

7/2 SCRA KODIAK ANNEX TRAVELING FILE - ANNEXATION KODIAK

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

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

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

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

G. Hayden Green, Ph.D, MBA

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

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



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Some questions raised by the annexation question:

1. What needs exist within the area to be annexed that would best be met by annexation?
2. Is the City entitled to annexation for reasons of equity?
3. Would annexation have any adverse effects upon those residing in the area to be annexed or upon other Kodiak residents?
4. Does the annexation proposed meet the standards for annexation as contained in 19 Alaska Administrative Code 05.010 ? (See copies given Committee members)



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99801

Official Business

Points for consideration raised by Jack Chenoweth on Kodiak annexation issue -- January 29, 1979

Re the character of local government in Alaska:

1. The adaptation of local government to continually changing conditions is a characteristic of Alaska's local government system.
2. The decision regarding changing boundaries must be taken not by those immediately affected but by a state agency (the Local Boundary Commission) on the basis of independent evaluation.

Points related to the purpose of legislative oversight on annexation questions:

1. As political subdivisions, the cities and boroughs which have been incorporated are established to perform portions of the state's responsibilities for government that they are capable of performing. The state cannot escape responsibility for the essential quality and competence of the units of local government which exist and operate in accordance with applicable state statutes.
2. Local government involves the discharge of legal responsibilities. The capacities and abilities of municipalities to accept and discharge responsibilities greatly varies. The review process offers an opportunity for the legislature to gauge the capacities of the local government to provide services throughout an annexed or expanded area.
3. The effect of the boundary change on the people involved is a legitimate concern. As taxation is always the central factor in annexation decisions, one should question if the levels of taxation can be related to levels of service to be offered and whether annexation, with its attendant tax burden changes, will contribute to a better sharing of the burdens and opportunities for local government throughout a metropolitan region.
4. The resultant relationship of the annexation on city/borough relations is also to be considered. The legislature may do well to consider whether fulfillment of the annexation will have an effect on the range of political, service and other relationships between the city and borough and whether, in the short-range and in the long run, those relationships will grow stronger.
5. The legislature has the opportunity to review the boundary change for compliance with proper administrative procedures. Was the hearing properly noticed? Were those in attendance given opportunity to comment? Did the Commission adhere to its own requirements? Etc.

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HOUSE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

Matter of the annexation of territory to the City of Kodiak

January 29, 1979

YOU HAVE ASKED ME HERE BRIEFLY TO PROVIDE AN OVERVIEW OF THE ROLE ENVISIONED FOR THE LEGISLATURE IN ITS REVIEW OF AN ANNEXATION WHICH HAS BEEN RECOMMENDED BY THE STATE'S LOCAL BOUNDARY COMMISSION. THAT IS NOT AN EASY TASK. AND, WHILE MY REMARKS SHOULD BE UNDERSTOOD BY YOU TO BE LESS IN THE NATURE OF "RULES" THAT MUST BE FOLLOWED THAN THEY ARE "OBSERVATIONS" OR "SUGGESTIONS" THAT MAY BE CONSIDERED, I HOPE THAT THEY WILL HELP YOU TO FOCUS ON THE MERITS OF THE ARGUMENTS THAT ARE TO BE PRESENTED ON BOTH SIDES OF THE MATTER FREE OF THE EMOTIONALISM THAT IS CHARACTERISTIC OF VIRTUALLY EVERY SIGNIFICANT BOUNDARY CHANGE.

THERE IS A PURPOSE TO THIS PROCESS. IT IS A MANDATE OF THE ALASKA CONSTITUTION THAT THE ALASKA LEGISLATURE REVIEW AND CONSIDER BOUNDARY CHANGES FAVORABLY RECOMMENDED BY THE STATE'S LOCAL BOUNDARY COMMISSION. THE SOURCE OF THAT MANDATE IS ARTICLE X, SECTION 12, PART OF THE LOCAL GOVERNMENT ARTICLE OF THE STATE CONSTITUTION:

A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective 45 days after presentation or at the end of the session, whichever

is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

THAT RESOLUTION, HOUSE JOINT RESOLUTION 10, OFFERED BY REPRESENTATIVE ZHAROFF, IS, OF COURSE, THE MECHANISM BY WHICH THE LEGISLATURE MAY EXPRESS ITS DISAPPROVAL.

OVER THE WEEKEND, I SPENT SEVERAL HOURS RESEARCHING ANY INFORMATION THAT WOULD SHED LIGHT ON WHAT WAS INTENDED BY THIS CONSTITUTIONAL PROCEDURE. I FOUND SIGNIFICANT COMMENTARY CONCERNING THE ROLE AND RESPONSIBILITY OF A PROPOSED (FROM THE PERSPECTIVE OF 1955-56) COMMISSION OR BOARD TO CONCERN ITSELF WITH DEVELOPMENT OF A LOCAL GOVERNMENT FRAMEWORK ADAPTABLE TO MEET THE NEEDS OF DIFFERENT AREAS OF THE STATE AND THE PRINCIPAL ROLE ASSIGNED TO IT OF REVIEWING AND TAKING ACTION ON CHANGES IN BOUNDARIES OF MUNICIPALITIES. TYPICAL WERE THESE COMMENTS, COMPOSED AFTER THE CONSTITUTION HAD BEEN DRAFTED BUT BEFORE THE PROCLAMATION OF STATEHOOD WHICH WOULD GIVE LIFE TO THE PROPOSED CONSTITUTION:

The constitutional provision regarding local boundaries contained in article X, sec. 12, was written for the purpose of unfreezing municipal boundaries and making them readily adjustable to changing needs resulting from the growth and movement of population and from changes in the demands for local services. The section of the Constitution was designed to overcome roadblocks which vested local interests and prejudices in small segments of natural communities often put in the way of a proper readjustment of local boundary lines. . . .

FURTHER ALONG IN THE SAME DOCUMENT, THERE APPEARS THIS ADDITIONAL OBSERVATION:

The basic assumption in this discussion of annexation is one which is implicit in the local government article of the State Constitution. The assumption is that worthwhile local home rule depends upon the thoughtful and courageous exercise of the state's responsibility for establishing and maintaining ... responsible self-government. The State cannot discharge its responsibility for local institutions by automatically ratifying the petitions or votes of any groups of local citizens that may happen to express themselves favorably or unfavorably with respect to ... annexation. To pursue such a course would result in such a conglomeration of local jurisdictions as would make a mockery of the whole concept of local self-government.

TWO POINTS, THEN, WITH REFERENCE TO THE MATERIAL QUOTED: FIRST, THE ADAPTATION OF LOCAL GOVERNMENT TO CONTINUALLY CHANGING CONDITIONS IS A CHARACTERISTIC OF ALASKA'S LOCAL GOVERNMENT SYSTEM; SECOND, THAT DECISION MUST BE TAKEN NOT BY THOSE IMMEDIATELY AFFECTED BUT BY A STATE AGENCY (THE LOCAL BOUNDARY COMMISSION) ON THE BASIS OF INDEPENDENT EVALUATION.

NOW, WHILE THERE IS A SIGNIFICANT AMOUNT OF MATERIAL ANALYZING OR COMMENTING UPON THE NECESSITY FOR AND PROPER ROLE OF A STATE BOARD TO REVIEW AND CONSIDER LOCAL BOUNDARY CHANGES, THERE IS VIRTUALLY NOTHING TO DESCRIBE THE PURPOSE OF LEGISLATIVE OVERSIGHT. THE COMMENTARY OFFERED BY THE DRAFTSMEN OF THE STATE CONSTITUTION IS UNENLIGHTENING. OTHER SOURCES, NOTABLY EFFORTS BY THE LEGIS-

LATURE AND THE COURTS TO FILL THE GAP, ARE USEFUL AS COMMENTARY, BUT OFFER NO FIRM RULES. LET ME OFFER, THEN, SOME OF MY OWN THOUGHTS.

