

1/1 SCRA SUR 2/ HUR TU-KOD IAK ANNEX. TRAVELING FILE

EDITORIAL:

A crying need

Kodiak and the Aleutian Chain need another ferry to replace or support the M/V TUSTUMENA.

Kodiak should not be left alone for two months without ferry service. The ferry will leave on its last trip Jan.31 and will not return until March.

Former State Senator Kay Poland, D-Kodiak, says "I may not be in office anymore, but you can't turn your interest off just because you're not in office. I suppose I'll always feel strongly on issues that affect the state and Kodiak in particular. . ."

Kay asserts, and we strongly agree, that the ferry as part of Alaska's Marine Highway System "is just as much a part of our road system as our highways are. . ."

Mrs. Poland points out that the ferry also helps somewhat to keep the soaring cost of living down.

Kay tried for four years to get a freight-passenger ferry for the Aleutians. That same ferry could serve as a back up for the TUSTUMENA. While the "Trusty Tusty," may be beloved, she is getting to be quite an old lady. We need a new one. The TUSTUMENA was one of the first ferries built in the early 1960's. She's also the only ocean going ferry. As Mrs. Poland points out, "When she goes we're left with nothing. There's nothing to back her up. There's nothing even on the drawing boards."

Kay anticipates it would be at least three years from concept to completion if the much needed additional ferry were to be approved tomorrow.

As Senator, Mrs. Poland did manage to have a study funded and conducted. That study showed the Aleutian ferry might be the only self-supporting ferry in the state. Yet, the administration and the Legislature keep putting it off.

The TUSTUMENA is old and ships, like people, can only last so long. Seventeen cracks were discovered in her hull two years ago, and she was pulled out of service early — in October for repair because she couldn't withstand the stress of winter storms.

We were left only with air service to the mainland.

The TUSTUMENA definitely needs a back up vessel. A ferry serving the rapidly growing Aleutian Chain could also service our island villages.

The need is obvious. We hope the Legislature and the governor will not continue to ignore Kodiak and the Aleutians in this regard.

LETTERS:

Borough role on land claims?

Dear Editor:

Certain facts are incontestable. The first is, human nature being what it is, that given an inch, most people would try to take a foot. The second is that we have already witnessed an attempt by one Native group to claim lands not rightfully theirs which was caught by the courts. The third is that there are very substantial doubts raised in the suit by the Citizens Action Group that there are lands claimed by the Kodiak Natives

(Continued on Page 5)



Kay Poland sees solutions to Kodiak's dismal voting record, worst in Alaska

by KENT BRANDLEY
Editor

Out of 4,159 persons registered to vote here in last August's primary election, only 1,370 voted, giving Kodiak the dubious distinction of having the worst voter turnout in Alaska.

Only 32.9 percent of those eligible here voted, says former State Senator Kay Poland. "It really makes it tough for representatives in Juneau to carry a heavy cloak with such a poor showing," she adds.

In other fishing com-

munities, where fishermen are out at sea on election day as they are in Kodiak, the turnout was much better. For example, in Seward and Cordova, 45.1 percent of those eligible voted.

"I've been harping on this for years, but it doesn't seem to do any good. Just the same faithful vote," according to Mrs. Poland.

She produces statistics to back up her argument, and proposes solutions.

"Sometimes it takes a real effort to vote. Such is the case with the fisher-

men. It takes some effort to vote absentee."

She also blames the state's election procedures, and the handling of voter registrations locally. "When the change was made from the court's handling absentees to the borough clerk handling it, there should have been ads in the newspapers, and on television and radio explaining the switch. This wasn't done in time."

Mrs. Poland says she personally voted absentee and had to "find out by traipsing all around." Within her own family "two of my kids who always voted were challenged. There is really something fouled up there."

Mrs. Poland did not seek re-election to the State Senate last year. Instead she ran unsuccessfully for Lt. governor with Tom Kelly as an Independent.

There is need for some correction, Mrs. Poland says. "There's apparently got to be an overhaul and it's got to start with proper training of the registrars. Also, I believe there's got to be some kind of a numerical check on voter registration forms," the former senator says. "The registrar should have to account for every form used or unused — voided or not." Mrs. Poland feels this

(Continued on Page 5)



Sketch by Kay Linscheid

KAY POLAND



Alan and Ginny Ansterman publishers
 Kent Brandley assistant publisher & executive editor
 Dennis Johnson city editor
 Neil Waage fisheries editor
 Jan Brocci advertising director
 Clint Seyer cartoonist/printer
 Kay Linscheid graphics artist
 Kathleen McNeely layout
 Lynne Campbell darkroom & layout
 Cherie Murray typesetter

P.O. Box 2368
 Kodiak, Alaska 99618
 486-3190

\$18 per year second class
 \$36.50 per year first class
 (c) Kodiak Times, 1979

POOR VOTE _____

(Continued from Page 4)
should be done on a weekly basis.

She calls voter disinterest in Kodiak "a state of mind." But, also, "We've got to be sure that the absentee voter is well-informed as to where and when they can vote absentee. This is very important for Kodiak due to our large number of fishermen at sea."

Kodiak has state's worst voter turnout

District	Key Town	% eligible voters
1	Ketchikan	49.4
2	Wrangell/ Petersburg	48.6
3	Sitka	46.7
4	Juneau	56.6
5	Seward/ Cordova	45.1
6	Palmer/ Wasilla	56.7
7	Anchorage/ downtown	39.7
8	Anchorage	43.3
9	Anchorage/ Spennard	37.0
10	Anchorage	50.1
11	Anchorage	39.2
12	Anchorage	55.4
13	Kenai/ Homer	56.6
14	Kodiak	32.9
15	Aleutians	39.5
16	Dillingham	52.8
17	Helena	46.7
18	Galena, etc.	49.4
19	Delta/ Nunana	49.7
20	Fairbanks	44.5
21	Kotzebue	46.0
22	Nome	57.8

P.O. Box 232
Kodiak, Alaska 99615
11 February 1979

Members Of The Community & Regional Affairs Committee
Senator Arliss Sturgulowski, Chairman
Pouch V
Juneau, Alaska 99801

Dear Ms. Sturgulowski:

Thank you for bringing your committee to Kodiak and reflecting a real caring attitude in your chairing of same. I feel Kodiak's residents owe you a vote of thanks for your very personal but very professional expertise in conducting a fine meeting. Your personality reflected a oneness with the people, the pros and the cons which I likened as the Apostle Paul, a great teacher who said - "I became as they were to better serve them".

I feel your district was so wise in electing you to your high office. Again, thank you.

I could and should have asked for time to answer some of the misinformed statements that surfaced near the end of the meeting. Being one of the Annexation Committeemen who worked in depth with the City on their proposals seeking the best conditions possible for the three areas up for annexation, if and when annexation was a reality. Several of the speakers spoke out of ignorance of several facts, as at no time did any of them avail themselves to or with the Annexation Committee or the City to offer input as to what they desired or what changes they would like in the City Proposals. In as brief a manner as possible, I wish to recap a few high points of some of the main spokesmen's for the opposition and maybe a few of the points will be reflected.

First, in Mayor Wallin's presentation, she highlighted the fact that she felt Unification was the answer, and not Annexation, and that if Annexation did become a reality, it would hinder the cause of Unification ever being brought about. I say the Mayor is in no way sincere in her contention. I also say the Mayor is striving to defeat any cause that will bring about any change whatsoever in the power struggle that is going on now in this small community. Even though she realizes the pressing needs of all the services indicated will continue to forestall any change. One example why I say this; when the meeting of the Boundary Commission held its last meeting in Kodiak, the Mayor's plea we do not force us into the City we will Unify which is more desirable and an answer to all our problems.

In our last election, the Mayor nor her supporters put no effort whatsoever in trying to bring about Unification. If she had truly desired Unification and had expended only half as much energy and money that her Anti Annexation Committee has spent to defeat Annexation, I'm sure a Charter Commission could have been elected. It was defeated in the last election. Also the proposition for granting the Borough service districts power for sewer, water and other services.

You can see from this that the Anti Annexation force is actually fighting any change. Several of the Anti witnesses complained of having to change life styles; also giving this reason for living in the Borough, when in truth most of us live outside the City limits because this was the only place to buy land and at a price we could afford. The life style in the City of Kodiak is no different than outside the City limits.

The other main contention was their vote had been taken away. If you will reference the recent press release by Kay Poland, our former Senator, you will gather that Kodiakans do not exercise this great privilege even when its offered and only harp on it if they feel that it serves their purpose.

Out of 4,159 persons registered to vote here in last August's primary election, only 1,370 or 32 percent cared enough to vote. I would say this belies their contention that they cherish their right to vote. What do you say?

In the beginning of all of this, none of the opposition availed themselves to workshop meetings on the proposals by the City so therefore most of their complaints on what could be expected from the City if Annexation becomes a reality were erroneous. Most of the points of contention can be found in my pack of letters to the Editor that you have in hand.

One other correction on Mrs. Pat Szabo's testimony; the City does have a viable plan for Zone 3, in the 35 percent mill rate area. The City will install government-approved septic systems under an assessment district as sewer is done in other areas, 10 year pay plan.

An explanation of the City's refusal to hook up Lorna Arndt's water in the Island Lake area, it is because of advice of Council because of the present litigation between the City and the Borough concerning the legality of service district of the City and/or the Borough.

One other Spruce Cape witness against Annexation Mr. T. T. Jackson. Mr. Jackson has over 100 mobile homes on a private sewer system that he charges sewercharges to all tenants. This sewer is drained into the bay with no treatment whatsoever. The four houses I spoke of in my presentation before the Committee was in reference to Mr. Jackson. This raw sewerage dumps into the Mission Lake where children play on rafts in summer and skate in winter. These are just a few of the terrible health hazards in my district. Island Lake is much worse. We will never realize these pressing needs if we wait on a service district by the Borough.

Just a passing reflection on the reported 500 signatures from the three proposed areas that object to Annexation. After conducting a telephone survey in the three areas, convinces me that it's a misleading fact that if it should be challenged it would not stand up at all. We have 268 phones in the three areas and in our survey, we found the yes and no about equal.

At the meeting the 500 was noticeably absent, the bottom line of all, is still the vocal 15 or 20.

Also, the survey cards that were presented to our Representative Fred Zharoff, should in no way be considered by your committee as I'm sure you will realize such a mailing could be rigged to reflect any desired result. Where the survey required no signature only an X - why couldn't the surveyor mark and mail as many no's as he chooses before giving the balance for distribution to boxholders? The act was so ill thought out and so obvious that I feel silly for feeling I need to point this fact out to the committee.

I have a long track record of fighting causes for Kodiak but I pride myself in truth and fairplay in all fights, lose, win or draw. I ask that your Committee consider the urgent need in your deliberations.

I find to stand up for right is not always popular but very rewarding.

Respectfully,



BOB BROOKS

cc:
Bob Mulcahy, Vice-Chairman
Fred Zharoff, Representative

Lorna-Lee ARNDT a Member of the Island Lake Sewer & Yachting Club, speaking for a group of 8.

I have 12 lots on the front side of Island Lake and my son has 13 lots and my daughter has 1 lot all in this area in U.S. Survey 3219 which you toured today.

We believe in the "Freedom to Vote" on Issues and not pushed into something we do not want.

I am one who was recently DENIED a water hook-up by the City of Kodiak and their Attorney on one of my lots where there is a City Water line on the lot. We were FORCED onto City Water in this whole area, because of the City's mistake, and did not know our private water systems were cut off until after they hooked us onto the City Water.

What will we do with our Goats; Cows; chickens; ducks; Geese; Rabbits, and Horses if this should become City as the City does not allow these animals?

We all moved where we are cause we do not like to live in the City and our Children have more to do, and never become bored; or even care to go in town or biter in town.

One person in the family either goes to town once a day to get the mail and if one works that person picks it up on the way home from work. And maybe twice a week to get food as we hate going to the City. We purchase all clothes and household items from Catalogs or make one Airplane trip out a year to do our buying as it is much cheaper elsewhere. So you see we have no other reasons to want to leave our homes to go into the City, and we wish to keep all our properties in the Borough Government.

