

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 86/2

2158 HCRA COMMISSIONER CONFIRMATION HEARING (FILE 2)

Mr. Howard Weaver
May 17, 1983
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I still maintain that since there was an appearance of a conflict, it was in the best interest of the State to throw out all the original proposals and start new. I find it ironic that attempts to proceed cautiously and be fair in awarding the contract would be interpreted as somehow "wiring" the outcome.

It is interesting to note that on April 28 Mr Kimball requested that I approve a sole-source contract to Kawarek, Inc., a non-profit regional corporation serving the Bering Straits Region, to develop a regional strategy. The Bering Straits Regional Strategy and the Yukon-Kuskokwim Region Comprehensive Plan are very similar. Both plans are designed to develop a region-wide policy and goal statement, which includes physical, social and economic growth and development issues, along with compiling information on the economic, political, cultural and physical characteristics of the region. This information and goal statements, and other pertinent information and data, will be used to assess development trends in the years to come and serve as a foundation for capital improvement programming. Mr. Kimball states that the success of the Bering Straits Plan depends upon the involvement of the Non-profit Regional Corporation (Kawarek, Inc), yet when he discusses doing the same planning in the Yukon-Kuskokwim Region, his statements are totally different. Mr. Kimball accuses me of "wiring" the Yukon-Kuskokwim contract in favor of the Calista Corporation, yet he, without the benefit of any competitive process, advises me to award a sole-source contract in the amount of \$ 102,000 and calls it standard contracting practice in his division. One has to question the consistency of this logic. While I have not attempted to "wire" this contract to the Calista Corporation, Mr. Kimball's recommendation raises serious questions.

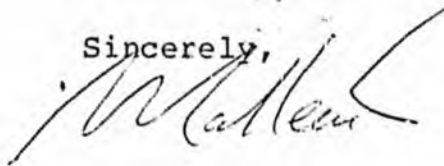
If, as you suggest, my only motivation was to ensure that Calista receive the contract for this project, I would have proceeded to award the contract to them on February 1st when everyone, including Mr. Kimball, presented that as an option. I did not do this and still your newspaper chose to imply that all of my actions had one purpose and one purpose only, to give the contract to the Calista Corp. For whatever reasons, however, you do not question the contradictory written statements of Mr. Kimball. You use words such as "pattern" and "repeatedly" in such a manner as to make them inflammatory. Throughout the article you make editorial judgments and assumptions and present them as factual information. You state that all planners and their firms, with the exception of Calista, complained about the sequence of events, but in my interview with your reporter, he stated that some of the firms contacted would not comment, yet you state that they all complained, when in fact, some you contacted did not.

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The only conclusion I can draw is that this article demonstrates that your newspaper, or perhaps just one of your reporters, is trying to insinuate from loosely gathered facts that I am manipulating a contract process in order to favor one firm over others. This is absolutely not true and my past and future actions will bear out my contention that every decision I have made was to ensure that the people of the region and the state get a high quality product for the money, and that the project is implemented by the firm most capable to perform the work.

I look forward to an opportunity to meet with you to discuss this issue at your earliest opportunity.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark Lewis". The signature is written in dark ink and is positioned above the typed name.

Mark Lewis
Commissioner

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

TO: House C & R A Committee

FROM: Representative Barbara Lacher

SUBJECT: Confirmation Hearings

DATE: March 16, 1983

Attached you will find a summary of allegations pertaining to Mr. Lewis that appeared in the Anchorage Daily News during January 1983. The staff has developed some questions that you may wish to further refine in order to clarify some of the allegations. I am not suggesting that the proposed questions be used for any purposes other than to assist your efforts in preparing for the confirmation hearings.

Please use the attached information with caution and discretion. None of the allegations or reports have been substantiated, the only source being newspaper articles. Materials provided in your file folder provide clarification on several of the issues.

ANCHORAGE NEWS ALLEGATIONS -Mark Lewis

SUBJECT: TAX ASSESSMENT ROLLS

ALLEGATION: MR. Lewis directed that the property tax assessment rolls for the City of Valdez non-oil related properties be lowered by 15% in 1981 and 1982.

BACKGROUND: State law and City of Valdez code require that only the assessor, upon the direction of the City Council, can change the assessment rolls.

Property within the City that is oil related is taxed by the City at the same rate as non-oil related property, but oil related property is assessed by the State. The reduction in assessed valuation of non-oil related property resulted in the oil related property paying a higher percentage of City revenues in 1981 and 1982.

