to minimize infiltration into the sewer collection system within Service District #1.

### Public Meeting

On January 12, 1980 Commissioner Lee McAnerney convened a public meeting for the purpose of receiving public comment regarding the "best" way to provide services to those residents of the Kodiak "urban" community outside the City of Kodiak. The managers of both the City and Borough, the city mayor, seven other assembly or council members, and fourteen public participants were present at the meeting.

Thirteen persons testified during the meeting. The overwhelming majority of those testifying favored the direction that the City and Borough have taken in negotiations between these two local governments. The testimony expressed a feeling that the service district approach gives the residents involved more alternatives in the level of service they will receive.

One person testified in favor of annexation of Service District #1 to the City of Kodiak as the best short-term alternative with unification of the City and Borough being the long-term or ultimate solution.

### Future Outlook

This Department is prepared to assist the City of Kodiak and the Kodiak Island Borough in their attempt to work out remaining differences between them. Both the City and Borough should be commended for the progress that has been made to date. There is no reason to think that the remaining

differences cannot be worked out within the next few months.

The question of unification will again appear on the October, 1980 ballot. If this proposition is approved, jurisdictional problems in providing services to Kodiak Island residents would be resolved.

The Department concludes that no further action is required by the Legislature, the Local Boundary Commission or this Department, at this time, in the matter of provision of municipal services to residents living within the Kodiak "urban" area.