YOU MUST UNDERSTAND, FIRST, THAT THE CITIES AND BOROUGHS OF THE STATE OF ALASKA ARE POLITICAL SUBDIVISIONS OF THE STATE -- CREATURES OF THE STATE, SOMEONE HAS CALLED THEM, AND, AS THE ELEVENTH BIENNIAL LEGISLATURE WENDS ITS WAY INTO HISTORY, AND YOU ARE CALLED UPON TO CONSIDER TESTIMONY ON ONE OR ANOTHER BILLS BEARING ON LOCAL GOVERNMENT STRUCTURE, FUNCTION, AND FINANCES, YOU WILL BETTER UNDERSTAND THE CHOICE OF THAT WORD "CREATURES." AS POLITICAL SUBDIVISIONS, THE CITIES AND BOROUGHS WHICH HAVE BEEN INCORPORATED ARE ESTABLISHED TO PERFORM PORTIONS OF THE STATE'S RESPONSIBILITIES FOR GOVERNMENT THAT THEY ARE CAPABLE OF PERFORMING. GENERALLY, THE MORE THAT CAN BE PERFORMED AT THE INSTANCE OF LOCAL OFFICIALS, WITHOUT DETAILED ATTENTION FROM STATE OFFICIALS, HOPEFULLY, THE BETTER FOR ALL CONCERNED. BUT THE STATE CANNOT ESCAPE RESPONSIBILITY FOR THE ESSENTIAL QUALITY AND COMPETENCE OF THE UNITS OF LOCAL GOVERNMENT WHICH EXIST AND OPERATE IN ACCORDANCE WITH APPLICABLE STATE STATUTES. THUS, THE LEGISLATURE'S ROLE -- FROM THE OUTSET, EVEN WITH RESPECT TO ANNEXATIONS -- IS ONE OF OVERSIGHT.

LOCAL GOVERNMENT INVOLVES THE DISCHARGE OF LEGAL RESPONSIBILITIES, BOTH THOSE THAT MAY BE ACCEPTED BY THE VOTERS OF THE COMMUNITY AND THOSE WHICH MAY BE IMPOSED BY THE STATE. THE LEGISLATURE SHOULD UNDERSTAND, AND I THINK IT DOES GENERALLY UNDERSTAND, THAT THE CAPACITIES AND ABILITIES OF MUNICIPALITIES TO ACCEPT AND DISCHARGE THESE RESPONSIBILITIES GREATLY VARIES. THUS, THE REVIEW PROCESS OFFERS AN OPPORTUNITY TO GAUGE THE CAPACITIES OF THE LOCAL GOVERN-

THE CASE BOOKS AND MEETINGS OF MUNICIPAL GOVERNMENTS ARE REplete WITH THE RESULTS OF LITIGATION, THREATS OF LITIGATION, AND REACTIONS TO LITIGATION AS CITIES AND BOROUGHS STRIVE FOR POLITICAL ACCOMODATION, IF NOT FOR POLITICAL BALANCE. IN THREE MAJOR URBAN AREAS, ANCHORAGE, JUNEAU, AND SITKA, THE PROBLEM HAS BEEN RESOLVED BY UNIFICATION. IN OTHERS, NOTABLY FAIRBANKS AND KETCHIKAN, MINOR BOUNDARY ADJUSTMENTS HAVE SERVED TO ACHIEVE THAT BALANCE. THAT SAME PROCESS MAY NOW BE UNFOLDING IN THE KODIAK ANNEXATION. THE LEGISLATURE MAY DO WELL TO CONSIDER WHETHER FULFILLMENT OF THE ANNEXATION WILL HAVE AN EFFECT ON THE RANGE OF POLITICAL, SERVICE AND OTHER RELATIONSHIPS BETWEEN THE CITY AND THE BOROUGH AND WHETHER, IN THE SHORT-RANGE AND IN THE LONG-RUN, THOSE RELATIONSHIPS WILL GROW STRONGER.

FIFTH, LASTLY, IS THE OPPORTUNITY FOR THE LEGISLATURE TO REVIEW THE DECISION OF THE LOCAL BOUNDARY COMMISSION FOR COMPLIANCE WITH PROPER ADMINISTRATIVE PROCEDURES. WAS THE HEARING PROPERLY NOTICED? WERE THOSE IN ATTENDANCE GIVEN OPPORTUNITY TO COMMENT? DID THE COMMISSION ENTER A DECISION ON THE RECORD? DID THE COMMISSION ADHERE TO ITS OWN REQUIREMENTS? PROCEDURAL COMPLIANCE IS IMPORTANT. AT LEAST ONE ANNEXATION OF THE COMMISSION HAS BEEN SET ASIDE BY THE COURTS FOR FAILURE OF THE COMMISSION TO ATTEND TO STATUTORY REQUIREMENTS. THE LEGISLATURE COULD SAVE TIME AND LITIGATION BY REFUSING AN ANNEXATION, NO MATTER HOW MERITORIOUS, IF THERE HAS BEEN A SUBSTANTIAL FAILURE TO MEET ADMINISTRATIVE REQUIREMENTS.

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THE PART OF THE LOCAL BOUNDARY CHANGE PROCESS WHICH REQUIRES OR ALLOWS LEGISLATIVE REVIEW OF A BOUNDARY COMMISSION DECISION IS VERY MUCH A POLITICAL PROCESS. THE INQUIRIES YOU DIRECT TO

MENT UNIT INVOLVED IN AN ANNEXATION, TO SEE WHETHER THE CITY (AS IN THIS INSTANCE) OR BOROUGH (IF THAT WERE THE CASE) WERE CAPABLE OF PROVIDING SERVICES THROUGHOUT AN EXPANDED AREA.

NEXT, I BELIEVE THE LEGISLATURE MAY PROPERLY INQUIRE INTO THE ANTICIPATED EFFECT OF THE BOUNDARY CHANGE OF THE PEOPLE INVOLVED, PRINCIPALLY THE RESIDENTS OF THE AREA IN QUESTION, BUT ALSO THOSE WHO ALREADY RESIDE WITHIN THE UNIT OF GOVERNMENT AND WHO MAY SEE CURRENT SERVICE LEVELS DILUTED IN AN EXTENSIVE AREAWIDE EXPANSION OR, IN THE ALTERNATIVE, AN INCREASE IN THE TAX BURDEN. TAXATION IS ALWAYS THE CENTRAL FACTOR IN ANNEXATION DECISIONS, BUT IT IS ALMOST NEVER PROPERLY FOCUSED. THE QUESTION IS NOT ONE OF TAX INCREASE THAT NORMALLY ATTENDS THE INCLUSION OF NEW TERRITORY INTO AN EXISTING TAX-LEVYING JURISDICTION, BUT RATHER, WHETHER, FIRST, LEVELS OF TAXATION CAN BE RELATED TO LEVELS OF SERVICE TO BE OFFERED AND, SECOND, WHETHER ANNEXATION, WITH ITS ATTENDANT TAX BURDEN CHANGES, WILL CONTRIBUTE TO A BETTER SHARING OF THE BURDENS AND OPPORTUNITIES FOR LOCAL GOVERNMENT THROUGHOUT A METROPOLITAN REGION, EVEN IF, AS IN THIS INSTANCE, THE METROPOLIS IS ONLY THE SIZE OF "GREATER KODIAK."