Feb. 12, 1979
Box 1635
Kodiak, Ak. 99615

Arliss Sturgelewski
Honorable Chairman Senate
Community & Regional Affairs Committee

Dear Arliss:

Facts about the people who testified at the hearing in Kodiak on Sat. Feb. 10, 1979 and who live in the proposed FORCED Annexation Area.

Dr. Bob Johnson who has a \$500,000.00 or \$600,000.00 Clinic in the City is my friend and my wife's and my physician and my wife requires special medication, and I quite frequently called Dr. Bob for this reason. I also called his wife frequently in regards to matters that we are both interested in.

Mr. Tom Sweeney has been living in the Borough for 5 or 6 years, and there is city water next door to him and across the street from him and those people are in the City and he could join the City at any time as it would not be spot zoning cause the neighbors are already in the City.

Mr. Bob Brooks who owns Brooks Tool Rental and Budget Rent-A-Car and has considerable real estate in the City says he has been there 17 years; and if he were in the City with his businesses he would not have to pay personal property tax on his equipment or cars and his only reason to be in the City is he would gain financially. In all the time he has been here I don't know of anything he has ever done to make it a better Community in which to live. Several Years ago a bonding issue came up for a new school, and Mr. Brooks spent considerable money to defeat the Bond Issue. Mr. Bob Greene who was our Supt. of schools and who now works under Dr. Lind with the Education of Schools in Juneau, solicited my support for this Bond Issue. I wrote a letter to the Editor of our newspaper and then I wrote to all the Villages on Kodiak Island and zexoxed and sent sufficient copies for everyone at my own expense.

Mr. Emil Norton who was appointed by the City Manager to the Proposed Annexation Committee has stated that he did not need or want any services from anyone, and he took it to court to avoid being in the Service District. He appealed to the Borough Assembly for consideration and did not receive it, and for that reason he is Disruntled with the Borough Government.

Kodiak is in a recession due to the decline of Shrimp and King Crab catches in the last 3 or 4 years.

A year ago people were putting ads in the paper wanting a place to rent and now there are 8 to 20 For Rent ads in the newspaper each night, and there also are signs on houses either For Rent or For Sale all over Kodiak. There is every indication that Kodiak will decrease in Population and Not Increase in Population. The present Population does not exceed 4500 people.

Respectfully yours,



Okey L. Chandler

FROM ST. FIG

Table 14. Historic commercial shrimp catch and effort for the Kodiak district of Westward statistical area J, 1960 through 1977.

CALENDAR YEAR	FISHING YEAR	NO. VESSELS ⁴	NO. LANDINGS	COMMERCIAL HARVEST	
				POUNDS	METRIC TONS
1960		11	94	3,197,985	1,450.6
1961		12	203	11,083,500	5,027.4
1962		11	204	12,654,027	5,739.8
1963		--	--	10,118,472	4,589.7
1964		6	--	4,339,114	1,968.2
1965		11	320	13,823,061	6,270.1
1966		17	551	24,097,141	10,930.4
1967		23	--	38,267,856	17,358.2
1968		16	--	34,468,713	15,634.9
1969		26	935	41,553,461	18,757.8
1970		18	1,024	62,181,204	28,205.2
1971 ¹		49	1,746	82,153,724	37,264.7
1972 ²		63	1,398	58,52,319	26,468.4
1973		50	1,283	70,511,477	31,983.8
	1973-74 ³	63	1,029	56,203,992	25,494.0
	1974-75	75	1,100	58,235,982	26,418.2
	1975-76	58	844	49,086,591	22,265.5
	1976-77	62	762	46,712,083	21,188.5
	1977-78	58	653	26,409,366	11,979.2
	1978-79 (TO JAN 28)			19,700,000	
TOTAL				703,250,068	318,992.1
AVERAGE (fishing year)		63	878	47,329,603	21,468.6

¹First egg hatch closures announced for a portion of the Kodiak district shrimp fishery during March and April, 1971.

²First year quotas established.

³Beginning in the 1973-74 fishing season, a complete egg hatch closure for the entire fishing district was in effect during March and April. Fishing year began May 1, and continued through February 28.

⁴Represents beam trawl and single and double otter trawl.

Table 4. Historic commercial king crab catch and effort for the Kodiak registration area K, 1960-61 through 1977-78 fishing seasons.

Fishing ¹ Year	No. ⁴ Vessels	Commercial Catch		No. Ldgs.	Avg. Catch per Landing		No. Pot ⁵ Lifts	Avg. Crab ⁷ per Pot
		Pounds	Metric Tons		Pounds	Metric Tons		
1960-61	143	21,064,871	9,554.96	-	-	-	-	-
1961-62	148	28,962,900	13,137.48	-	-	-	-	-
1962-63	195	37,626,703	17,067.36	-	-	-	-	-
1963-64	181	37,716,223	17,107.97	-	-	-	-	-
1964-65	189	41,596,518	18,868.06	-	-	-	95,951	66
1965-66	175	94,431,026	42,833.63	-	-	-	173,083	66
1966-67 ²	213	73,817,779	33,483.52	-	-	-	223,174	36
1967-68	227	43,448,492	19,708.11	3,847	11,294	5.12	207,392	26
1968-69	178	18,211,485	8,260.68	1,839	9,902	4.49	119,146	20
1969-70 ³	136	12,200,571	5,534.14	978	12,475	5.66	96,841	21
1970-71	100	11,719,970	5,316.14	830	14,120	6.40	119,192	19
1971-72	89	10,894,152	4,937.02	507	21,467	9.74	66,166	29
1972-73	88	15,479,916	7,021.64	683	22,664	10.28	70,806	41
1973-74	129	14,397,287	6,530.57	837	17,201	7.80	77,826	32
1974-75	153	23,582,720 ⁵	10,697.05	1,195	19,734	8.95	110,297	30
1975-76	169	24,061,651	10,914.29	1,569	19,478	8.84	113,795	26
1976-77	195	17,966,846	8,149.71	1,165	15,422	7.00	130,777	17
1977-78	179	13,503,666	6,125.22	1,186	11,386	5.16	145,867	11
1978-79	194	12,020,056		1076			177,286	9.6
TOTAL	1107 ⁰	540,672,776	245,247.56	14,636	-	-	1,750,313	-
AVERAGE	139 ⁰	30,037,376	13,624.86	1,331	14,037 ⁹	6.37	125,022	32

¹Fishing year defined as May 1 - April 30.

²July 1 - April 30 season established.

³August 15 - January 15 established.

⁴Number of vessels shown are those actually registered through 1969-70 season. Number of vessels fishing is shown from 1970-71 season.

⁵Seasonal harvest includes 551,348 pounds of deadloss documented, but not reflected in computer storage.

⁶Total pot lifts computed from logbooks through 1968-69 fishing season. Computed from edited fish ticket computer runs.

⁷Not included.

KODIAK
ANNEX.
TRAVELING
FILE

KODIAK ISLAND BOROUGH

P.O. Box 1246
Kodiak, Alaska 99615

Second Class Borough

Phone: (907) 486-5736

INCORPORATION DATE: September 24, 1963
POPULATION: 8,926
REGULAR ELECTION: First Tuesday of October
SALES TAX: None
ASSEMBLY MEETS: First Thursday of each month

MAYOR: Betty Wallin 1979

ASSEMBLY MEMBERS

Dr. Michael Emmick 1979
Edward Jack 1980
Sandra Kavanaugh 1979
Arnold Hansen 1981
James Peotter 1980
William Fearn 1981
Danforth Ogg 1981

PLANNING AND ZONING COMMISSION

Ron Ball 1979
Dan Busch 1979
John Pugh 1979
Gene Erwin 1980
Tom Perez 1980

BOROUGH POWERS

Areawide: Education, health,
planning and zoning, assessment
and taxation. Non-areawide: Fire
districts (2), parks and recreation.

SCHOOL BOARD

Stan Baltzo 1980
David Crowe 1979
Joan Johnson 1979
Louise Collins 1981
Jim Olson 1981
Fran Flick (non voting rep)

Service areas: Road maintenance.

MANAGER.....Stuart Denslow
CLERK/TREASURER.....Shirley "Mickie" Miller
HEALTH OFFICER.....Harry Brighton
PLANNING DIRECTOR.....Harry Milligan
SUPERINTENDENT OF SCHOOLS.....John Anttonen
ATTORNEY.....Richard Garnett
ASSESSOR.....Edwin Haney
ADMINISTRATIVE ASSISTANT.....Marilyn McKinnon
BUILDING OFFICIAL.....Bryce Gordon
ENGINEER.....Robert Marmaduke III
HOSPITAL ADMINISTRATOR.....Robert Groff

KODIAK

P.O. Box 1397
Kodiak, Alaska 99615

Home Rule City

Phone: (907) 486-3224

INCORPORATION DATE: September 11, 1940
POPULATION: 4,960
REGULAR ELECTION: First Tuesday in October
SALES TAX: 3%
CITY COUNCIL MEETS: Second and fourth Thursdays of each month

MAYOR: Gary Stevens 1979

CITY COUNCIL MEMBERS

Toni Eaton 1979
Gaynell Hatcher 1980
Carol Lechner 1979
Ernie Mills 1981
Wilton White 1981
Dave Woodruff 1980

MUNICIPALLY OWNED UTILITIES

Water
Dock
Sewer
Ferry Terminal
Boat Harbor

CLERK.....Libby Presnall
FINANCE DIRECTOR.....Harry Hyde
MANAGER.....Clair Harmony
CHIEF OF POLICE.....Jack Rhines
FIRE CHIEF.....George Magnusen
HEALTH OFFICER.....State Sanitarian
EMERGENCY PREPAREDNESS DIRECTOR.....Clair Harmony
PORT DIRECTOR.....George Cutrell
HARBORMASTER.....George McCorkle
ENGINEER.....John Stafford
WATER & SEWER SUPERINTENDENT.....Herman Beukers
PARKS & RECREATION DIRECTOR.....Ian Fulp
PURCHASING AGENT.....Carolyn Thomas
LIBRARIAN.....Elizabeth Carroll
BUILDING INSPECTOR.....Morris Lee
ATTORNEY.....Cole, Hartig, Rhodes, Norman
and Mahcney

LOCAL BOUNDARY COMMISSION MEMBERS

Mrs. Sheila Gallagher (Chairman)
3201 "C" Street, Suite 201
Anchorage, Alaska 99503 Phone: 276-7612 (business)

Mrs. Josephine Anderson (Member)
P.O. Box 351
Wrangell, Alaska 99929 Phone: 874-3590 (home)
874-3621 (business)

Mr. Charles B. Bettisworth (Member)
P.O. Box 80283
Fairbanks, Alaska 99701 Phone: 479-3517 (home)
456-5780 (business)

Mr. Edward Hopson (Member)
Box 143
Barrow, Alaska 99723 Phone: 852-5141 (home)
852-6930 or 852-6970 (business)

Mr. Sigvald Strandberg (Member)
7235 Blackberry Street
Anchorage, Alaska 99502 Phone: 276-4555 (business)
243-1772 (home)

2/11/79

Ms. Kimberly Steven and
Mr. Randolph Davela ✓
P.O. Box 3166
Kodiak, Alaska 99615

Mr. Dick Juelson, Chairman ✓
Borough Residents for Autonomy
P.O. Box 286
Kodiak, Alaska 99615

Mr. Norman D. Wooten
P.O. Box 3016
Kodiak, Alaska 99615

Mrs. June Juelson ✓
P.O. Box 286
Kodiak, Alaska 99615

Mr. and Mrs. D. Pistorese ✓
P.O. Box 37
Kodiak, Alaska 99615

MR. Bob Brocke 2/5/79
P.O. Box 232
Kodiak, Alaska 99615

Mr. and Mrs. Steven Olsen ✓
P.O. Box 1574
Kodiak, Alaska 99615

MS. Janet Wente "
P.O. Box 2791
Kodiak, Alaska 99615

Ms. Melissa Newton ✓
P.O. Box 773
Kodiak, Alaska 99615

MR. B.E. NACHTWECH "
P.O. Box 1247
Kodiak, Alaska 99615

Mr. Ron Matsuoka ✓
P.O. Box 2078
Kodiak, Alaska 99615

Mr. John Morton ✓
P.O. Box 44
Kodiak, Alaska 99615

Ms. Sandy Kavanaugh ✓
212 Birch
Kodiak, Alaska 99615

Ms. Lorna-Lee Arndt ✓
P.O. Box 2069
Kodiak, Alaska 99615

Mr. Okey Chandler ✓
P.O. Box 1635
Kodiak, Alaska 99615

Ms. Margaret D. Duros ✓
P.O. Box 867
Kodiak, Alaska 99615

Ms. Jo Hajdu ✓
P.O. Box 627
Kodiak, Alaska 99615

Mr. and Mrs. Louie Horn ✓
Box 15
Spruce Cape Road
Kodiak, Alaska 99615

Kodiak

TELEGRAM

RCA ALASKA COMMUNICATIONS INC.