SUGGESTED QUESTIONS: Was Mr. Lewis aware of the City of Valdez and State laws that require property to be assessed at 100 percent of market value?

Was Mr. Lewis aware that, by law, only the City Council could direct the Assessor to make any change to the assessment role?

Did Mr. Lewis own any property in the City of Valdez? And, if so, did he realize a personal gain by ordering the reduction of the assessment rates?

Did Mr. Lewis, at any time, discuss his order to reduce the assessment roles with any elected official of the City?

Why did Mr. Lewis not discuss or refer the question of reducing the tax assessment roles to the City Council?

POSSIBLE WITNESSES:

Rich Randall: Contracted with the City of Valdez for property assessments in 1981-82. Has stated that Lewis requested him (Randall) to change assessments in 1981 but he refused and that he (Randall) never agreed to alter the figures. In 1982, Randall, at the verbal request of Lewis, prepared the tax rolls with the same 15 percent reduction.

Lori Anderson: Secretary to City Manager. Has stated that Lewis verbally instructed Randall to prepare 1982 tax rolls with the 15 percent reduction.

Lt. Gov. Steve McAlpine and/or Council members: For verification that they were not consulted or aware of tax reductions.

ADDITIONAL QUESTION

Did Mr. Lewis reduce the assessment rolls by 15 percent and request City Council approval of those rolls while being fully aware that the individual property cards would continue to reflect the full 100 percent of market value as required by law?

SUBJECT: PERSONNEL POLICY CHANGE

ALLEGATION: Mr. Lewis changed the personnel policy for the City of Valdez employees two months prior to his departure, resulting in Mr. Lewis' being paid an additional \$6,174 in compensation for accrued sick leave.

BACKGROUND: The City of Valdez has an ordinance that prohibits the City Manager from changing personnel policy but the ordinance had not been placed in the city code book (codified).

Lewis approved the change which allowed departing employees to be paid for unused sick leave four months after he announced his resignation and two months before he departed. The change in policy is reported to have been requested by Valdez Police Chief Pat Shely. Lewis established a committee of City employees to review and make a recommendation on the policy change. The committee recommended the change be made. Lewis departed his employment in July 1982 and collected the \$6,174.

Lt. Gov. McAlpine is reported to have said that the City Council retroactively approved the personnel policy change in September 1982. Apparently there was debate as to whether Lewis had the authority to make the rule change. Lt. Gov. McAlpine is reported to believe that Lewis acted properly.

POSSIBLE QUESTIONS.

Did the City of Valdez have an ordinance in effect that prohibited the City Manager from making personnel policy changes when Mr. Lewis directed the change to the City personnel policy?

What is the policy of the City of Valdez on frequency of codification of ordinances? Are ordinances effective even though they have not been codified?

When Mr. Lewis made the policy change, was he aware that he could realize a substantial amount of money?

Assuming that Mr. Lewis' subordinate employees that he appointed to the committee to make a recommendation on the policy change were aware that Mr. Lewis had a financial interest in their decision, did Mr. Lewis feel that the committee members might be unduly influenced in their decision?

Did Mr. Lewis make any other major employee policy changes during his tenure as City Manager? If so, did he normally discuss with or inform the City Council of such changes - especially those with financial impact? Did Mr. Lewis inform the Council of the policy change in question?

POSSIBLE WITNESSES:

Policy Chief Pat Shelby. Reported to have requested the sick pay policy change and convinced Lewis that he (Lewis) should make the change for the long range benefit of the employees.

Lt. Gov. Steve McAlpine. Reports imply that McAlpine was not aware of the change in personnel policy (he may have departed for campaigning in July 1982) and that he (McAlpine) had conducted an investigation to confirm that Lewis had established an employee recommendation committee.

City Clerk (name unknown) Should be able to verify existence of ordinance prohibiting the City Manager from changing personnel policy, effectiveness of adopted ordinances prior to codification, and City Manager authorities under the City charter and codes pertaining to Lewis' authority regarding policy changes and budgeting matters.

City Treasurer (name unknown) Questions may be asked regarding city procedures on changing personnel policies that have a fiscal impact, especially when those changes affect a fiscal year budget that has previously been approved by the City Council. The implication could be that Lewis improperly made a policy change with budgetary impact without council approval.

Recommendation Committee Members (names unknown). Regarding guidance or influence from Lewis in making their recommendation. Were they aware of Lewis' imminent departure and, did they feel any pressure or obligation to report favorably on the policy change.