FOURTH, I WOULD SUGGEST AS A FACTOR OR ELEMENT WARRANTING LEGISLATIVE EXAMINATION IS THE RESULTANT RELATIONSHIP OF THE ANNEXATION ON CITY/BOROUGH RELATIONS. IN TWO DECADES, IT HAS BECOME RATHER CLEAR THAT THE THEORETICAL DIFFERENCES PERCEIVED BY THE FRAMERS OF THE CONSTITUTION WHICH WARRANTED A CONCLUSION ON THEIR PART THAT THERE BE TWO TYPES OF LOCAL GOVERNMENT -- THE CITY AND THE BOROUGH -- GIVE RISE TO OTHER DIFFERENCES IN PRACTICE. CITY-BOROUGH RELATIONSHIPS THROUGH THE LAST 20 YEARS CAN ONLY BE DESCRIBED AS "STORMY."

THE PERSONS WHO APPEAR BEFORE YOU MAY BE AS BROAD, AS IMAGINATIVE, EVEN AS UNRELATED TO THE PARTICULARS OF THE SUBJECT MATTER BEFORE YOU AS IT IS POSSIBLE FOR THEM TO BE. THERE ARE NO LIMITATIONS ON WHAT YOU MAY REQUIRE: THERE IS BUT ONE THING THAT YOU MAY DO -- THE RESOLUTION OFFERED BY MR ZHAROFF IS THE VEHICLE FOR ANNULING THE RECOMMENDED ANNEXATION IN ITS ENTIRETY; YOU CANNOT REDRAW THE LINES. (THAT IS NOT TO SAY THAT, IN THE EVENT YOU CHOOSE TO RECOMMEND ANNULMENT, YOU CANNOT ADOPT THE RESOLUTION OF MR ZHAROFF BUT, AT THE SAME TIME, REQUIRE THE COMMISSION TO RECONSIDER SPECIFIC BOUNDARY CHANGES OF THE CITY, SPECIFYING THE AREAS OF YOUR CONCERN. ALTERNATIVELY, IF THERE ARE AREAS WHICH THE BOUNDARY COMMISSION EXCLUDED FROM ANNEXATION BUT WHICH YOU BELIEVE SHOULD BE RECONSIDERED FOR INCLUSION, YOU MAY DIRECT THAT, BY RESOLUTION, TO THE ATTENTION OF THE COMMISSION.)

NOW, I DON'T KNOW WHETHER THESE MUSINGS FULFILLED THE INTENT OF THE CHAIRMAN IN EXTENDING AN INVITATION FOR ME TO SIT IN THIS CHAIR. BUT I HOPE IT CONTRIBUTES SOMETHING TO YOUR DELIBERATIONS, AND THAT IT MAKES THIS EFFORT AT LEGISLATIVE REVIEW MORE MEANINGFUL TO YOU. I DON'T ENVY YOU THE TASK.

IF THERE ARE ANY QUESTIONS WITH RESPECT TO ANY OF THESE POINTS, I WILL TRY TO RESPOND.

THANK YOU.

2665-66
2718-53
2719-60

Extended Home Rule Powers

SECTION 10. The legislature may extend home rule to other boroughs and cities.

Boundaries

SECTION 11. A home rule borough or city may exercise all legislative powers not prohibited by law or by charter.

SECTION 12. A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local government boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission or board, subject to law, may establish procedures whereby boundaries may be adjusted by local action.

Agreements: Transfer of Powers

SECTION 13. Agreements, including those for cooperative or joint administration of any functions or powers, may be made by any local government with any other local government, with the State, or with the United States, unless otherwise provided by law or charter. A city may transfer to the borough in which it is located any of its powers or functions unless prohibited by law or charter, and may in like manner revoke the transfer.

Local Government Agency

SECTION 14. An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities; collect and publish local government information, and perform other duties prescribed by law.

Special Service Districts

SECTION 15. Special service districts existing at the time a borough is organized shall be integrated with the government of the borough as provided by law.

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ANNEX.

Kodiak

Put note in file that

Sen. Mulcahy out of country
Feb 16 pm to Mar 1 a.m.

1/23/79

File Kodiak
2000

Joan Katz (atly - Anchorage)
represents Kodiak Borough

advice of action in Kodiak Borough
on behalf Borough
objects

① Residents should have option
of voting

② can supply services through
service districts

③ Economic justification lacking.

Joan has well send r briefs re
case.

① notify Gene to put Joan on
list of people to contact

② Put this w/ Kodiak
annexation file

2/5/78

FROM:

Sen. Mulcahy's Office

William Dulex, Kodiak,
Called & wants to testify
at Ft. Kodiak Public
Hearing.

Letters to the editor

Dear Editor:

This letter is to all the people of Kodiak in response to some of the views expressed against annexation. In no way are all of the people against annexation. Some of us would like orderly development at a reasonable cost. This is not assured us with the borough government and a variable assortment of service districts. The first implementation of the borough government was not designed to take over existing or to overlap government systems already operating. It was really meant for the boondocks and Kodiak can hardly be called that as we do have a good school system, supermarkets, road systems, radio station and TV, without mentioning other types of business which were well

established when the borough came into existence

A few facts that might be interesting to all: Number one—practically every employed person is within the city limits or on the Coast Guard base. Number Two—we pay a 7 mill base in the borough plus a 2 mill fire service tax. Bell Flats pays another 7 mills for road service which comes up to 16 mills. Any other service that the borough might provide will put this tax over and above any you might be paying in the city. Number Three—We who live in the borough and operate businesses in the city do not have any say as to who and what rules govern us. Cliches have been passed back and forth but this is real taxation without representation.

A benefit of being in the city will be to assure that we us will be voting for the same people. Some will say "Why don't you move back into the city?" I want to say to all that I am a life long resident of Kodiak with a lot of years of public service and consider this is all one and the same area. Also I am a native with a heritage that goes back many many years.

Number Four—If the people who are flagging the cost of moving into the city would examine the cost of our borough government, especially the statements of the borough officials on this forthcoming land sale which reflects their daily operating procedure, I would say many thousands of dollars are poured down the tube annually.

I would like to mention at the last that these Pied Piper tactics should be a thing of the past. There are enough responsible and sensible people living in the borough who should look closely and think for themselves. Those who are residing in the borough and are concerned about services to be had, and are concerned about dollars and cents, should not listen to opinions but look and find out the hard facts as to to who can provide the services at the most reasonable cost.

If you are not concerned about these facts and are only being led down the road by people who hold animosity for the city, then a few years from now if you are still here we will not expect you to holler oach, if annexation does not become a reality.

Very truly yours,
Emil Norton

1/30/79 4:00

Mr. Dodd Shay would like to set up a meeting following our hearing in Kodiak with:

Mr. Denslow

Mr. Marvin Frost, Afognak Native Assoc. Mgr
and himself

to meet with joint C/RA committees on

Development Cities Act, etc.

If we are agreeable, Mr. Denslow will set up the meeting.

Mr. Shay will call us back Feb. 1 (tomorrow) at 1:15 our time for confirmation..

~~He has~~

The above people are interested and represent all sides of the questions.....

T-

My - if we would be agreeable to meet if time permits.

Letters to the editor

Dear Editor:

I, as Kodiaks unofficial ombudsman, wish to share with you and other fellow Kodiakans a few reflections and conclusions on a current matter pertinent to the well being and progress for Kodiak in the years to come, namely the annexations of Spruce Cape, Island Lake, and Mill Bay, known as area 1, 2 & 3.

First, I wish to say I am a member of the Annexation Committee, and concurred for the final approval and recommendation of the annexation of the aforementioned areas after much study and evaluation. There is a very vocal minority that is attempting to retard and stifle the growth and progress of Kodiak.

Even though conditions of annexation of the various areas as required by the area some years ago have been met and better, the vocal minority continues to object on the grounds that the method being used to annex the areas is objectionable.

The argument at the boundary commission hearing here in Kodiak was that, unification was the answer, or that the borough could and would supply services through service districts.

Both were voted down in the past election, so where do we go from here? The borough claims to be able to furnish the services we need just as cheaply as the city. Can they?