PHONE: 465-442

1979 FEB 14 AM 3 21

02004 NL TDA KODIAK AK 50 2-13 1145P AST

PMS SEN STURGULEWSKI

JUN

PROGRESS WILL OCCUR AT ITS OWN PACE. IT DOESNT NEED TO BE
PUSHED. PLEASE JUSTIFY OUR BELIEF THAT ALASKANS STILL
HAVE THE RIGHT TO DECIDE THEIR OWN FUTURE BY VOTING TO REVERSE
THE BOUNDRY COMMISSIONS DECISION.

WE ENJOYED HAVING YOU HERE FOR THE HEARING.

DICK AND JUNE JUELSON

BOX 286

KODIAK AK 996150

JOAN M. KATZ

Attorney at Law
540 L Street, Suite 101,

(907) 274-7634
Anchorage, Alaska 99501

January 23, 1979

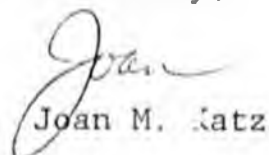
Senator Arliss Sturgulewski, Chairperson
Community and Regional Affairs
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Arliss:

It was good talking to you today. Enclosed, as per our discussion, are copies of the two briefs I have submitted at various stages in this controversy. Please feel free to call me with any questions you may have or any additional areas regarding which you may need further input. I have also contacted Hayden Green at the University and he assures me that he and P. J. Hill, who prepared the economic analysis submitted to the Local Boundary Commission and included in the information being sent to you, will also be available to answer any questions you might have.

I appreciate your intention to have our staff keep me informed as to developments regarding Kodiak. I look forward to working with you on this matter.

Sincerely,


Joan M. Katz

vs

encl.

BEFORE THE LOCAL BOUNDARY COMMISSION FOR THE
STATE OF ALASKA

IN THE MATTER OF ANNEXATION OF)
CERTAIN PROPERTY LOCATED ALONG)
MILL BAY ROAD, KODIAK;)
CITY OF KODIAK,)
Petitioner,)
vs.)
KODIAK ISLAND BOROUGH,)
Respondent.)

RESPONDENT'S BRIEF

I. Introduction

On October 19, 1977, the City of Kodiak submitted a petition for annexation of certain property located along Mill Bay Road in the Kodiak Island Borough to the Department of Community and Regional Affairs. While deficient in several respects (the most glaring of which was the absence of a resolution or ordinance authorizing the City to seek annexation), the petition was accepted by the Department. The City's case, as revealed in its brief, appears to rest on two principal grounds: first, that residents and property owners of the territory are deriving benefits from the City, such that they should be made to pay a commensurate share of the City's tax burden; and second, that the City could provide services to the territory more efficiently under annexation than could otherwise be accomplished. Intruding onto the specifics of this annexation proposal is petitioner's avowed intent to annex substantial other areas of Kodiak Island. See, Memorandum from Ivan L. Widom, City Manager, to the Local Boundary Commission, dated October 17, 1977.

Contrary to the City's allegations, it is the Borough's position that the best interests of the residents and property owners of the affected territory, and of the local governments involved, would not be served by this proposed annexation. As the Borough shall demonstrate, residents and owners of the territory would gain virtually nothing besides a hefty increase in their local taxes should this petition be successful -- an increase for services for which they presently pay more than adequately. The change in status would only serve to foster conflict, moreover, between the City of Kodiak and the Borough, and between the City and affected residents.

II. Lot Ownership and Configuration Within the Territory

At the outset, some factual clarification is required. In addition to the deficiencies in the petition mentioned above, there appear to be errors contained in the notice of hearing and attached lot descriptions provided by the Local Boundary Commission staff. First, Lots 3, 4, 5, 6, 7, 9 and 11 are identified as belonging to the City of Kodiak. Borough research indicates that those lots are currently patented by the State (patent number 50-64-0228 for lots 3-7, and 50-64-0169 for lots 9 and 11). The Borough, moreover, has filed land selections on these lots pursuant to AS 29.18.190, et seq. (Excerpt from Land Selections filed by Dale Tubbs for the K.I.B., Exhibit A.) The Borough, thus, possesses a specific interest in these particular lots, augmenting its underlying concern for the welfare of its residents in general.

In addition to this error, there appears to be an oversight in regard to Lot 27. This lot has not previously been annexed; nor is it included in the petition. It is

certainly possible that the City intentionally deleted this lot, perhaps because of known owner opposition to annexation. Such exclusion, however, would result in a continuation of the alleged misalignment of City boundaries. Since this "misalignment" is one of the grounds advanced by petitioner in support of annexation, the absence of Lot 27 is, at best, confusing. It suggests that this annexation proposal may not have been thoroughly analyzed from a thoughtful, planning perspective.

III. Standards for Annexation

Alaska Administrative Code Section 19.AAC 05.010 sets forth specific standards which provide guidelines for annexation. It is recognized that two of these standards ([1] and [3]) are met by this petition. The City raises no issues under Standards (2), (5), (6) and (9). These standards could not, in fact, be met in this case. Petitioner's case rests primarily on the purported fulfillment of Standards (4), (7) and (8). The Borough contends that there is not, in fact, compliance with these standards.

- A. There is No Need in the Territory for Municipal Services that Could Not be Provided as Efficiently Without Annexation. (Standard No. 4.)

The City asserts that it can provide various services more effectively under annexation than would otherwise be possible. The City's history, however, and the facts regarding each of those services, suggest differently:

1. Sewer and Water. The City argues that sewer and water services would be extended immediately upon annexation. In fact, under a 1970 agreement between the Borough and the City, the City has long since been designated the agency responsible for implementation of water and sewer projects within the area of the road system in the Kodiak

failure to live up to the terms of this agreement accounts for the fact that services have not previously been extended to the lots within this territory. The City's track record is not one to inspire confidence.

2. Law Enforcement. The City simply describes its police force by numbers of officers and size of budget. The only argument made in this context, however, is that "Due to the nature of the boundaries in this area, certain problems can arise". (Petitioner's Brief, p. 1.) The Borough cannot envision what those problems might be. City police may certainly traverse City boundaries to get from one part of the City to another without violating any laws or ordinances. The only response possible to this broad statement is that the State Troopers provide police service to the territory. Residents and property owners have voiced no complaints about the level of service.

3. Fire Protection. The City's analysis of fire protection is, like its presentation of law enforcement, simply a descriptive one. What should be said is that there would be absolutely no change in fire protection provided the residents and property owners of the territory were the annexation to take place. Borough Fire District No. 1 presently covers this territory and is serviced through contract with the City; the contract provides fair consideration. (Exhibit C.) It might be noted, moreover, that the Borough owns one of the fire trucks utilized by the City, as well as a new ambulance similarly operated by the City and used inside and outside its boundaries.

4. Parks and Recreation. The City outlines its services in the parks and recreation area, and alleges a budget of \$128,946 for this department. Apparently the intention is to suggest that Borough residents outside the

City are getting "something for nothing". In fact, the City is able to operate the pool and the gym only because the Borough has made them available. The pool and gym collectively are worth approximately \$3,220,000, substantially more than the City's budgeted amount for this service. (Memorandum from Borough Assessor, Ed Haney, December 6, 1977; Exhibit D.) The joint agreement between the Borough, its School District and the City, further delineates the benefits accruing to the City through the use of these facilities. (Joint Agreement For the Use and Operation of Gymnasiums and Swimming Pool, Exhibit E.)

In addition, the Borough adopted parks and recreation powers within the last year, and has contracted for a major parks and recreation study to be completed by April of next year. City residents will undoubtedly benefit from the exercise by the Borough of its parks and recreation power.

5. Library. In describing its library with attached budgetary figures, the City again fails to make any case showing that Borough residents are taking unfair advantage. Petitioner acknowledges the Borough contribution of \$15,000 to the library financing. There is no showing that this contribution is grossly disproportionate to the use by non-city residents of the library facilities. And there is also no mention of the fact that the Borough operates four libraries of its own which make interlibrary loans to the City library.

6. Cemetery. The City simply states that the cemetery, with its paid contractual employee, is available to Borough residents. There is no indication of how much this employee is paid; he may in fact be part-time. And there is no mention of the fact that the City acquired

the land for the cemetery in 1968 from the Borough for the price of \$1.00. (Minutes of K.I.B. Assembly Meeting, 2/15/68, Exhibit F.) At the time, that land was worth approximately \$29,600. At present, its estimated value is \$300,000.

(Memorandum from Ed Haney, Borough Assessor, to Stu Denslow, Borough Manager, Exhibit G.) Borough residents have more than paid their way into their ultimate resting places. Again, the level of service for the territory affected by this petition would not be increased through annexation.

7. Public Works Functions. The City's one-sentence remark in regard to public works provides little to which the Borough can helpfully respond. The fact that the Public Works Department provides street maintenance and snow removal is essentially irrelevant, since the primary road involved is Mill Bay Road, which is state maintained. Should the residents of the area decide that further local roads are necessary, they could finance them through road service districts, rather than taxing the general public for such neighborhood improvements. It might be noted, moreover, that private contractors are available to the Borough to provide competent road service, as is illustrated by the road service district in the Bells Flats-Russian Creek area. (Contract between the K.I.B. and Alagnak, Inc., Exhibit H.) House numbering, the other item mentioned in connection with public works, is a planning function and will be undertaken by the Borough as it proceeds with implementation of its comprehensive plan.

8. Cargo dock, boat harbor, ferry terminal and airport. The City alleges that these facilities are "to some extent" self-supporting, and then claims that general fund contributions have been made to maintain the facilities. Again, the City's lack of specificity renders the Borough's

attempt to be responsive difficult. Borough research uncovered only a \$149,703 loan from the City's general fund to the cargo dock. (City of Kodiak, 1977/78 Budget, p. 46.) A loan hardly constitutes a "contribution". The City's presentation in this regard raises two additional questions. First, it is not at all clear that the municipal airport, as discussed further below, is an asset to Kodiak. The extreme hazardousness of this strip might merit its closure, rather than its support by taxpayers money. Second, it is not clear why general fund contributions should ever be used to make up deficits in the operating budgets of these enterprise activities. The people who use them should pay for them; those who do not use them, should not.

9. Garbage Collection. Residents of the territory would gain nothing new in the way of garbage collection should annexation take place. At present, they have the option of paying for garbage collection or transporting their own refuse to the dump. Under annexation, that option would be removed and they would pay for the service whether or not they wanted it. There has been no showing that such imposition is necessary.

A review of the above services indicates that the City has not demonstrated that it could improve the lot of territory residents through annexation. In fact, as described above, the residents and lot owners would gain virtually nothing to their advantage by way of annexation. As shown on the table below, however, these people would stand to lose a great deal. Best estimates reveal that, assuming the addition of sewer and water to all lots, the cost to lot owners should they remain outside the City limits would be 9.47 mills taxation plus \$28.75 per month in water and sewer assessments; if the territory were annexed, the rate would

jump to a substantial 16.3 mills, with assessments in the neighborhood of \$25.00 per month.