Council Members To determine if council members believed Lewis' action to change the personnel policy was proper or improper.

SUBJECT: MR. LEWIS' RELATIONSHIP WITH ALASKA GRAIN CO.

ALLEGATION: There is potential of collusion and use of office to assist Alaska Grain Co. in return for personal gain.

BACKGROUND INFORMATION: Apparently, when the voters of Valdez and the City Council decided to build a grain terminal, the concept was to contract the operation of the terminal, but the City would retain ownership. After the construction contract was awarded, Mr. Lewis presented to the Council a contract that not only awarded operations of the facility, but included selling the 30,000 ton capacity facility to Alaska Grain Co. The company was given a five year deferral to begin payments to Valdez.

Mr. Lewis deposited \$5 million of Valdez funds, at 8% interest in a bank in Montana to help Alaska Grain Co. start up its business. Alaska banks refused to loan Alaska Grain Co. money because of too much risk.

In December, 1982, Mr. Eugene Thayer, President of Montana Merchandising (parent company of Alaska Grain Co.) stated he expected to sell the grain terminal as a tax credit to a third party. Reports are that Mr. Thayer's profit will be between \$1.5 million and \$3 million.

POSSIBLE QUESTIONS: It appears that Mr. Lewis' actions to 1) sell the grain terminal to Alaska Grain Co. 2) reduce the size and scope of the facility that was to be built in order to keep the contract alive, and 3) provide for the financing of Alaska Grain Co., were all performed under circumstances that are - at the least - "questionable."

Was there, at any time, and in any manner, reason for Mr. Lewis to believe or understand that he might realize any type of remuneration or other benefit, directly or indirectly, from his transactions or dealings with Alaska Grain Co. or Montana Merchandising or their representatives?

POSSIBLE WITNESSES:

Councilman Chuck Lapaze: will probably state that the idea of selling the facility had not occurred until Mr. Lewis proposed the selling and council was not aware of the reduction in the size of the terminal or of the Montana Bank investment until after the fact.

Eugene Thayer, President of Montana Merchandising regarding contacts, agreements or understandings between himself and Mr. Lewis regarding potential rewards from the sale of the terminal to a third party.

Tom Watson, Valdez City Manager: Can relate faulty aspects of contract to sell a 30,000 ton capacity facility while building a 15,000 ton facility, and associated problems caused by the contract.

SUBJECT: DECISION TO BUILD VALDEZ GRAIN TERMINAL

ALLEGATION: Mr. Lewis intentionally suppressed information concerning the economic feasibility of a Valdez grain terminal.

BACKGROUND INFORMATION: It has been reported that on February 17, 1982, Mr. Lewis received the results of a \$17,000 feasibility study that indicated construction of the grain terminal was a "relatively high risk endeavor." Three weeks after receipt of the report, Mr. Lewis authorized \$10 million in bonds be issued to build the grain facility. At least one city councilman who objected to the issuing of the bonds was unaware of the feasibility study and it is unknown if any of the council members were aware of the study. Mr. Lewis has reportedly indicated that there are several studies that are "relatively positive" toward the project and, that the council was aware that there were negative aspects of the project.

POSSIBLE QUESTIONS:

Did Mr. Lewis or the City Council initiate the action to have a grain terminal feasibility study prepared by Mr. Frank Orth?

Did Mr. Lewis discuss the results of the grain terminal feasibility study, prepared by Mr. Frank Orth, with any city official before authorizing the issuance of \$10 million bonds to build the project?

In view of a report that indicated a high degree of risks for the City of Valdez, why did you not feel it appropriate or necessary to review the project with the council prior to proceeding with the bond sale, especially in consideration of the cost of the project?

Can Mr. Lewis produce any studies that reflect favorably on the economic viability of the Valdez grain terminal?

Was Mr. Lewis aware of efforts to construct a grain terminal in Seward and were his actions to rapidly proceed with the Valdez grain terminal influenced by knowledge of a potentially competing grain terminal? Did Mr. Lewis discuss at any time, with any person, any possibility of impeding or preventing the construction of a grain terminal at Seward, Ak.?

Did Mr. Lewis normally report the results or availability of city sponsored studies to the Council? Why did Mr. Lewis not take steps to insure that the City Council was aware of Mr. Frank Orth's study?