I say no, you judge for yourself. In Bells Flats the residents pay 7 mills to the borough, plus 7.2 mills for road service such as it is, making a total of 14.2 mills. The mill rate in the city is 16.2 for all services. Anyone can see that all services under service districts, road, water, sewer, fire, and police, would cost much more than the 16.2 mills in the city.

If you will search the minutes of about 2 years ago, when Bells Flats was requesting a cost estimate from the borough for all services it came up to approximately 26 mills. Considering the inflation factor, two additional years would reach the lawful limit of 30 mills, for the same service.

Our senator and representative have just left for Juneau with a pledge to voice the sentiments of the majority. The bottom lines of all of this is (that) the vocal minority objectors, headed by my friend, Okey Chandler, are not representative of the majority of 2,000 people in the proposed annexation area or the 6,000 in the city.

As I am unable to devote as

much time to passing petitions as Mr. Chandler, I am determined to have a true show of hands. Please help by filling out the signature form in this issue and mail it to our box. Any questions, please call. You that can and will, write letters to our representatives.

Thanks,
Bob Brooks

Editor's note: The following letter, addressed to the Department of Commerce and Economic Development, was given to The Mirror for publication.

Dear Sirs:

Recently, I found it necessary to seek medical attention for the first time in well over a year, only to discover that my Blue Cross card was not acceptable at either the North Pacific Medical Center (Brockman & Halter), nor the Kodiak Island Hospital. Although I had proof of coverage, I was told I would have to pay cash and process my own claim at the doctors and the hospital...they offered to mail my claims in but wanted my money RIGHT NOW!

It is obvious that the doctors can eliminate a bookkeeper this way, thereby reducing their overhead by \$1,000 to \$1,200 a month, but the hospital excuse (given by a young girl at the admittance desk) was that the insurance companies were taking too long in processing claims and they needed their money NOW.

My questions are: Is this legal? If so, what happens to those who are unable to produce cash but are insured? Many cannot. Are these people refused medical care? Is this the reason so many local residents are going to Anchorage or Seattle for their medical problems?

I am told that in Anchorage you pay the first \$50 and the rest is collected from your insurance company...I know from experience that in the Seattle-Tacoma area all you need is your (in my case) Blue Cross card and you are taken care of.

I have taken a dim view of any kind of socialized medicine in the past, but I am convinced that if Carter doesn't accomplish anything else, a national health plan would make him a more popular president and undoubtedly create a healthier nation.

Sincerely,
Barbara Miner

Annex debate refused

By DEBORAH NELSON
Mirror Staff Writer

A challenge was made more than a week ago by Bob Brooks, pro annexation, to Dick Juelson, anti annexation, to debate the flaming annexation issue over the radio. Juelson has refused the challenge.

"I don't see any point in debating the issue in Kodiak," Juelson told The Mirror. "I would rather do my debating in Juneau than in Kodiak."

However, both the Senate and the House committees on Community and Regional Affairs have since announced they are coming to Kodiak in a few weeks for the specific reason to obtain input from the Kodiak community.

Brooks, a borough resident on the city's committee for annexation, said he challenged Juelson to the debate "to get the whole spectrum of the thing in the open." Brooks declared that "there are many erroneous things being aired by the anti annexation group, and I wanted to get it out in the open."

Both Brooks and Juelson said they plan on going to Juneau to lobby for contradicting sides of the issue. Juelson said he has been in close contact with Sen. Bob Mulcahy and Rep. Fred Zharoff, and he said he expects the legislators to inform him as to the best time to appear in Juneau.

"The issue was decided last spring before the people of the affected area or the city could speak on it," and Juelson. Since the Boundary Commission has taken the annexation issue out of local hands, Juelson said, the only alternative for those opposed to annexation is to petition the legislature.

Juelson said so far over 500 people in the affected area have signed the petition opposed to annexation. Juelson said there are approximately 800 voters in the affected area, "so we have well over half of the voters in that area," he said. Over 300 city residents have signed a petition against the proposed annexation, Juelson said.

Okey Chandler, who has been circulating anti annexation petitions, said that over 95 percent of those living in the affected area have signed the petition when it was presented before them. "Half of the other five percent wouldn't sign for religious reasons," said Chandler, "and the other half wouldn't sign a petition no matter what it was. They wouldn't sign a reprieve to keep their mother from hanging." Chandler said he expects to attend the legislative session to lobby against annexation, and to lobby for the upgrading of the Anton Larsen Bay Road.


(Continued on Page 2)

Annex

(Continued from Page 1)

1-31-79
In his quest to "get the truth about annexation to the people," Brooks has circulated flyers at his own expense to inform residents of the city's position concerning annexation. Brooks is also circulating petitions in favor of the annexation at his own expense.

Brooks expressed his frustration with the apathy of citizens concerning issues he feels they should be taking an interest in. "Unless something is really taking the salt out of their beans today, people couldn't care less."



Letters to the editor

Dear Editor:

I strongly object to the City's misuse of the annexation committee. When the City Manager Dick Berg asked me to serve on the committee, he assured me that I would not be asked to take a stand for or against annexation.

According to Mr. Berg at that time, the function of the committee was to decide what services would be needed from the City if annexation occurred. The City Mayor appointed six members to the committee; none of the members were elected by the residents of the area to be annexed.

Since that time, the committee has been pressured to favor annexation, and the committee and its recommendations have been portrayed as being representative of the residents of the area. Growing interest in Borough Residents for Autonomy, a group of area residents opposed to annexation, points in the opposite direction — to strong resident sentiment against forced annexation.

I also object to the false pic-

ture painted by the City's publication on annexation. In addition to containing a number of misleading statements, the publication presented differential tax zones as an existing fact. The use of differential tax rates in the area to be annexed is only a recommendation of the annexation committee. The City Council decides tax rates, and the City Council has no obligation to accept the committee's recommendations.

I am opposed to annexation. I fear the City is far more interested in increasing its population and thus its bonding capacity than in providing services to our area. I intend to write the House and Senate Committees on Community and Regional Affairs, the Speaker of the Alaska House of Representatives and the President of the Alaska Senate to urge them to reject this forced annexation. I urge all other concerned citizens to do the same.

Sincerely,
Nick Szabo

Letters

(Continued from Page 3)

annexation to the city as well as additional areas which could be proposed for annexation in the future must be considered as part of the problem of available land for expansion. At present, annexation is the only method for obtaining the utilities and services in the outlying areas which many people feel are mandatory before they will build, and construction of these utilities through residential areas is the only way in which presently zoned potential industrial land can be developed. Industrial land, unlike residential, cannot be developed unless it is serviced by utilities specified by environmental protection laws.

The city tax base is the basis on which bonded indebtedness for utility construction is approved and paid for. Therefore unless annexation is approved, a major revision in state statutes will be required to allow for the orderly expansion of the economic base of the community.

The Chamber firmly believes that duplication of facilities and/or creating additional local government costs is not a viable alternative to annexation.

Commercial Air Service

NOTE: If additional information on any of these subjects is desired, we will be most happy to supply it.

Sincerely,
Kodiak Area Chamber of
Commerce
Denny P. Lavigne, president

LETTERS:

Bob Brooks disputes views of Nick Szabo

(Editor's note: The following letter to the editor has been edited slightly by the editor. Although it still exceeds our 500 word limit, it is printed as a courtesy to Mr. Brooks.)

Dear Editor:

I wish to respond to Nick Szabo's letter to the Editor on January 9th stating his objections of annexation of the three areas recommended for annexation by the Boundary Commission and subsequently by the Annexation Committee which Mr. Szabo was asked to serve on.