	<u>City Resident</u>	<u>Borough Resident Outside City Limits</u>
Borough Mill Rate	7.2	7.2
City Mill Rate	9.1	-0-
Fire Protection Mill Rate	-0-	2.27
Water	\$10.00/mo.	\$13.75/mo.
Sewer	\$15.00	\$15.00
Total	16.3 Mills \$25.00/mo.	9.47 Mills \$28.75/mo.

The City has simply failed to make a showing that such a rate increase is warranted or equitable for those affected.

B. Annexation Will Not Enable the City to Improve any Health or Safety Conditions in the Territory. (Standard No. 6.)

As noted previously, the City has not invoked this standard. It would be dismissed without comment were it not for the irony it brings to light. There is, in fact, a serious safety hazard located within the territory. That hazard is the municipal airport. Yet the City, which exercises complete control over this airport and even mentions it among the services provided to territory residents, has failed in its duty to alleviate the significant safety hazard that it poses. There is no reason to assume the City would perform more responsibly should other such problems arise.

C. It is Practical to Provide all Necessary Services to City Residents Without Bringing the Territory Within the City Boundaries. (Standard No. 7.)

Petitioner's brief includes broad statements to the effect that there is a "misalignment of boundaries [which] causes problems with enforcement of City ordinances and with providing certain services to those areas already annexed". That is the extent of petitioner's analysis. In light of joint Borough-City agreements covering water,

sewer, and fire, the Borough cannot envision any problems that might arise because of the existence of a few City lots within the territory. If the problems were significant, the City presumably would never have annexed those lots causing the present "misalignment".

D. The City is Receiving (or Should be Able to Devise Means of Receiving) Ample Reimbursement for the Services Provided Territory Residents and Lot Owners. (Standard No. 8.)

The City complains that it "provides substantial benefits to residents and owners of properties outside of [its boundaries] without corresponding tax contributions for municipally provided services". (Petitioner's Brief, p. 2.) Yet, sewer and water should be provided only upon assessment; fire protection is paid for by the Borough which levies a 2.27 mill rate on property owners within the District; parks and recreation services are in large part made available through the Borough-donated pool and gym; contribution is made by the Borough directly to the municipal library; the cemetery exists on a \$300,000 plot of land given for \$1.00 to the City by the Borough; the cargo dock, boat harbor, ferry terminal and airport are or should be self-supporting through user fees; and garbage collection is currently paid for by those who use it.

In addition to the direct payments identified above, all Borough residents outside the City fund the City's services and programs, whether or not they receive any benefits from them, through a three percent sales tax levied by the City on all goods and services sold within the City or by City-based businesses, whether the service is provided within or without the City. (City Ordinance 3.08.010 et seq.) Virtually all sales of goods and services on Kodiak Island take place within the City, so all residents

of the Island are sorely affected by this tax. Sales tax receipts, moreover, have been used to pay Borough personal property tax for City residents; owners of personal property within the City have not been required to make such payments out of their own pockets. (City Ordinance 3.04.010B.) Borough residents living outside the City boundaries have thus paid personal property tax twice; first their own, and then a substantial contribution to the payment of taxes for those persons who have personal property located within the City limits. Residents and lot owners in the territory have amply compensated the City for any benefits they might receive.

IV. Procedural Factors Against Annexation

Four intertwined procedural issues are raised by the manner in which this petition has proceeded to date. First, petitioner and the Local Boundary Commission seem determined to propel this matter forward with great speed, presumably because of the approaching start of the Legislative session. Such precipitous action, however, has resulted in failure by the Commission to follow its own guidelines, and has put great strains on the borough and any other would-be respondent to prepare adequately for the upcoming hearing. Thus, the petition was apparently accepted notwithstanding the fact that no resolution from the City Council was attached (19 AAC 10.040[4]); the sources of information contained in the petition were presented only in a statement, not an affidavit (19 AAC 10.040[2]); and the petition was wrongly addressed to the Department rather than the Commission (19 AAC 10.070). In addition, the interest in reaching a quick determination in this case resulted in a refusal by the Staff Assistant to grant a few days postponement of the hearing. The Borough's attorney had requested such an

extension in order that a well-informed brief might be prepared and presented to the Commissioners sufficiently in advance of the hearing to enable them to receive the evidence with some foreknowledge of both sides of the case. (See, letter from Joan M. Katz to Pat Poland, Exhibit I.)

Second, as noted throughout the course of this brief, the City's presentation to the Local Boundary Commission consists primarily of broad allegations, without substantiating facts. Such material did not put the Borough in a sufficiently informed posture to respond adequately.

Third, the issue of annexation of the petitioned-for territory is clouded by the avowed intention of the City to extend its boundaries to still other areas. Mr. Poland has indicated to the Borough's attorney that the broader issues of annexation of large portions of the Kodiak Island Borough will in fact enter into the Commission's deliberations in the course of the hearing on the Mill Bay Road territory. Yet no petition has been filed on those other, very different areas; there is no way the Borough can prepare any response. Other interest groups, such as the Native population of Kodiak, may have strong feelings when confronted with the full scope of the proposed annexation. It would appear that any and all questions of annexation on the Island of Kodiak should await a proper petition adequately setting forth all the territory sought to be annexed with ample factual basis for the City's position. Absent such a rational approach, serious error might be committed as Commission deliberations are hurried forward without sufficient groundwork being laid. There is no emergency warranting such procedure.

Fourth, and finally, in connection with the intent to annex considerably more territory than is revealed in this petition, it would seem appropriate to handle this matter by

the step annexation procedure. Of critical concern to the Borough Assembly, staff and people they represent, is the fact that no opportunity has been afforded the people of this territory to vote on the issue of annexation. An election would give the Commission precise information regarding the people's views on this matter. It would also go far to reduce the anger and bewilderment experienced by Borough residents who view the non-elective process as an uncharacteristically undemocratic one for this State to be imposing upon them.

V. Conclusion

The only context in which the City's petition is comprehensible is that of a power play, a grab for land which the petitioner has no demonstrated ability to govern effectively. The evidence shows that the residents of the territory would gain nothing from annexation, but would stand to lose considerably from a financial standpoint. Abstract arguments supporting annexation are overshadowed by the reality of the cost-benefit ratio to those lot owners, by the fact that they do not support this petition, and by the realization that there is no equitable reason for increasing the City's tax base. Honest appraisal tells us that the City's track record for the delivery of services and for fair dealing with citizens on Kodiak Island is seriously deficient. There is no basis for granting the petition. There is sound basis for denying it. The Kodiak Island Borough respectfully requests that the Local Boundary Commission reject the City of Kodiak's petition for annexation.

DATED this 9th day of December, 1977.

JOAN M. KATZ, Attorney for the
Kodiak Island Borough

113-29
ADL 200122

KODIAK & VICINITY

State Patented Lands

T27S,R19W,SM

Unclassified

USS 3465

Tract B

9.74 A

Lands Classified Reserved Use

USS 3466

Lot 11

C1#315

1.08 A

USS 3098

Lot 3

C1#315

1.25 A

4

C1#315

1.25 A

5

C1#315

1.25 A

6

C1#315

1.25 A

7

C1#315

1.25 A

9

C1#315

1.25 A

11

C1#315

1.03 A

USS 3463

Lot 1A

C1#315

1.56 A

Unclassified

USS 3099

Lot 25

1.55 A

Total

22.46 A

Excerpt from Land Selection Filed by Dale Tubbs
for the Kodiak Island Borough

EXHIBIT A

DESIGNATING THE CITY OF KODIAK AS THE AGENCY
RESPONSIBLE FOR IMPLEMENTATION OF WATER AND
SEWER PROJECTS ELIGIBLE FOR FEDERAL FUNDING

THIS AGREEMENT, made and entered into this 2nd day of July, 1970, by and between the CITY OF KODIAK, a municipal corporation, hereinafter referred to as "CITY" and KODIAK ISLAND BOROUGH, a municipal corporation organized under the laws of the State of Alaska, hereinafter referred to as "BOROUGH",

W I T N E S S E T H :

WHEREAS, BOROUGH is a second class borough and as such has limited authority, which does not include the power to provide water or sewer service and

WHEREAS, CITY is a first class city and as such has a Public Works Department and in connection therewith provides sewer and water service to the residents residing within the corporate limits of the CITY OF KODIAK and to some residences residing outside the corporate limits of the CITY OF KODIAK, and

WHEREAS, the parties hereto desire to make application for Federal aid on local sewer and water project and one of the parties hereto must be designated an agency responsible for implementation of such projects.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto mutually agree as follows:

1. CITY is hereby designated the agency responsible for implementation of any water or sewer projects within the area of the road system in the KODIAK ISLAND BOROUGH and is hereby authorized to make application for Federal aid in connection therewith.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their proper officials on the day and year first above written.

CITY OF KODIAK

Richard A. Jones
Mayor

KODIAK ISLAND BOROUGH

Richard A. Jones
Mayor

CONTRACT TO FURNISH FIRE PROTECTION SERVICE

THIS CONTRACT made this 2ND day of ~~May~~^{July}, 1970,
by and between the CITY OF KODIAK, hereinafter referred to as
"City" and the KODIAK ISLAND BOROUGH, hereinafter referred to as
"Borough", both being municipal corporations organized under the
laws of the State of Alaska.

W I T N E S S E T H

WHEREAS, City is an Alaskan municipal corporation, being
a home-roll or charter city, and as such is lawfully authorized and
empowered to enter into the Agreement hereinafter recited; and

WHEREAS, Borough is an Alaskan municipal corporation of
the second class and has under its powers formed a Fire Service
District as provided by law and therefore is lawfully authorized
and empowered to enter into the Agreement hereinafter recited; and

WHEREAS, Borough is presently without adequate fire
protection in its Fire Service District and desires to have the
services of City's Fire Department and to pay for such services; and

WHEREAS, City is willing to furnish fire protection to
Borough's Fire Protection District provided an adequate payment is
made.

NOW, THEREFORE, City and Borough agree as follows:

SERVICES TO BE RENDERED

FIRST: Subject to the conditions and qualifications
hereinafter recited, the City will furnish to Borough's Fire
Protection District during the period of this Agreement, the
services of City's Fire Department to the same extent as if the
area encompassed within the boundaries of the Borough's Fire
Protection District were a part of the incorporated area of the
City.

TERM OF AGREEMENT

SECOND: The term of this Agreement shall be continuous until terminated by mutual agreement of the Parties or by notice of intention to terminate given in writing not less than ninety (90) days before the intended date of termination when such notice is given and which notice may be given by either Party at any time hereafter.

PAYMENT

THIRD: Borough agrees to pay to City during the term of this Agreement an amount equal to the millage rate levied by City for fire protection service in the City, which amount shall be levied and collected on all properties within Borough's Fire Protection District at the same millage rate. City shall give to Borough, in writing, at the time it sets its millage rate, the millage levied for fire protection within the City and that same millage rate shall thereafter be applied to all properties within the Borough Fire Protection District for the ensuing year and this amount shall be paid to City.

CITY IS NOT RESPONSIBLE FOR CONDITION OF FACILITIES

FOURTH: City assumes no responsibility for the condition of the water mains, adequacy of fire hydrants, water pressure or of any of the facilities to be furnished by Borough's Fire Protection District except to render the best service possible under the conditions which exist at any given time.

RESPONSIBILITY OF FIRE CHIEF

FIFTH: In agreeing to give Borough's Fire Protection District the same type and quality of fire protection service as

that enjoyed by the City, it is understood by Borough that the ultimate decision and discretion as to the method and manner of controlling or extinguishing fires is vested in the Fire Chief of the City. Neither City or Borough shall be allowed any priority in dispatching of fire fighting equipment or personnel, but in any given case, the decision shall be in the discretion of the City's Fire Chief.

FIREMEN TO BE MADE PEACE OFFICERS

SIXTH: City does not agree to furnish any peace officers in connection with the response to any fires within the Borough Fire Protection District unless such powers are conferred upon firemen by the laws of the State of Alaska and in that event the powers and authorities shall be limited to that authority granted.