Was Mr. Lewis aware that an increase from 7500 acres of harvested grain in 1981 to a harvest of 150,000 acres of grain would be required before the City of Valdez could realize a profit on the grain terminal?

POSSIBLE WITNESSES:

Mr. Bob Kellar: Councilman who reportedly was against the issuance of bonds for the grain facility, had asked in March of 1982 if it was too late to terminate the bond action and was told by the city attorney that it was not and was not informed of the Frank Orth study, which was available in February, 1982.

Mr. Frank Orth: consultant who prepared the report that was allegedly suppressed by Mr. Lewis.

Mr. Ken Jacobus. Valdez City Attorney

Other City Council Members: For verification or denial if being made aware of consultant study(s) or contents. Other information as desired.

SUBJECT: VALDEZ GRAIN TERMINAL CONTRACT

ALLEGATION: Mr. Lewis entered into a contract on behalf of the City of Valdez that contained substantial errors.

BACKGROUND INFORMATION: It has been reported that, in the spring of 1982, Mr. Lewis learned that the \$10 million of bonds issued would not pay for the 30,000 ton grain capacity building and conveyor system to transport the grain to the dock. At that time, the size of the project was reduced to a 15,000 ton facility with no conveyor system. After the decision to reduce the size of the project, Mr. Lewis signed a contract selling the terminal to Alaska Grain Company. The contract with Alaska Grain Company specified a 30,000 ton facility with a conveyor belt. In November of 1982, Alaska Grain Company asked for renegotiation of the contract, during which negotiations the city of Valdez was in a disadvantageous position.

In May of 1982, Mr. Lewis signed documents that deposited \$5 million dollars (Valdez funds) in a five year certificate of deposit in the National Bank of Great Falls, Montana. The certificate of deposit was to guarantee a \$628,000 loan to Alaska Grain Company so that the company could complete a grain receiving terminal in Delta, Alaska.

Mr. Lewis allegedly states that some of the Council members may not have been aware of the financial transactions but that Councilman John Devens and former Mayor Steve McAlpine were informed. Former Mayor McAlpine is reported to have stated that, during the following month (June, 1982), he asked the other council members if they approved.

POSSIBLE QUESTIONS:

While the voters of Valdez authorized a \$10 million bond issue for construction of the grain facility, does Mr. Lewis feel that he was authorized to commit an additional \$5 million to guarantee a loan for Alaska Grain Co. without prior voter or city council approval?

How does Mr. Lewis account for the alleged fact that after he had to reduce the size of the grain terminal project and eliminate the conveyor belt, he then entered into a contract to sell the facility with the original capacity (30,000 tons) and with a conveyor belt?

In that the original plans called for a 30,000 ton capacity facility, with conveyor system to be constructed for \$10 million and had to be reduced to one-half that capacity with no conveyor system, how does Mr. Lewis account for this amount of error in cost estimates?

Mr. Lewis, is the following sequence of events correct as they pertain to the deposit of \$5 million of Valdez funds in a Montana bank in the May-June 1982 time frame?

1. You signed documents investing the \$5 million in the Montana Bank at 8% interest, while the city charter for the Permanent Fund required investment at the higher rate of interest then available.

2. The Council learned of your investment action and protested because they were unaware of the investment and because of the low interest rate.

3. You then secured an agreement from the Alaska Grain Company to repay the City the difference between the 8% and 12% interest.

POSSIBLE WITNESSES:

Councilman John Devens - reported to have been kept informed of Mr. Lewis' financial transactions on behalf of the City of Valdez and was to keep the remainder of the council informed.

Lt. Gov. McAlpine. During tenure as Mayor of Valdez, did he convey to Mr. Lewis the impression that his (McAlpine's) approval of Mr. Lewis' transactions in regard to financing the Alaska Grain Co.'s loan, constituted the approval of the city council?

Mr. Jim Watson, present Valdez City Manager. Can provide insight into potential gains or loss to the City of Valdez as a result of Mr. Lewis' financial and contractual activities.

Mr. Ken Jacobus, City Attorney to assist in determining propriety of Mr. Lewis' actions in accordance with City Charter and terms of employment.

Mr. Clark Lapage, city councilman. Has stated that Council believed everything to be in order when they gave Lewis approval to sign a contract selling the 30,000 ton facility, with conveyor system to Alaska Grain Co.