After reading Mr. Szabo's letter, I was appalled with disbelief which quickly gave way to outrage and anger. I feel Mr. Szabo's outburst at best, reflected a bias and uninformed attitude. Being a member of the Annexation Committee myself, I consider Mr. Szabo's babblings a non-deserving reflection on the whole committee consisting of five outstanding and dedicated citizens excluding himself; who

tant. To infer that Mr. Berg could or would attempt to pressure or sway either of these people, especially me, one way or another from our objective views or conclusions on any matter affecting the welfare of this community as a whole, is unbelievable. Until now, I had always considered Nick Szabo an outstanding young progressive, with a solid head between his shoulders, with much to offer, and a real sense of responsibility. His overt attempt to malign the committee, Mr. Berg and all other city officials that are involved in any way with the subject of annexation without any foundation whatsoever, prompted this prognosis by your's truly

I feel compelled to offer this rebuttal, not for the sake of people that have resided in Kodiak for many years, as they know the contributions each of these people have made and what they stand for. As I believe my philosophy on reputation is a fact — "In a large city, reputation is what people think you are; in a small town, such as ours, reputation is what people know you are." For those of you that are new arrivals or who seldom bother to keep abreast of local affairs, let's examine the facts.

Mr. Szabo charges pressure on committee members to favor annexation. The committee's function as I understand it to be was to offer input of needs of the various areas and study the city's proposals, recommend changes or improvements, working for the most benefits available for the proposed areas if and when annexation is a reality. In no way could the feeling of the Annexation Committee, as a body, bring about or cause to be brought about, annexation.

The fate of annexation is totally in the hands of our legislature. Only as an individual can we voice our preference, of which I am doing.

Mr. Szabo also objected to the false picture especially concerning differential tax zones; again, this shows Mr. Szabo had no concept of just what the function of the Committee was. If Mr. Szabo had studied the City's report, even casually, he would not have made such a statement. Why do I say this? He or anyone else would have read "Public Meeting." These ideas are proposals and the City need your input. A public meeting with the Annexation Committee.

I ask Mr. Szabo how can a proposal be false or misleading? The Committee's function was to evaluate, suggest changes which they did. I'll mention just two input of ones. Zone No. 3 mill rate reduced from 50 percent to 35 percent, the grandfathering out trailers was extended to six years from two years. If Mr. Szabo had attended more than the one workshop meeting of the Committee than he did, may be he would have made more of a responsible report, or would he? On receiving the mailing of the Borough Residents for Autonomy I am convinced Mr. Szabo accepted the appointment with forethought of using the fact to land (order) to the propaganda he planned to spread to bolster his cause of defeating annexation. I believe Mr. Szabo, or anyone else, has a right to object to annexation and work to that effect but, with facts and truth, not with erroneous statements and outright propaganda.

Nothing Mrs. Pat Szabo as one of the Committee of the Residents for Autonomy, substantiates the aforementioned allegations, while Mr. Szabo poses as an objective Committeeman concerning annexation. Mrs. Szabo is a Committeeman of the Anti Annexation Committee. I think it cute but funny.

In closing, I wish to comment lightly on the Mailing of the Residents for Autonomy. "Can we afford to force Annexation?" I suspect a very illegal act was committed in content.

(Continued on Page 23)

classified

LETTERS

(Continued from Page 4)

tion with the mailing; of which someone may have to pay when this is all over. Also, on tax levy after an annexation — "The City could set any mill rate." They won't because the City Council passed unanimously a resolution at their meeting of January 11th of concurring with the recommendations of the Committee and as proposed by the City of 100 percent Zone 1, 75 percent Zone 2, 35 percent Zone 3. "Lower insurance rates would require a fire substation and fire hydrants." Partly true; hydrants yes, substation no. Spruce Cape is now rated same as the city with fire hydrants only. "New trailers will not be allowed in the Annexed areas." An outright lie; or an uninformed statement. The City Council accepted and passed in the forementioned resolution a six year phasing out and Grandfathering in all trailers at that time as recommended by the Annexation Committee. "Cost of government will in-

crease. The Borough will continue its present function and its size won't decrease." To this I say — if annexation becomes a reality, I shall lend my support to seeing that the Borough government size fits the services required of them by pressing for the elimination of any and all duplication of government where it is indicated or pushing for a Proposition 13 which can and will cure all.

The remaining five misleading statements will be answered at a later date.

If any of you would like my answer to them, the remaining five, feel free to call me anytime.

Sincerely,
Bob Brooks

RECREATION

(Continued from Page 3)

p.m. and 6:30 to 7:30 p.m. every Monday, Wednesday, and Thursday evening through Mar. 29. Classes are held in room

Additional letters on Pages 6 & 8 today

have an unimpeachable history of service to this community namely: Bob Waage, Chairman, Emil Norton, Marian Johnson, Pete Resoff, myself and Mr. Dick Berg as a consul-



Alan and Nancy Westerman
Paul Brandley
Doreen Johnson
Neil Waage
Jan Brown
Clint Snyder
Way Linscheid
Kathleen McHenry
Lynne Campbell
Cherie Murray

Publishers
assistant publisher & executive editor
city editor
fisheries editor
advertising director
cartoonist/printer
graphics artist
layout
darkroom & layout
typesetter

P.O. Box 2368
Kodiak, Alaska 99615
486-3190

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

Borough engineer quits; says city can handle area problems, no need for borough

by KENT BRANDLI
Editor

With a blast at inefficiency in local government, and questioning the very need for the Kodiak Island Borough, Borough Engineer Bob Marmaduke has resigned effective today. Marmaduke, in a letter to

with regret, "As I have enjoyed my term of service, the beauty of the island, and the hard-working honesty of the native population."

In his letter of resignation, the young engineer said he felt "The borough is too little, too late."

"The borough is too little, too late. The City of Kodiak has the necessary infrastructure and the necessary competence to handle the island and its government, with the aid of the consultants now being used by the borough. . ."

Borough Mayor Betty Wallin and members of the assembly said he has found another job on the mainland.

Borough Planner Harry Milligan told Kodiak Times a replacement will be sought. Marmaduke had been on the borough staff just short of a year.

Marmaduke said he resigned

The City of Kodiak has the necessary "infrastructure," (the underlying foundation or basic framework of a system or organization - such as public utilities) and the necessary competence to handle the island and its government, with the aid of consultants now used by the borough, Marmaduke commented.

The engineer observed that "Perhaps, as is said, people seek no efficiency in government, but drama in inaction..."

Marmaduke told the mayor and assembly that if they would examine the relative costs, "A borough engineer, secretary, and related budget items are no more cost-effective than a consulting engineer, now that the Supreme Court allows competitive bidding among professional engineers..."

Marmaduke was not in Kodiak Wednesday and was unavailable for further comment.

A secretary said he was no longer employed by the borough.



BOB MARMADUKE

LETTERS

Shuyak as it is, not for timber

Dear Editor:

Several weeks ago I sent in a note on Shuyak Island stating I would favor a wildlife sanctuary. I should have added more to that as I was just thinking about the bird life and animals, and of course, the island as it is now. There are a few people that make their living and live on Shuyak. As they have chosen such an out of the way place to live no doubt there are others that would like to make their homes there. If I was younger, and had no land or place to live I would settle on Shuyak liking a quiet place to live just like those young people that live there now. I would not favor a ferry boat stop on Shuyak and no game hunters. It would not be a Sanctuary if that was allowed. I wrote a short story for the Kodiak Mirror several years ago on Afognak Island and it becoming a stump ranch. This has worked out just like I predicted in that story.

I note there are advertisements in local papers "we care" by the logging Co. We care for what? All that good timber cut to make toilet paper. I believe in timber harvest select cutting not like clear cutting like what is going on on Afognak Island. Why isn't there some aerial pictures on this cutting?...to give the Kodiak people an idea of what is going on. I believe on timber cutting by small saw mills for local use. I read where the Kodiak Borough is interested in Shuyak Island as a revenue source. Doesn't the Kodiak Borough have any bounds for such greed? I can see people living on Shuyak in home site lots, but cutting the timber on Shuyak - NO! It would not

be Shuyak Island with the timber cut off. I would rather see it decided back to the Russians than the Kodiak Island Borough having anything to do with Shuyak Island. If the borough is in need of a place to set up their dwellings I would suggest the Chiswell Islands or Giant Cape.