INSPECTION BY FIRE DEPARTMENT

SEVENTH: The Fire Department of City shall have the same right to make inspections of any and all structures and grounds within the Fire Protection District of Borough and to make appropriate recommendations thereon with the same force and effect as the Fire Department has within the City.

BOROUGH TO ABATE FIRE HAZARDS OR NUISANCES

EIGHTH: Borough agrees to take timely action to abate any fire hazard or nuisance when such is called to the attention of the Borough Chairman or Borough Assembly.

INDEMNITY OF FIRE DEPARTMENT

NINTH: Borough agrees that the Fire Department of the City shall have the same privileges and immunities with respect to liability as said Department has in the City.

ADJUSTMENT OR REVISIONS OF BOUNDARIES

TENTH: Borough agrees that if the present geographical boundaries of the Fire Protection District of Borough are reduced or enlarged or expanded, then and in such event City may either refuse to service such enlarged area or this Agreement shall be amended to provide an added consideration for the additional fire protection to be rendered by City or a reduction in the compensation by reducing the amount thereof by subtracting the millage from those properties withdrawn.

CITY IS INDEPENDENT CONTRACTOR


ELEVENTH: The management, regulation and control of City's Fire Department shall remain the sole obligation of City, and the relationship of City to Borough shall, upon this Agreement taking effect, be that of independent contractor.

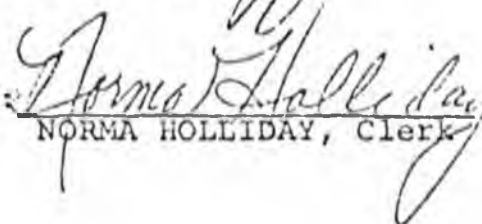
IN WITNESS WHEREOF, the Parties hereto have executed these presents by resolution of their respective governing bodies, duly authorizing the same.

CITY OF KODIAK

KODIAK ISLAND BOROUGH

BY: 
PETE RESCFF, Mayor

BY: 
WILTON T. WHITE, Chairman

ATTEST: 
NORMA HOLLIDAY, Clerk

ATTEST: 
ROBERT GRAFE
Borough Clerk

ADDENDUM

TO CONTRACT TO FURNISH FIRE SERVICE

Whereas the parties hereto have heretofore entered into an Agreement whereby CITY agreed to furnish to BOROUGH's Fire Protection District, the services of CITY's Fire Department to the same extent as if the area encompassed within the boundaries of the BOROUGH's Fire Protection District were a part of the incorporated area of the CITY and

Whereas BOROUGH agreed to pay to CITY during the term of said Agreement, an amount equal to the millage rate levied by the CITY for fire protection service in the CITY but no provision was made, nor account taken of the Capital Improvements of the Fire Department to date or in the future,

Now therefore, the parties hereto agree that the BOROUGH will transfer, and the CITY will accept the equity of the BOROUGH in its fire truck and equipment as the BOROUGH's contribution to the Capital Improvements of the CITY's Fire Department to date, and to make further contributions to the Capital Improvements of the Fire Department through assessment and taxation at the same time and on the same basis as may be done by CITY in the future.

IN WITNESS WHEREOF, the parties hereto have executed these presents by resolution of their respective governing bodies, duly authorizing the same.

CITY OF KODIAK

KODIAK ISLAND BOROUGH

BY: *Rolland A Jones*
R. A. JONES, City Manager

BY: *Wilton T. White*
WILTON T. WHITE, Chairman

ATTEST: *Norma Holliday*
NORMA HOLLIDAY, Clerk

ATTEST: *Robert Grafe*
ROBERT GRAFE
Borough Clerk

KODIAK ISLAND BOROUGH

DATE: December 6, 1977
FROM: Borough Assessor/ Ed Haney
TO: Whom It May Concern

At the time of construction in 1973 the cost of building the Kodiak High School gymnasium was One Million One Hundred Fifteen Thousand Dollars (\$1,115,000). Reproduction today would be approximately One Million Six Hundred Seventy Thousand Dollars (\$1,670,000).

The swimming pool complex in 1973 cost One Million Thirty Five Thousand Dollars (\$1,035,000) to build and to reproduce it today would approximately cost One Million Five Hundred Fifty Thousand Dollars (\$1,550,000).

Totaling the two (2) buildings together shows a cost to build in 1973 of Two Million One Hundred Fifty Thousand Dollars (\$2,150,000).

The reproduction of the two (2) buildings together in 1977 would come to Three Million Two Hundred Twenty Thousand Dollars (\$3,220,000).

EH/sv

cc

EXHIBIT D

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
POST OFFICE BOX 886
KODIAK, ALASKA 99615
(TELEPHONE (907) 486-3131)

JOINT AGREEMENT FOR THE USE & OPERATION
OF GYMNASIUMS & SWIMMING POOL

This agreement entered into this 15th day of November 1977, 1
by and between the KODIAK ISLAND BOROUGH, hereinafter referred to as the 2
BOROUGH, the KODIAK ISLAND BOROUGH SCHOOL DISTRICT, hereinafter referred 3
to as the *DISTRICT*, and the CITY OF KODIAK, hereinafter referred to as the 4
CITY. 5

WITNESSETH:

WHEREAS, the *DISTRICT* has under its jurisdiction the operation 6
and management of three gyms and one swimming pool within *CITY* boundaries, 7
said gyms being the Kodiak High School gym, the Main School gym, and the 8
East Elementary gym; and, 9

WHEREAS, the *BOROUGH* contributes to the *CITY* recreation program 10
by making school facilities available to the City Parks & Recreation De- 11
partment for public use; this they do in lieu of providing recreational 12
funds to the *CITY*; and, 13

WHEREAS, the *DISTRICT* obligated itself before the election of 14
February, 1972 to running the pool for the public; and, 15

WHEREAS, it is inconvenient and costly for the *DISTRICT* to run 16
a public recreation program; and, 17

WHEREAS, said swimming pool and gymnasiums are physically con- 18
venient and capable of being used by the *CITY* and its program conducted 19

by the Parks & Recreation Department; and,

WHEREAS, maximum use can be made of said swimming pool and gymnasium facilities by the joint use thereof of the DISTRICT and the CITY, and it is in the best interests of the parties hereto and the public that such use be made thereof.

NOW THEREFORE, in consideration of the above premises and the undertaking and covenants of each of the parties as hereinafter set forth, it is agreed by and between the parties as follows:

1. TERMS:

This AGREEMENT shall be effective for a term of 7 1/2 months, commencing on November 15, 1977, and ending on August 1, 1978. The AGREEMENT may be terminated by either party giving 30 days written notice.

2. USE OF POOL & GYMS:

The DISTRICT shall have the right of exclusive use of said swimming pool and gymnasiums upon regular school days, Monday through Friday of each week during each school year, from 7:30 AM to 5:00 PM of each of the said days, except that the CITY reserves the right to use the pool or gymnasiums for the public if they are not being used at that time by the DISTRICT. The DISTRICT shall also, in addition to the hours specified, have the right to use the pool and gymnasium facilities for school activities and athletic purposes, but the gymnasiums and pool shall not be used by the DISTRICT for any program designed, or by its nature competitive with the recreation program carried on by the CITY. However, the DISTRICT

may not retain the gyms or pool for the daily practices of their athletic 42
teams beyond the hour of 7:30 PM. 43

3. FACILITIES:

The *DISTRICT* facilities which are the subject of this agree- 44
ment include the pool, the gyms, the locker rooms, together with a limited 45
amount of office storage space. 46

4. SCHEDULING OF FACILITIES

The *DISTRICT* shall have first priority in scheduling its ac- 47
tivities. After the *DISTRICT* establishes its schedule, the *CITY* shall make 48
up its recreation schedule. The *CITY* must provide the *DISTRICT* with at 49
least one week advance notice prior to commencement or change of the 50
CITY recreation time schedule. Once the *CITY* established their recreation 51
schedule, the *DISTRICT* must give the City Parks & Recreation director at 52
least one week advance notice before changing their *DISTRICT* schedule, and 53
this schedule change must meet the approval of the City Parks & Recreation 54
director and the School Superintendent. Use of *DISTRICT* facilities by 55
groups outside the realm of the *CITY* or the *DISTRICT*, at times other than 56
during regular school hours, will be scheduled by the *DISTRICT* Community 57
School Coordinator with the approval of the *CITY* Parks & Recreation direc- 58
tor. 59

5. DENIAL OF FACILITIES:

The *DISTRICT* reserves the right to deny the use of their 60
facilities to groups which by their behavior may either do physical harm to 61
the facilities or participants, or by their presence downgrade the moral 62

and ethical standards of the *DISTRICT*.

63

6. CITY OPERATIONS:

The *CITY*'s responsibility is restricted to public use of the gyms and the pool as well as daily maintenance of the pool. This means that the *CITY* will:

64

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a. Hire, terminate, pay, and supervise all *CITY* recreation personnel.

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b. Schedule all *CITY* recreation use programs and activities.

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c. Do the pool vacuuming, filtration, chemical up-keep, and locker room clean-up.

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d. Provide reimbursement to the *DISTRICT* for overtime custodial services incurred when *CITY* recreational activities last later than 10:30 PM, unless prior agreements are made for use of the facility past the allotted time.

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e. Provide supervisory personnel for all *CITY* recreation activities and insure that *CITY* recreation participants have vacated *DISTRICT* facilities prior to the supervisor's conclusion of duties.

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7. DISTRICT OBLIGATIONS:

The *DISTRICT* will at its sole cost and expense:

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a. Provide heat, light, power, water, chemical supplies, and equipment necessary for both <i>DISTRICT</i> and <i>CITY</i> use.	83 84 85
b. The <i>DISTRICT</i> will continue to handle all major mechanical work and the annual pool overhaul.	86 87 88
c. Provide all necessary building maintenance for the gyms, pools, and supporting facilities.	89 90
d. Provide regular custodial services during the regular school year when facilities are vacated by <i>CITY</i> recreation participants and supervisors by 10:30 p. m.	91 92 93 94
8. <u>FEES:</u>	
Since <i>CITY</i> expense for operating the pool must be met by gate receipts, all gate receipts collected by the <i>CITY</i> are to be the property of the <i>CITY</i> .	95 96 97
9. <u>LIABILITY INSURANCE:</u>	
The <i>CITY</i> shall at all times maintain and keep in effect liability insurance covering its use of said facilities.	98 99

10. PROPERTY DAMAGE

The *DISTRICT* facilities or property thereon damaged or 101
destroyed by reason of the negligence or acts of the *CITY* employees or 102
persons using the *DISTRICT* facilities during the times that said facili- 103
ties are subject to the exclusive use of the *CITY* shall be the responsi- 104
bility of the *CITY*, and reimbursement for replacement or repair thereof 105
shall be made by the *CITY* to the *DISTRICT*; provided, however, that noth- 106
ing herein contained shall be construed to obligate the *CITY* to make 107
repairs for damage which is due to ordinary wear and tear. 108

11. TERMS OF THIS AGREEMENT

The terms of the *AGREEMENT* may be renegotiated to meet 109
the prerequisites of the Community Education Program. 110

CITY OF KODIAK

By Ivan L. Wilton
City Manager

KODIAK ISLAND BOROUGH

By Bradley J. Willis
Borough Mayor

ATTEST:

Robert Powell
City Clerk

ATTEST:

Shirley Miller
Borough Clerk

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

By Louise Collins
School Board President

By David C. Crowe
School Board Clerk

- D. Resolution 63-5-R Setting Amount Owed by City for Payment on Personal Property Taxes. The resolution was read. Mrs. Hajdu inquired why the Borough was just now collecting these taxes from the City for 1967. Mr. Valkama explained that the City could make better use of these funds than the Borough, and so the delay was beneficial to them; and also that the City is just now collecting its 1967 sales tax, out of which this payment is made. Further, the Borough supplemental personal property roll has just been completed for 1967. Mrs. Springhill moved, seconded by Mr. Arndt, that the resolution be adopted. Mr. Burt and Mr. Bullock wished to review the tax returns before any action was taken. Mr. Valkama commented that if further reviews were made, it would probably turn out that the City would owe more money because in 1967 there were no teeth in the law requiring that people living inside the City file for their personal property. Motion carried by unanimous roll call vote.
- E. Approval of Tax Adjustments Nos. R-67-38 and R-67-39. Both of these lots were taken by ASHA in 1966 and should have been in ASHA's name for 1967 instead of John Thevik's. Mrs. Springhill moved, seconded by Mr. Bullock, that adjustments No. R-67-38 and R-67-39 be approved. Motion carried by unanimous roll call vote.
- F. Approval of November 15, 1968, as Delinquent Date for Second Half Payment of 1968 Taxes. It was explained that the ordinance sets November 1 as the delinquent date, but that enough tax bill forms are left from 1967 to use for 1968 if November 15 is again used as the delinquent date for second half payments of taxes. Mrs. Springhill moved, seconded by Mr. Arndt, that November 15, 1968, be approved as the delinquent date for second half payment of 1968 taxes. Motion carried by unanimous voice vote.
- G. Conveyance of Cemetery in UGS 3511 to City. Mr. Best stated that the cemetery is presently being arranged haphazardly, and suggested that it be conveyed to the City since they have the necessary staff to properly carry out proper arrangements. After discussion, Mrs. Springhill moved, seconded by Mr. Arndt, that the cemetery in UGS 3511 be conveyed to the City for \$1.00 with the provisions that it be properly laid out for roads and access and in accordance with the Subdivision Ordinance, insofar as practicable for a cemetery. Motion carried by unanimous roll call vote.
- H. Lewitt Fields re Anton Larsen Road. Mr. Fields stated that he had been asked by Okey Chandler on behalf of the people of Anton Larsen Bay and Port Lions to meet with the Assembly concerning the restoration of this road, which is covered now at high tide for one mile. He stated that a petition concerning the road had been submitted to the Governor, and that the reply stated that \$500,000 would be required to reroute the road. However, local contractors felt that the road could be sufficiently raised for only \$25,000 to \$30,000. Mrs. Hajdu suggested that the State be requested to use maintenance funds for this purpose, that they be informed that cost estimates for the job were less than \$100,000, and that the road is needed by the families in the area and by the people from Port Lions and Ozinkie who use it, after coming in by boat, as a means of getting to Kodiak. Mrs. Springhill moved, seconded by Mr. Bullock, that a resolution be drawn up by the attorney incorporating the ideas which were suggested in this discussion to take care of the problem of the Anton Larsen Bay Road. It was suggested that copies of the resolution be sent to the Governor and Kodiak's Representative and Senator. Motion carried by unanimous roll call vote.

X CLERK'S REPORT

- A. Legislation of Interest. Mr. Best pointed out the following legislation of special interest:
- HB 375
 - HB 376
 - HB 402 for school construction grants.
 - HB 483--appropriation bill for HB 432.
 - SB 175--providing for State to pay for defaults of local school bonds. This would help to give Alaska a better bond rating and may lower interest rates.
 - S. 293--3% education wage tax.
- B. Building Inspector's Vehicle. Mr. Best suggested that since the City furnishes gas for the vehicle, the Borough furnish necessary repairs. The Assembly concurred.

KODIAK ISLAND BOROUGH

M E M O R A N D U M

TO: Stu Denslow/Borough Manager
FROM: Ed Haney/Borough Assessor/Appraiser
SUBJ: Lot 1, Hospital Subdivision, USS 1822
Appraised Valuation
DATE: November 29, 1977

This lot (5.92 acres) was transferred from the Kodiak Island Borough to the City of Kodiak in 1968 to be used as a cemetery, recorded in Book of Deeds 21 at pages 92 and 93.

Comparable land in this area was selling for \$5,000 per acre in 1968. As this is all high and well-drained land the 5.92 acres would have had a value of \$29,600.00.

The 1978 value of this property were it put to it's best use (not a cemetery) would be \$25,000 per acre or \$148,000. If this land were subdivided into residential lots the market value would total \$300,000. This is possible because of adjacent water, sewer and access.

As a cemetery, it's value is almost an intangible, however to purchase land under today's market conditions would come close to the \$300,000 figure.

EH/sv
cc

EXHIBIT G

CONTRACT

THIS AGREEMENT, made this 1 day of September, 1977,
by and between Kodiak Island Borough, herein
called "Borough", acting herein through its Presiding Officer
(Title of Authorized Official)
and Alagnak, Incorporated
STRIKE OUT (a corporation) (a partnership)
INAPPLICABLE TERMS (an individual doing business as _____)
of Kodiak, State of Alaska
hereinafter called "Contractor".

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the BOROUGH, the CONTRACTOR hereby agrees with the BOROUGH to commence and complete the construction described as follows: Road Maintenance and Snow Removal - Bells Flats/Russian Creek Service Area, hereinafter called "Project", for the amount specified in the attached bid schedule. And in connection therewith, under the terms as stated in the General Conditions of the Contract; and at his (its or their) own proper cost and expense to furnish all the materials, supplies, machinery, equipment, tools, labor, insurance, and other accessories and services necessary to complete the said project in accordance with the conditions and prices stated in the Proposal, the plans, which include all maps, plats, blueprints and other drawings and printed or written explanatory matter thereof, the specifications and contract documents, all of which are made a part hereof and collectively evidence and constitute the contract.

The CONTRACTOR hereby agrees to commence work under this contract on or before a date to be specified in a written "Notice to Proceed" of the BOROUGH and on a timely call out basis thereafter for the duration of the contract.

The BOROUGH agrees to pay the CONTRACTOR in current funds for the performance of the contract.

IN WITNESS WHEREOF, the parties to these presents have executed this contract in three (3) counterparts, each of which shall be deemed an original, in the year and day first above mentioned.

KODIAK ISLAND BOROUGH

Margaret A. Lussac
(Secretary)

BY James E. Pratt
Presiding Officer
(Title)

Shirley Miller
(Witness)

ALAGNAK, INC.

(Contractor)

[Signature]
(Secretary)

BY Frank [Signature]
President
(Title)

[Signature]
(Witness)

Box 1275 - Kodiak, Alaska 99615
(Address and Zip Code)

NOTE: Secretary of the Borough should attest. If Contractor is a corporation, Secretary should attest.

JOAN M. KATZ
ATTORNEY AT LAW
1614 HIDDEN LANE
ANCHORAGE, ALASKA 99501
(907) 274-3804

November 21, 1977

Patrick K. Poland
Staff Assistant to the
Local Boundary Commission
Department of Community
and Regional Affairs
511 West Fourth Ave.
Anchorage, Alaska

Dear Pat:

This is simply to confirm our conversation of last Friday, November 18, 1977. At that time I requested that the Kodiak hearing now scheduled for December 12, 1977 be rescheduled for later in that week to enable me to prepare the Borough's brief in sufficient time so that Commissioners would have the opportunity to review it prior to the hearing. You denied that request. The Borough is now proceeding with the case within the time frame you have set forth. Should the short time allowed appear to prejudice the Borough at a later date, the objection will be reiterated at that time.

I look forward to hearing from you later today in regard to the review of Commission precedents we discussed.

Thanks for your consideration.

Sincerely,

Joan M. Katz

EXHIBIT I

BEFORE THE LOCAL BOUNDARY COMMISSION FOR THE
STATE OF ALASKA

Re: Proposed Annexation of)
Certain Lands in the Kodiak)
Urban Area to the City of)
Kodiak)
_____)

BRIEF OF THE RESPONDENT KODIAK ISLAND BOROUGH

Introduction

Annexation entails substantial financial, political and practical consequences for property owners and residents of the lands involved. To assess those consequences in connection with the Kodiak situation, three fundamental questions need to be asked: (1) whether annexation would serve any real purpose so far as the territory to be annexed is concerned; (2) whether the alleged equities on the City's part exist in fact, or have been advanced simply to justify a quest for additional revenues; and (3) whether adverse consequences would befall individuals within the territory, or without, should annexation occur. Respondent's analysis of these questions will address the relevant, specific factors set forth in 19 AAC 05.010, as well as the concerns raised in both the letter of May 1, 1978, from Sheila Gallagher to Stewart Denslow, and in the Preliminary Report from the Department of Community and Regional Affairs, dated May 10, 1978.¹ In light of the fact that this proposed annexation is a legislative one, with no opportunity for the people involved to express their opinions at the polls, abstract theories of symmetry in local government should not be afforded excessive weight. The

¹The final report was not available at the time this Brief was being prepared.

JOAN M. KATZ
Attorney at Law
540 "L" Street, Suite 101
Anchorage, Alaska 99501
(907) 274-7634

realities of the Kodiak situation need to be examined.

I. What Needs Exist Within The Territory That Could Best Be Met By Annexation?

Annexation makes sense only if services are needed and desired by the people affected which can best be provided by the annexing government. The evidence in this case, however, is that people outside the City's current boundaries are generally content with not only their government, but also the kinds and levels of services they are presently receiving.

An attitudes survey conducted by the Anchorage Urban Observatory last year indicates that the three greatest concerns for residents outside the City are litter, roads and the high cost of goods.² Inside the City, residents are most concerned about the same two priority issues, although roads are placed above litter. The problems of physical isolation and "environment" tie for third place. Outside the City only one person in the sample rated utilities as a top priority; only one identified animal control as such. And not a single person identified police or fire service as the most urgent problem.

These findings are highly significant in reflecting a general, marked absence of desire on the part of people in the affected territory to change the kind, or raise the level, of services they receive - even when no price tag is attached. The only exceptions occur in connection with roads and litter.

a. Roads. Kodiak's roads are essentially State maintained, with only 13 miles of road under City jurisdiction and 15.5 miles within the Borough's authority. Annexation for the purposes of road maintenance would be nonsensical for two reasons. First, the people within the City are more dissatisfied with the condition of their roads than are the people outside the City,

²For more detailed information on this survey see Kodiak Island Borough Economic Analysis, submitted by Drs. Green and Hill as part of the Borough's presentation in this proceeding.

suggesting that the City is hardly the appropriate government unit to undertake further road work. In addition to the findings of the Urban Observatory study in this regard, there is the testimony of City residents like Charles Davidson, who stated at the December 12, 1977 hearing that he was opposed to annexation in light of the City's inability to adequately pave and/or oil the roads within its current jurisdiction.

Second, Borough voters have recently elected to adopt road power within Service District I of the Mill Bay-Monashka Service area. This power will enable the Borough to offer road service to those areas in which the property owners vote to foot the bill. Such an undertaking has previously proven successful in the Bells Flat area, where private contractors provide road maintenance. (See Exhibit H to Respondent's Brief of December 9, 1977, regarding the proposed Mill Bay Road Annexation.)

Comments by the Local Boundry Commission staff concerning the absence of a Borough public works department to provide road maintenance are irrelevant to the Kodiak situation. As indicated previously, the roads at issue here do not cover hundreds of miles, but rather approximately 15.5 miles. Private contractors are not only capable of providing maintenance, grading, snow removal, etc. for this amount of road surface; such contractual arrangements would seem to be a boon to the local economy. Finally, it should be noted that in Fiscal 1978 the people of the Russian Creek and Bells Flat areas voted to spend \$38,000 on road maintenance for nine miles of road while the City spent \$1,110,014 for 13 miles of road maintenance and construction. The people currently living outside the City's boundaries should continue to have the right to choose to spend \$38,000 vs. \$1,110,014 if they are satisfied with the lower level of service. Annexation would deprive them of that right to choose.

b. Litter. Litter, the other major concern of Kodiak residents in and outside of the City, also provides no basis for annexation. The State again has responsibility for maintaining

its roadways and would be charged with litter removal in those areas. The Borough, pursuant to its planning, road and health powers would similarly be able to undertake this responsibility. To support its case for annexation, the City would seem to have the burden of showing that it could better meet this problem.

c. Sewer and Water. The only additional, significant need that the Local Boundary Commission might want to examine would be that for sewer and water. In some areas of the Borough outside the City, sanitation standards necessitate, and the people desire (although not as a top priority) sewer and water improvements. The analysis submitted by the independent consultants from the Alaska Urban Observatory indicates that there is no reason to believe the City could meet these needs at less cost than the Borough. Unlike the services of roads and police, moreover, sewer and water are public utilities, in the same category as telephones. As such, they must pay their own way. They could, theoretically, be provided by a private corporation. The expansion of sewer and water into the territories in question should, therefore, have no bearing on the issue of annexation. (See Green and Hill, Kodiak Island Borough Economic Analysis, at 7.)