I hope this clears things up with the young people that call Shuyak Island home. I know Shuyak Island is in good hands with the quiet people that live there and others like them that will make it their home.

Regards,

/s/ Ed N. Opheim, Sr.



Island Insurance may help you save.

Looking for value in insurance for your home, your car, your health, your business, your life? Your money can't buy better protection. Call me.

Allstate

See or phone

Island Insurance, Inc.
202 Center Street
Island Professional Bldg.
486-5705

Allstate Insurance Companies.
Allstate Life Insurance Company

NBA magazine features Kodiak

"Interbranch," a new monthly publication of the National Bank of Alaska, takes a look at Kodiak in it's first edition, dated October, 1978.

The article, which calls Kodiak "Alaska's Fishing Capital," features photos by Dan Konigsberg, Steve McCutcheon and Jerry D. Martini.

The magazine, published primarily for the bank's employees and directors, fea-

tures color photos of local bank employees in front of the small boat harbor and Baranof Museum.

The article says the National Bank of Alaska is the largest bank in Kodiak, dating back to 1960 when the Bank of Kodiak merged with NBA. Jim Payne is Kodiak branch Manager, and Charlene Londes is assistant manager. The bank employs a staff of 20.

FINAL NOTICE!

PLEASE TAKE NOTICE that all CRAB POTS stored on and around the old drydock on the west side of Womans Bay (Mile beyond the Coast Guard Main Gate) are on private property and without permission to be there.

To facilitate proposed repairs and construction of the drydock, it is necessary that all these illegally stored crab pots be removed by their owners from the area immediately.

Crab pots still in the area after November 15, 1978 will be removed and owner may claim by identifying and paying all costs associated with removal and damages. Unclaimed crab pots will be disposed of in accordance with law.

For further information call:

Hank Eaton
Koniag, Inc.
486-4147

February 1, 1979

The Community & Regional Affairs Committee
Fred Zharoff: Representative
Fouch, V.
Juneau, Alaska 99801

Dear Fred,

We live in the Spruce Cape area, that is up for annexation and we wish to convey these facts to you. Even though a number of us in this area is not vocal as some of the anti annexation crowd, we feel the unifying of our area, Island Lake and Millbay is the only practical way to bring about the improvements that is sorely needed and shall be expecting, your effort toward the conclusion, that will benefit the areas as a whole.

It is said you indicated in conversation with two or more people on your departure, that you agreed that annexation was our last and best hope at this point, but you felt you owed a political debt, to certain election support. We would feel that you would be doing a great disservice to the whole community if your efforts reflected these facts.

Sincerely,

c.c. to:	Clem Tillion	Pres. of the Senate
	Bob Mulcahy	Senator, Vice Chairman of Committee
	Arliss Sturgulewski	Chairman of the Committee
	Terry Gardner	Speaker of the House

February 1, 1979

The Community & Regional Affairs Committee
Bob Mulcahy: Senator, Vice Chairman of Committee
Pouch, V.
Juneau, Alaska 99801

Dear Bob,

We live in the Island Lake area that is up for annexation. We have this to say. Our area is in bad need of sewer and water, as we are sure you have been aware of.

After considering what it could cost under a service district using Bells Flats area as an example, where a service district for minor road service cost, 7.2 mills, for a total of 14.2 mills in the bouough we fell that annexation to the city would be far cheaper at 16.2 mills for all services.

Sincerely,

c.c.to	Clem Tillion	Pres. for the Senate
	Arliiss Str.gulewske	Chairman of the Committee
	Terry Gardner	Speaker of the House

*Kodiak
annexation*

Ron Matsuoka
Box 2078
Kodiak, Alaska 99615

Melissa D. Newton
Box 773
Kodiak, Alaska 99615

January 22, 1979

Chairman, Senate Committee on Community and Regional Affairs
Pouch V
Juneau, AK 99801

Dear Sir;

Although time is running short this letter is intended to bring about some action on the part of the State Legislature to help defeat forced annexation with the City of Kodiak. We are only two individuals living within the involved area, however we most certainly are not alone in our protest to this annexation.

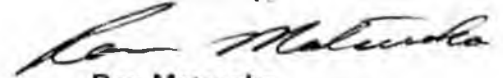
To begin with let it be known that the wishes of area residents were totally ignored by the local boundary commission. Every resident of the area who testified at the boundary commission hearing spoke *against* forced annexation! It seems to us that our feelings and interests are being ignored by more powerful individuals who stand for annexation in the hope to gain a great deal for their own self-interests.

Another pertinent fact is that the area does not meet the standards for annexation. The area is not urban: the standard lot size in the area is one acre or larger, and one third of the land area is undeveloped.

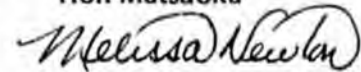
City services are not required in this area. Fire protection is presently provided through a service district; roads are presently State-maintained or privately maintained; police protection is provided by the State Troopers; water is presently available to the majority of the area and is paid by user fees; sewers can be provided through service districts in those areas where sewers are needed.

We have signed a petition opposing forced annexation and hope that it will give you some idea how many individuals hope to stop annexation. We need your help! Please act on the behalf of the residents of this area by overturning forced annexation.

Sincerely,



Ron Matsuoka



Melissa Newton

cc: Chairman, Senate Committee on Community and Regional Affairs
Chairman, House Committee on Community and Regional Affairs
President, Alaska Senate
Speaker, Alaska House of Representatives (copies for the Senate and House enclosed)

1/31/79

Disc of Theodor Gallagher

... has commitment in ... can't change
 by Strandberg / C.B. Bettinatti could make presentation
 but they opposed another - very strongly 7 city ...
 would be difficult for him to give presentation. She
 will ask C.B. Bettinatti. Document & she
 agrees that planning ... should be given by
 ...

Remarks by Chair - Mutual for St. Joe

- 7. celo 20 Local Bdry Comm - 2 groups
- 15 15 City 3rd
- 15 15 Borough

~~Half allotted by City~~

Personal

Community ... Report ...
 ...
 ...
 ...
 C.S.K. A

1/30/79 Bob Hartley (Guy ... Thursday)

wants some ...
 committee file ...
 suggests sending to ... (parents from both CRAB)
 (1) City of ...
 (2) ~~City~~ of ...

LATI 1997 14.13 JA01 0035 14.27 02/05/79

TO STELLA JNU
FR CHARITY ANC

WOULD YOU PLEASE INFORM SEN. STURGULEWSKI AND REP. PARKER
COMMUNITY & REGIONAL AFFIARS COMMITTEE CHAIRMEN THAT WWE
HAVE MAILED 24 PACKETS TO THOSE LISTED ON THEIR MAILING LIST.
FOR THE JOINT C&RA FEB. 10 MEETING.

THE PACKETS CONTAINED* JOINT HEARING COVER LETTER
AGENDA
COPY OF LOCAL BOUNDARY JOURNAL SUPPLEMENT
RE: KODIAK
SJR 12
HJR 10

THESE PACKETS WILL BE PICKED UP AT 2 A.M. ANCHORAGE TIME.

1/29/79

NOTES FROM MEETING WITH MARGE GORSUCH

Mr. Parker feels a driving tour should be arranged.

Marge felt Stu Denslow, Bor. Mgr., and Gary Stevens, ^{Mayor} ~~City Manager~~, should be contacted first. Get best contact name from them for assistance in

✓ 1. setting up Bor. Assembly Room, checking on tape recorders, etc.