A review of services needed in the affected territory thus reveals that annexation represents a theory without any practical application or rational nexus to the facts in this case. There is no cry for expanded police protection. There is no reason to deprive private contractors of the opportunity to provide road maintenance at the level the people can afford. In his letter of December 16, 1977 to Mr. Strandberg, the City Manager himself acknowledged: "I am certain you are aware that as soon as an area gets water and sewer from the core City they have no need to annex. This is especially true in the Kodiak urban area". (Exhibit A, at 2-3) The point made by Drs. Green and Hill, of

course, is that not even sewer and water requirements create any need or justification for annexation. From the territory's standpoint, annexation is simply not needed in any way, to provide any service.

II. Is the City Entitled To Annexation For Reasons of Equity?

It is arguable, though Respondent would oppose this notion, that even without a need for annexation, such action could be required if the City is presently being placed in an inequitable position by virtue of non-City residents' use and enjoyment of City facilities and services. The City took this position in its Mill Bay Road petition brief; the information presented by Respondent in connection with that annexation is equally applicable here. Respondent's previous brief summarized the facts regarding specific services mentioned by the City in its plea for "equity" as follows:

The City complains that it "provides substantial benefits to residents and owners of properties outside of [its boundaries] without corresponding tax contributions for municipally provided services". (Petitioner's Brief, p.2.) Yet, sewer and water should be provided only upon assessment; fire protection is paid for by the Borough which levies a 2.27 mill rate on property owners within the District; parks and recreation services are in large part made available through the Borough-donated pool and gym; contribution is made by the Borough directly to the municipal library; the cemetery exists on a \$300,000 plot of land given for \$1.00 to the City by the Borough; the cargo dock, boat harbor, ferry terminal and airport are or should be self-supporting through user fees; and garbage collection is currently paid for by those who use it.

Also mentioned in Respondent's previous brief was the highly significant fact of the three percent sales tax levied by the City on all goods and services sold within the City or by City-based businesses. Strong concern with the "high cost of goods" as expressed in the Urban Observatory attitudes survey, indicates the substantial impact of this tax. In a memorandum prepared at the time of the previous annexation hearing in Kodiak,

the Borough Planning Director researched his own financial situation and presented figures establishing that as a non-City resident, he was paying more taxes to the City (as a result of the sales tax) than he was contributing to the Borough through personal and real property taxes. (Memorandum from Planning Director to Borough Manager, December 6, 1977, Exhibit B.)

Local Boundary Commission regulations contemplate that measures such as sales taxes can be used as alternatives, not supplements, to annexation. 19 AAC 05.010(a)(8) provides in part:

In determining whether [property owners in the territory receive the benefit of City services without commensurate tax controls] the Commission will consider alternate methods available to the city for offsetting the cost of providing services to individuals or property beyond its property taxation powers

Through this sales tax (plus the contribution to firefighting equipment, dock user fees, etc.), non-City residents of the Borough more than pay their way. They pay not only for benefits they receive, but for benefits inuring only or principally to City residents. For example, \$60,000 received from sales tax revenues (to which non-City residents contribute as much per capita as City residents) has been used to finance construction of water and sewer facilities within the City in the 1977-78 fiscal year. (City of Kodiak Budget 1977-78 Fiscal year.) Even more significant perhaps, a substantial percentage of the property taxes owed by City property owners are being paid by sales tax receipts garnered from non-City residents as well as City residents. While the appraised value of City property should have netted the City 1.3 million dollars in tax receipts, in fact only \$655,000 is being collected. (City of Kodiak Budget 1977-78 Fiscal year.) Where is the equity in such an arrangement? If City residents are not even paying their own property taxes at this time, what possible justification can there be for seeking to tax people currently outside the City boundaries?

It is apparent, thus, that if any group of people is being treated inequitably, it is the territory residents: they pay City bills through sales taxes while contributing directly through user fees and the like for services that they utilize. The City, in truth, simply wants to spread it's overhead a little thinner - an understandable position, but one decidedly negated by the equities of the situation.

III. Would Annexation Have Any Adverse Effects Upon Territory Residents Or Other Kodiak Citizens?

It is evident that annexation is not warranted because of any need for City services or from any equitable standpoint. It should be recognized, in addition, that annexation could be extremely harmful to territory residents - and ultimately to the Kodiak community at large.

Respondent's previous brief on Hill Bay Road attempted to illustrate the relative costs to territory residents of provisions of water and sewer services with and without annexation. On the assumption that territory property owners would pay existing City taxes to acquire such services, it was determined that the price tag for the annexed resident would be 16.3 mills plus \$25.00 per month in assessments, as opposed to 9.47 mills and \$28.75 per month for non-City residents. (Respondent's Brief 12-09-77 at 3.) Drs. Green and Hill have calculated potential mill rates under annexation on the alternative assumption that annexation would simply shift some of the City's cost to the new territory. In that case the mill rate for City residents would be 15.19 mills - as opposed to 9.47 for non-City residents receiving sewer and water. (See Green and Hill at 12.) The difference under either method of calculation, is clearly substantial.

There is another consideration however, which is as important as the economic detriment to be suffered through annexation.

This is the potential effect on this relatively small community of the hostility that would be engendered by the imposition of annexation on a group of people who are adamantly opposed to it. An effort at unification was initiated by the City on October 27, 1977. (Resolution 23-77, Exhibit C.) The Borough responded in good faith, and scheduled a day long workshop attended by members of the public, City and Borough officials, a representative from Community and Regional Affairs and the former attorney of the Anchorage Charter Commission. As a result of that meeting, the Borough Assembly voted unanimously to put the question of unification on the ballot this Fall. (Resolution No. 78-34-R, April 6, 1978, Exhibit D.)

Unification is an appropriate means by which to avoid duplication of government units and promote more efficient government. Most importantly, it is also a means well suited to healing political wounds and allowing citizens to work together toward common goals. If the Local Boundary Commission were to try to design a tool aimed at destroying any hope for unification in Kodiak, it could propose no better means than the contemplated annexation. As testimony at the December 12, 1977 hearing established, many citizens of the Borough outside the City limits are bitterly antagonistic towards the City as a result of actions or inactions attributable to that government. Many citizens, further, are outraged by their lack of opportunity to vote their views on the annexation question. Should City dominion now be imposed upon them, the chances of a harmonious movement towards unification would be destroyed.

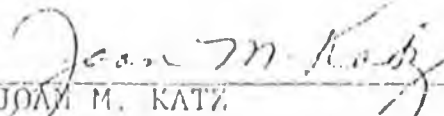
Conclusion

Annexation may have a theoretical appeal along the lines of political neatness. Theory is not reality, however, and the fact is that without annexation there will be service districts.

with annexation, there will probably be differential taxation with inconsistent levels of service, and with unification, there would still -- and again -- be service districts. The difference between the present situation and annexation -- the only two options available to the Local Boundary Commission -- is in the degree of choice to be exercised in the annexed territory. And that choice of course translates into substantial impact on the pocketbooks of the property owners involved.

The Local Boundary Commission is undoubtedly cognizant of its significant power and responsibility in considering legislative annexations. Respondent urges the Commissioners to ask themselves the three questions posed in this Brief while deliberating the merits of this case. The answers, the Borough feels confident, will show no need for services that the Borough cannot provide at a cost comparable to or lower than the City; no inequity done to the City by non-City residents; and adverse effects on both territory residents and other Kodiak citizens alike should annexation be approved. In light of these realities, Respondent respectfully submits that legislative annexation in this case would be an abuse of discretion. Respondent requests that annexation be denied.

DATED this 17th day of May, 1978.

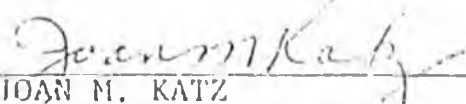

JOAN M. KATZ
Attorney for the Kodiak
Island Borough

BEFORE THE LOCAL BOUNDARY COMMISSION FOR THE
STATE OF ALASKA

Re: Proposed Annexation of)
Certain Lands in the Kodiak)
Urban Area to the City of)
Kodiak)
_____)

CERTIFICATE OF COUNSEL

I, Joan M. Katz, counsel for the Kodiak Island Borough,
certify that a copy of the Brief of the Respondent Kodiak Island
Borough was delivered to the staff of the Local Boundary Commis-
sion for service on the City of Kodiak this 19th day of May, 1973.



JOAN M. KATZ
Attorney for the Kodiak
Island Borough

JOAN M. KATZ
Attorney at Law
540 "L" Street, Suite 101
Anchorage, Alaska 99501
(907) 274-7634



Borough

City of Kodiak

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

December 16, 1977

Mr. Sigvald J. Strandberg
Chairman
Local Boundary Commission
Department of Community and
Regional Affairs
511 West Fourth Avenue
Anchorage, Alaska 99501

Kodiak Island Borough
KODIAK, ALASKA

RECEIVED

DEC 19 1977

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

Dear Mr. Strandberg:

I do not envy the Commission's position when attempting to relate to the problems such as we have here in Kodiak. I respect your willingness to listen to many statements that are irrelevant; however, I do not believe they should bear much weight in your decision.

When I finished my initial remarks, I asked for an opportunity to reply to the Respondent's Brief. For one reason or another, you did not honor my request. I realize your desire not to prolong the hearing; however, there were many points that were made that were not true. It is too bad that you were not willing to give me an opportunity to clear them up for you and those attending the meeting.

I think it should be made known in what capacity your fellow Commission member, Ms. Gallagher, is working for the Borough. It is obvious that if her employment has anything to do with any of the issues mentioned in the annexation proceedings she should disqualify herself from any court proceedings, as well as Commission activities. Her ability to ask questions during the hearing that would bear on possible litigation would seem reason enough for her to disqualify herself. I would like to hear from you or Ms. Gallagher regarding this issue.

There are several points I would like to make that were brought out in the testimony of the citizens.

EXHIBIT A

Mr. Sigvald J. Strandberg
Page Two
December 16, 1977

1. The City sewage treatment plant is 100% funded by the Federal and State Governments and City of Kodiak. The City's portion is financed in part by general obligation bonds. There are no Borough funds involved in this sewage treatment plant.
2. It is obvious that the City is not going to reap any huge benefits from the annexation proposal. Half of the lots are in public ownership, there are no industries, pipelines, etc. that would constitute a windfall to the City if the annexation did occur.
3. Postponing the decision on this annexation until after the legislature begins is not fair. The merits are quite obvious. I should not have to go into any detail on this.
4. As far as I could ascertain, there was not one registered voter from the area in question who spoke against the annexation. If an election were held rather than the public hearing, none of those people would have been able to voice their opinions. I think it was incumbent upon the Commission to make this clear. One of the items I wished to make known was that no resident of the area spoke on the annexation. The only people involved were property owners and those renting or leasing for business purposes.
5. At the Borough meeting on December 1, I tried to explain that the annexation of the Mill Bay Road area was the only item to be considered at the hearing. The Borough overreacted and sent out notices to all post office box holders as well as the notices in the paper. I feel that it is this kind of activity that turns people off toward government and makes all our jobs more difficult.
6. As I understand it, there are five members of the Boundary Commission and since two can hold a public hearing but three need to make a decision, the other two members that were absent also need to concur in the decision to hold another public hearing on this annexation.