✓ 2. local advertising - newspaper(s), radio(s), t.v. scanner, etc.

3. People asked to testify should definitely include:

Joan Katz, ^{Boro Rep.} Borough representative/ City attorneys - P.S. 8 144th St. N.Y.C.
~~Chair, local Boro Committee~~

4. PROCEDURE: Per Jan Quinn, no budget requirement on phone calls per committee. Cost can be split or assumed by one committee. Up to Chairmans.

Per travel, advertising, etc. again one committee can assume all cost, or can be split. There is no set \$ limit per Committee, etc.

SENATOR: One requirement for you is to send a written memorandum to Tillion stating dates of travel for your Committee, the purpose of the trip, who will be traveling, dates involved, and that expenses connected therewith would be:

- 1. travel, per diem, advertising, possible car rental, etc.

Whoever talks to Denslow and Stevens should inquire about:

Place; best time after our 10:20 arrival (early afternoon) for actual hearing; driving tour (before/after hearing) and best way to go - rentals cars, bus, or would something be provided by City/Boro.? etc..

Addit'l people to notify: AML/Dept. C/RA/

1/29/79 - sent OK to have only 100 seats for 300-400 people - noted to Stu Denslow Borough Mgr. - 101-486-5736

I contacted Al Traver - 16th Ave. Stock 507 inside 100th St. Kodak
101-486-5736
Ch. Hinc [at (?)] Kodak 9:30 21st Sun. P.S. 84. to Hinc. 5:00 PM
01 to Kodak P.H. St. Yhras

OK not found
1/30/79 9.2m

Mulcahy 3766-3895 *

Barbara AA

OK not found
1/30/79 9.m.

Zharoff 4951-4986 *

Kodiak City

community college
← c.

{ 486-4161
486-4441 } left message.

Steve 715 (mayor) 486-3224 *

Randy

Agency

1/30/79

Katz - 274-7634

271-3576

1/30/79
game
info to
Muel

276-1617

game info.
6 11
1/30/79

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
POPT 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 Mahoney

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
REGUIAR 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

SCHOOL BOARD

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

BOROUGH POWER:

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

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

STATE OF ALASKA THE LEGISLATURE

POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

23 January 1979

SUBJECT: Request for Video Teleconference Proposals

TO: Committee Chairmen and House and Senate Leadership

FROM: Myrton Charney, Executive Director
Legislative Affairs Agency *M. R. C.*

The Legislative Teleconference Network will be scheduling twelve two-way video conferences during this session. This year, you will have a considerable amount of flexibility in selecting and scheduling the sites that you wish to participate. The State-leased satellite will be available on Thursday of each week for use by the network.

The first two video conferences of the session have been scheduled for February 15 and February 22. The locations have been pre-selected due to some technical delays in certain other communities. Normally, you will be able to select the communities of your choice. These two video conferences are scheduled as follows:

<u>Date</u>	<u>Communities</u>	<u>Mode</u>
February 15	Juneau, Anchorage, Fairbanks	two-way
February 22	Juneau, Nome, Bethel	two-way

Subjects of high general interest are sought for each video teleconference. Your consideration (no matter how tentative) of pending legislation, or subjects of broad public appeal for video conferencing, both now and as the session progresses, will help this agency assure public interest and participation.

Please make your choices known to the Network Coordinator's office, Room 505 - Capitol, at 465-4980.

Also, please contact us if you or your staff have any questions.

Enc: Teleconference communities (audio and/or video capability)

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

24 January 1979

SUBJECT: Teleconferencing

TO: All Legislators

FROM: Myrton Charney, Executive Director
Legislative Affairs Agency *M. Charney*

The audio teleconference circuit that is provided by the Legislative Teleconference Network is now in operation. Legislators wishing to make use of this system to communicate with constituents in the following communities are urged to contact the coordinator's office, Room 505 - Capitol, at 465-4980:

Anchorage
Barrow
Bethel
Fairbanks
Ketchikan

Kodiak
Kotzebue
Nome
Sitka
Soldotna

*6 locations in
capital
7 days a week*

*3 day lead time
audio*

telecopier capability

unlimited time

*12 mly teleconference
video*

*- time / budget constraints
- need at least 2 weeks to 1 month
- available at any time
- 4 hour limit
- 45 min Conference*

Leg. Com.

*Two way w/ Kodiak w/ video would be March 1st
1/25 - 45 days March 10*

LEGISLATIVE TELECONFERENCE NETWORK

Participating Communities

<u>Community</u>	<u>Audio conference availability</u>	<u>Video conference availability</u>
Anchorage	yes	two-way
Barrow	yes	two-way
Bethel	yes	two-way
Fairbanks	yes	two-way
Ketchikan	yes	receive only
Kodiak	yes	two-way
Kotzebue	yes	two-way
Nome	yes	two-way
Sitka	yes	receive only
Soldotna	yes	no

Pete Hoopner

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

24 January 1979

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FROM: Myrton Charney, Executive Director
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Anchorage
Barrow
Bethel
Fairbanks
Ketchikan

Kodiak
Kotzebue
Nome
Sitka
Soldotna

LEGISLATIVE TELECONFERENCE NETWORK LOCATIONS

Site	Remote Signal #	Moderator	Mail Address	Primary Conference Center	Video/Secondary Conference Center
Barrow	None	Emily Nusunginya 852-2611	North Slope Borough Box 69 Barrow 99723	North Slope Borough Bldg. Assembly Room	Arctic Slope Regional Corp. Building
Kotzebue	None	Janice White 442-3611	Office of the Governor P.O. Box 158 Kotzebue 99752	Kotzebue City Hall Conference Chamber	KOTZ - TV
Nome		Bob Scott 443-5287	Nome Info. Office: P.O. Box 25 Nome 99762	Nome Info. Office/Room E-1 Nome Regional Office Bldg.	No secondary center
Bethel	None	Dan Boyette 543-3131	KYUK Radio/TV Bethel 99559	KYUK - TV	KYUK - TV
Fairbanks		Trudy Caine Aileen Welton 452-4449	Fairbanks Info. Office Rm. 250/Bldg. F 101 College Rd.	Fairbanks Information Office	KUAC University of Alaska
Anchorage		Judy Hopkins Charity Kadow 278-3668	Anchorage Info. Office 1024 West 6th Anchorage 99501	Anchorage Information Office	Media Services University of Alaska Anchorage Campus
Soldotna	None	Rhoda Eady 262-4441 ext. 280	Kenai Peninsula Borough Box 850 Soldotna 99669	Kenai Peninsula Borough/Civil Defense Conf. Room/Basement	*Kenai Peninsula Borough Clerks Conference Room
Kodiak	None	Mary Jo Simmons 486-4881	Kodiak Island Borough P.O. Box 1397 Kodiak 99615	Kodiak Island Borough Assembly Chamber	Kodiak Community College Room 1
Sitka	None	Cathy Hanson 747-6263	c/o Centennial Build'ng P.O. Box 1226 Sitka 99805	Centennial Building Rousseau Room	** No secondary center
Ketchikan		Sandi Wendte Peggy Thompson 225-9675	Ketchikan Info. Office 415 Main St. Ketchikan 99901	Ketchikan Information Office Room 301	**Ketchikan Elks Lodge 335 Main St.
Juneau		Dave Hammock Claudia Coyner 465-4480	Legislative Affairs Agency Teleconferencing Network Pouch Y 99811	State Capitol	State Capitol Governor's Conference Room Third Floor

WASHINGTON, D.C.

Senator Gravel -

Senator Stevens -

*no video capability
**video receive only

1/9/79

June 13, 1978

see attached

Ms. Sheila Gallagher
Chairman, Local Boundary Commission
Suite 201
3201 "C" Street
Anchorage, Alaska 99503

Dear Ms. Gallagher:

Enclosed are statements from Kodiak City residents. Cope Street behind the Travel Lodge is about 300 yards long and hasn't improved in more than 32 years. Alder Lane & High Street are just as bad or worse.