It is quite obvious that the residents of the Borough and City residents who own property in the Borough are against annexation because of the additional financial burden. As far as I am concerned, that is no reason for these people not to be annexed. From your comments, you seem to have similar feelings. I am going to ask the Council of the City of Kodiak to wait six months before meeting with the Boundary Commission again since no annexations can occur until 1979. The Borough will go ahead with their service areas and unnecessary duplication of taxing structures will automatically result. I am certain you are aware that as soon as an area gets water and sewer from the core City they have no need

Mr. Sigvald J. Strandberg
Page Three
December 16, 1977

to annex. This is especially true in the Kodiak urban area.

I would like to take this opportunity to thank you for visiting with us. I really feel that you have quite a burden on your shoulders. I appreciate that fact only too well; however, I still feel that you have accepted your positions of trust and you have a responsibility to the municipalities that are depending on you for proper decisions.

Very truly yours,

CITY OF KODIAK

Ivan L. Widom
City Manager

ILW/lp

cc: Commissioner MacAnerny
Governor Hammond
Senator Poland
Representative Snider

CONFIDENTIAL MEMORANDUM

To: Borough Manager
From: Planning Director
Subject: City and Borough Taxes, Individual Breakdown
Date: December 6, 1977

Page 2

Sales Taxes:

<u>Item</u>	<u>Amount of Tax (Month)</u>
Food	\$ 21.00
Telephone	2.25
Electricity	2.55
Fuel Oil (Furnace)	7.50
Clothing	3.00
Automobile Gas and Oil	1.80
Tire Repair	.54
Cosmetics	1.00
Water	.42
Dry Cleaning	.60
Cable Television	.51
Entertainment (Movies)	.75
Appliances (Large & small, Replace & repair)	1.05
Cards, Gifts, Candy	1.50
Books, Magazines, Newspaper	1.00
Meals Out	6.00
Beverages	5.00

Average Amount of Sales Tax Paid to City of Kodiak, \$ 56.47 per Month;

Total Yearly Amount Sales Tax Paid to City (x 12), \$ 677.64

Average of Combined City and Borough Taxes for non-City Resident, \$1,117.68

Percentage of Total Tax Paid to the City of Kodiak, 60.629%

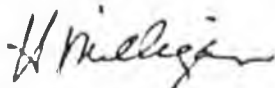
Percentage of Total Tax Paid to Kodiak Island Borough, 39.370%.

Of the \$440.04 paid to the Borough, 2.27 Mills or \$109.44 were paid over to the City of Kodiak for fire protection, thus leaving the Borough with a net tax collected in the amount of \$330.60, and the City of Kodiak with a total \$787.08.

Percentage of Adjusted Total Tax Paid to the City, 70.421%,

Percentage of Adjusted Total Tax Paid to the Borough, 29.579%.

Respectfully submitted,



Harry Milligan

CITY OF KODIAK
RESOLUTION NUMBER 23-77

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK REGARDING
THE ESTABLISHMENT OF A JOINT COMMITTEE TO STUDY UNIFICATION

WHEREAS, major changes are occurring in the entire Kodiak Island
Borough, and

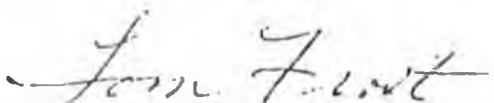
WHEREAS, the tax base is not sufficient to support excessive government
and

WHEREAS, the relationships between the City of Kodiak and the Kodiak
Island Borough demand close cooperation and coordination, and

WHEREAS, unification of the two governments might be in the best interest
of the residents of the Kodiak Island Borough;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak
wishes to participate in a study task force along with the Borough Assembly
members and private citizens to study the advantages and disadvantages of
unification and to recommend whether or not unification would be in the best
interest of the residents of the Kodiak Island Borough. The Council respectfully
requests the Borough Assembly to participate in this task force and to meet
with the Council in worksession to determine how best to implement this study
group.

PASSED AND APPROVED this 27th day of October, 1977.


MAYOR

ATTEST:


CITY CLERK

EXHIBIT C

A RESOLUTION PLACING BEFORE THE VOTERS OF THE KODIAK ISLAND BOROUGH THE QUESTION OF ELECTION OF A CHARTER COMMISSION TO PREPARE A UNIFICATION CHARTER.

WHEREAS, Alaska Statute 29.68 provides a method whereby a borough and the cities within it may be united into one government under a home rule charter, and

WHEREAS, the Assembly has determined that the voters of the Kodiak Island Borough should be given an opportunity to determine whether they wish to create a charter commission to prepare a home rule charter to be approved or disapproved by separate vote of the voters within and outside first class cities at a subsequent election.

NOW THEREFORE BE IT RESOLVED by the Kodiak Island Borough Assembly:

Section 1. The following proposition shall be submitted to the voters at the next regular Borough election to be held on October 3, 1978, which is at least 90 days after adoption of this resolution:

Shall a charter commission be formed (and charter commission members be elected as elsewhere provided on this ballot) to prepare, adopt and submit to the voters for their approval or rejection a proposed charter uniting Kodiak Island Borough and all cities within it as a single unit of home rule government having the powers, duties, and functions of a unified government as authorized by law?

Yes () No ()

Section 2. Effective upon the adoption of this resolution, a call is issued for nominations of charter commission candidates, specifying the filing deadline, and outlining the procedures for making nominations as follows:

- (a) Eleven qualified voters shall be elected to a charter commission. Three (3) at large and eight (8) from (1) cities, or (2) the area outside cities. The number of members elected from cities and from the area outside cities shall be proportionate to the respective populations, as determined by the Department of Community and Regional Affairs.
- (b) Charter commission candidates shall be nominated by petition signed by at least 50 qualified voters of the area from which the candidate seeks election, or by a number of qualified voters from that area equal to at least 10 per cent of the number of votes cast from that area in the last regular Borough election, whichever is less.
- (c) Nomination petitions shall be filed with the Borough Clerk not later than September 1, 1978, which date is at least 30 days after notice of the call for nominations has been given through the Borough. Nominating petition forms shall be provided by the Borough Clerk.

(d) Procedures for acceptance of petitions, withdrawal of petitions and other election matters shall comply with all requirements of State law, and with the requirements of Title 2 of the Code of Ordinances of the Kodiak Island Borough to the extent consistent with State law.

Section 3. The vote on the proposition stated in Section 1 shall be tabulated in two separate classification.

One classification shall consist of all votes cast in the (first class and home rule cities) of the Borough. The other classification shall consist of all votes cast in the remaining areas of the Borough. In order for unification to be approved, it is necessary that a majority of the votes in each classification favor unification.

If unification is approved, those charter commission candidates who received the highest number of votes from their respective areas shall serve as members of the commission.

PASSED AND APPROVED by the Assembly of the Kodiak Island Borough this 16th day of April, 1978.

KODIAK ISLAND BOROUGH

BY Betty J. Wallin
Mayor

ATTEST:

Melvin Miller
Borough Clerk-Treasurer

G. Hayden Green, Ph.D., MBA

University of Alaska, Anchorage
3221 Providence Dr.
Anchorage, Alaska 99504

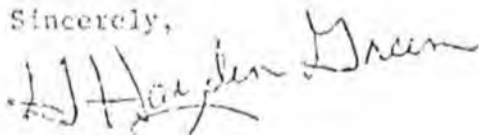
Betty Wallin, Mayor
Kodiak Island Borough
Kodiak, Alaska

Honorable Betty Wallin:

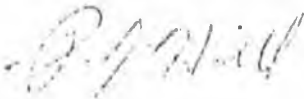
In accordance with your request, Dr. P.J. Hill and I conducted an analysis to determine the economic consequence with regard to the matter of annexation of portions of the Kodiak Borough by the City of Kodiak. To facilitate the study, we have thoroughly dissected the annual operating budgets of both governmental entities, that is, the Borough and City, and analyzed a substantial amount of information contained in reports produced by other consultants and government entities.

We have generally concluded that the residents in the area being considered for annexation will not derive appreciable economic benefit from the City's proposed boundary expansion. From an economic perspective, the only justifications for expanding the governmental and taxing authority of the City are: (1) if the residents outside the City are dissatisfied with the level of service they are receiving, (2) if the City can provide services more efficiently and economically than the Borough and (3) if residents inside the City are carrying a disproportional burden for service shared by area-wide residents. Relevant information suggests that none of these conditions exist; therefore, annexation is not warranted. The basis for these conclusions are summarized in numerical order throughout the remainder of this report.

Sincerely,



G. Hayden Green, Ph.D.



P.J. Hill, Ph.D.

KODIAK ISLAND BOROUGH ANNEXATION ECONOMIC ANALYSIS

1. Borough residents level of satisfaction with existing services:

Members of the Anchorage Urban Observatory research staff were commissioned to conduct a survey of attitudes of residents in the Kodiak Borough as part of an OCS impact study in 1977. As part of that study, respondents were asked questions regarding their level of satisfaction with services received. A total of 472 individuals completed the survey. To determine if the level of satisfaction with services received varies between residents within the City and those residents in the proposed annex area, some additional computer and statistical analyses were conducted of the original questionnaire responses.

Individuals living in the village who responded to the questionnaire were omitted. The balance of the respondents were separated into two groups, that is, those people within the City limits and those in the proposed annex area. One question asked was, "What do you dislike about your area?" Of the 199 respondents living within the City, 15.1% listed roads; and 13.1% listed litter as their main area of dissatisfaction. Of the 119 individuals responding to the questionnaire who live in the proposed annex area, 12.6% listed roads; while 13.4% listed litter. This was the area with which residents registered their greatest level of dissatisfaction (roads and litter). In the Table attached, it can be seen that very little difference exists between the level of dissatisfaction with services between individuals living within the City limits and those living outside. In fact it should be noted that, while 2.5% of the respondents living within the City listed police and fire protection as their number one concern, not one person living outside the City listed it as an area of dislike. (See Table 1)

In another question residents were asked to rank several factors which they considered major problems facing the Kodiak Borough. In Table 2 the percentage of individuals listing various factors as their number one concerns are shown. It should be noted that only 5 percent of the respondents living outside the City listed inadequate public facilities and services as a primary concern.

A third question queried residents about those areas they felt were the communities' most pressing needs. Again, we separated respondents within the City and those in the proposed annex area. The factors listed as being the most pressing need were housing and roads by both sectors of the areas' population. Nine percent of the City's residents listed public services, water and sewer as a pressing need; while only 4.2 percent outside the City listed it as their first concern. (See Table 3)

In a subsequent question, residents were asked to rate community facilities and service as either presently being adequate, needing upgrading at the present time or needing upgrading in the future. A perusal of Table 4 suggests that residents outside the City have equal concerns with the level of services they receive. (See Table 4)

Several important implications pertinent to the issue of annexation are gleaned from the survey data:

1. Individuals within the City limits and those persons outside the City have similar attitudes towards the level of service they receive, that is, a comparable level of satisfaction with regard to public goods in relation to their cost.
2. The services of greatest concern to both City and Borough residents are roads and litter conditions. According to state records, the City maintains 13 miles of roads; while the Borough maintains 9 miles of roads. The remaining road system is state or privately maintained. The survey results suggest that residents do not perceive the City as doing a better job maintaining their road systems than the Borough is with its roads.
3. The survey results clearly suggest that the City is not more apt at providing services to local residences than the Borough government. There is some dissatisfaction among City residents with some services provided by the City of Kodiak, i.e. law enforcement, animal control, airport, parks, and roads. Within those services provided area-wide by the Borough, there exists a relatively high level of resident satisfaction, i.e. medical service and education.
4. The survey results indicate that individuals in the outlying areas are satisfied with the level of service they are receiving. This would suggest that the initiative to expand the boundaries of the City limits originated within the City or from a minority group.

TABLE 1

KODIAK ISLAND BOROUGH COMMUNITY ATTITUDE SURVEY

WHAT RESIDENTS DISLIKE MOST ABOUT AREA

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	21.8
Secondard 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	16.6
Sanitation	29.1	23.5	45.7	47.9	15.1	15.5
Public Assistance	26.1	25.2	52.8	50.4	6.0	12.2
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	28.6	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		25,500
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	305,050
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	219,048
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

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.