The City Manager would have you believe that living in the City would solve everyone's problems since they would have a Public Works Department. He grossly exaggerated facts. He stated the average family on the West Coast was 4.0 in size when it is 3.5. In Kodiak it is 3.4. I am dubious of anything he gave you as evidence.

The electric meter reading is done on contract. All meters are read whether they are being used or not. I have 2 meters. A neighbor has 2 meters. There are 20 or so meters in the Spruce Cape area on unoccupied buildings. 75 or 80 per cent of people living on Spruce Cape & Mission Road live in trailers on rented lots.

The City Manager stated last Summer, the City was going broke. I gave Mr. Strandberg a copy of the 1977 Spruce Cape appraisals & am mailing you a copy.

Mr. Craig Bishop at the December 12 meeting was opposed to annexation of USS-3098 that he has his trailer court & bookkeeping service on. He presented a petition at the Dec. 12 meeting. He favored annexation. Mr. Bishop was recently elected President of Chamber of Commerce. He had an application to build an apartment complex which the City Council approved. He stated that a trailer court owner sold land to repair his roads. He sold 2 houses & the land they were about 300 yards from his trailer court. He sold the houses to increase his trailer sales' stock in Bells Flats. He has about 15 acres in his trailer court with 90 or 100 trailers. The roads are unplatted. The roads & trailer court are private property. If they are upgraded, the owner will pay for it. Mr. Bishop said that other roads were needed. All of the lots on Spruce Cape are 1 lot deep. The only roads needed are private driveways. He came to Kodiak '72 or '73.

Page 2

Mr. Mills stated there was 1 house on Island in 1963. There were many houses in the Island Lake area then. The tax records & K.E.A. records will verify this. Since he was here, he worked in a cannery for several years & as a heavy equipment operator. He has applied for a 1/2 million dollar permit that requires City approval (he lives in the City).

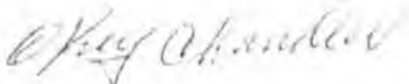
Mr. William H. Lamme, former Kodiak Post Master, lived on Island Lake 20 years ago & now lives in Anchorage.

Mr. Gary Stevens, Acting Mayor of Kodiak, came to Kodiak in 1972 or '73 & is an official in a Japanese owned cannery .

The reason I've taken time to gather the above facts is that I have a tremendous investment in democracy with 5 years, 1 month and 29 days in the military. I have spent over \$4,000.00 since 1963 and several months of my time trying to keep democracy alive on Kodiak Island. I obtained 500 borough books from Mr. Ronald Cease when the borough was formed in Kodiak and spent about \$1,500.00 on newspaper ads; \$1,000.00 on zerox copies, \$800.00 or more on radio and T.V. ads; \$800.00 on envelopes, stamps/supplies, etc. I have mailed every member of the House & State Senate information/research material on various issues which I was concerned with and also to every Governor except Governor Miller. I have written every U.S. Senator & key men in the House of Representatives & wired our representatives in D.C. & the President on several occasions.

Please give the above statements every consideration in whatever determinations you make which affects the lives of many Kodiak residents.

Sincerely,



Okey Chandler
Box 1635
Kodiak, Alaska 99615

cc: Other boundary commissioners

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. 45.) 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 10.030). 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

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		<u>1.55</u>	A
	Total	22.46	A

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

AGREEMENT
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 S :

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. Brown

KODIAK ISLAND BOROUGH

Richard A. Brown

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.

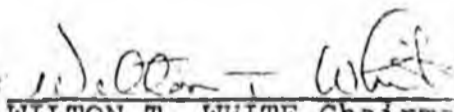
CITY OF KODIAK

KODIAK ISLAND BOROUGH

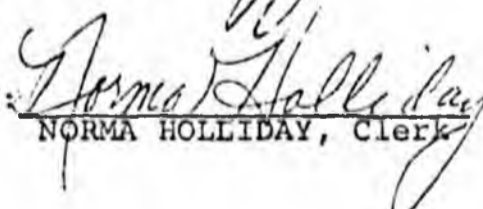
BY:


PETE RESOFF, Mayor

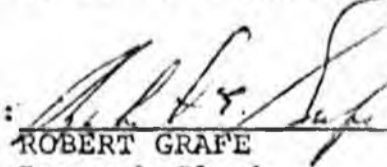
BY:


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,
by and between the KODIAK ISLAND BOROUGH, hereinafter referred to as the
BOROUGH, the KODIAK ISLAND BOROUGH SCHOOL DISTRICT, hereinafter referred
to as the *DISTRICT*, and the CITY OF KODIAK, hereinafter referred to as the
CITY.

WITNESSETH:

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

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

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

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

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

by the Parks & Recreation Department; and, 20

WHEREAS, maximum use can be made of said swimming pool and gym- 21
nasium facilities by the joint use thereof of the DISTRICT and the CITY, 22
and it is in the best interests of the parties hereto and the public that 23
such use be made thereof. 24

NOW THEREFORE, in consideration of the above premises and the 25
undertaking and covenants of each of the parties as hereinafter set forth, 26
it is agreed by and between the parties as follows: 27

1. TERMS:

This AGREEMENT shall be effective for a term of 7 1/2 months, 28
commencing on November 15, 1977, and ending on August 1, 1978. 29
The AGREEMENT may be terminated by either party giving 30 days written no- 30
tice. 31

2. USE OF POOL & GYMS:

The DISTRICT shall have the right of exclusive use of said 32
swimming pool and gymnasiums upon regular school days, Monday through Fri- 33
day of each week during each school year, from 7:30 AM to 5:00 PM of each 34
of the said days, except that the CITY reserves the right to use the pool 35
or gymnasiums for the public if they are not being used at that time by 36
the DISTRICT. The DISTRICT shall also, in addition to the hours specified, 37
have the right to use the pool and gymnasium facilities for school activi- 38
ties and athletic purposes, but the gymnasiums and pool shall not be used 39
by the DISTRICT for any program designed, or by its nature competitive 40
with the recreation program carried on by the CITY. However, the DISTRICT 41

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:

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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 over-time 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 *DISTRICT* and *CITY* use.
 - 83
 - 84
 - 85
- b. The *DISTRICT* 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 *CITY* recreation participants and supervisors by 10.30 p. m.
 - 91
 - 92
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8. FEES:

Since *CITY* expense for operating the pool must be met by gate receipts, all gate receipts collected by the *CITY* are to be the property of the *CITY*.

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9. LIABILITY INSURANCE:

The *CITY* shall at all times maintain and keep in effect liability insurance covering its use of said facilities.

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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. Wilson
City Manager

KODIAK ISLAND BOROUGH

By Betty J. Miller
Borough Mayor

ATTEST:

George Rossall
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. Hajou 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 US 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 US 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. Levitt 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. Hajou 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 Ozunkie 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:

SB 375

SB 376

SB 432 for school construction grants.

SB 483--appropriation bill for SB 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.

SB 243--3% education wage law.

- 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

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 Level - Bells Flats/Bussan Creek Service Area, hereinafter called the 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. Luss
(Secretary)

BY James E. Roth
Presiding Officer
(Title)

Murley Miller
(Witness)

ALAGNAK, INC.

(Contractor)

[Signature]
(Secretary)

BY Frank C. [Signature]
President
(Title)

[Signature]
(Witness)

Box 176 - 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.

Thank you for your consideration.

Sincerely,

Joan M. Katz

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. 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

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

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

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.

² For 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-Monashki 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 Bella 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 Bella 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 of 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 Mill Bay Road attempted to illustrate the relative costs to territory residents of provision 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.