1/20/53

Anchorage Daily News

Winner, 1976 Pulitzer Prize Gold Medal for Public Service

Katherine Fanning
Editor and Publisher

Howard Weaver
Managing Editor



Gerald E. Grilly
General Manager

Steve Lindbeck
Editorial Page Editor

Lawrence Fanning, Editor and Publisher 1927 to 1971
4 Anchorage Morning News Staff Founded in 1948 by Norman C. Brown

Lewis appointment demands examination

Serious questions of competence and attitude surround the performance of Mark Lewis as Valdez city manager and strongly suggest that he is unqualified to assume a state Cabinet post.

Mr. Lewis has been selected by Gov. Bill Sheffield as head of Community and Regional Affairs, a wide-ranging department that deals extensively with all local governments in the state. That appointment is a dramatic step forward for the young administrator, but is a peculiar move for the state.

In essence, the question is this: Why should Mr. Lewis be elevated to high state office after a decidedly questionable tenure as a city official?

An extensive investigation of his Valdez reign resulted in a series of stories in The Daily News in recent days. Those stories ranged across a multitude of matters, but centered on these most telling revelations:

- After he decided to leave his Valdez job, Mr. Lewis changed city personnel rules and allowed himself to collect more than \$6,000 in unused sick pay from the city.

- Without authority under state law or city ordinance — and without informing the Valdez City Council — Mr. Lewis directed that property tax assessments in the city be lowered by 15 percent for two years running.

- Mr. Lewis received a consultant's report outlining high risks for a city-sponsored grain terminal project but did not show it to other city officials before the bonds to finance the project were sold.

- He negotiated a flawed contract to sell that terminal to a private firm, and errors in the contract later influenced dramatic revisions in the deal that made it far less favorable to the city.

Taken even in the most favorable light, those are not the actions of a skilled administrator sensitive to the public decision-making process. It is not a record that recommends advancement.

As commissioner of Community and Regional Affairs, Mr. Lewis would be dealing with many of the same issues — and not just for Valdez, but the entire state. Can he be counted on to give unfavorable reports of pet projects wide distribution? Will he handle departmental personnel policies with more judgement than he did Valdez regulations? Can he now be relied upon to give state contracts the care he failed to exercise with the Valdez grain terminal? Considering his actions with Valdez tax assessments, should he now be made the boss of the state assessor?

Gov. Sheffield must weigh those questions. The quality and competence of his initial appointments will set a tone and establish standards for his entire administration. And once the governor formally submits his Cabinet nominations, the legislature must vote on confirmation. If Mr. Lewis is recommended by the governor, surely many questions arising from his Valdez tenure demand the closest scrutiny.

These issues will be addressed first by the governor. Even if he is satisfied, they must also be examined thoroughly and vigorously at legislative confirmation hearings, and Alaskans must be certain that the Valdez experience will not be repeated on a statewide stage.

Valdez sick pay is worth \$6,174 to commissioner

By STEVE SEPLOCHA
Daily News business editor

Commissioner of Community and Regional Affairs Mark Lewis received \$6,174 in extra pay when he left office in July as Valdez city manager after he changed personnel rules to allow departing employees to cash in unused sick time.

The rule change, made in May, came four months after Lewis announced his resignation and two months before he left office.

The change came to light in September, according to Lt. Gov. Steve McAlpine, who was Valdez mayor during the period. He said the City Council investigated whether to seek return of the money but did not.

An ordinance prohibiting the city manager from changing the personnel policy existed at the time, but McAlpine

said it had been inadvertently omitted from the published list of codes and revisions.

Lewis said he felt he did no wrong in ordering the rule change and took steps to "divorce myself from it."

He said Police Chief Pat Shely requested the change as an incentive to keep people from taking sick leave just to get rid of it. Shely felt that if employees could cash in a portion of the leave on departure there would be less absenteeism, Lewis said.

Lewis said he realized he would benefit if he changed the rule and therefore set up a committee of employees to recommend whether he should adopt the change.

The recommendation was favorable and at the time it was made, Lewis said mention was made of the fact that

See Back Page, OFFICIAL

Official cashes in sick pay

Continued from Page A-1

he was leaving. He said he almost vetoed the matter at that stage but was convinced by the chief that the change was for the long range benefit of a lot of employees.

Lewis signed the change and it became effective. In July, he left his job and took the \$6,174 due him as a result of the new rules.

McAlpine said the council retroactively approved the change in a resolution in September since there was some room to argue whether Lewis had authority to make the change.

The council did not seek to

recover the money because members believed Lewis thought he acted properly, McAlpine said. McAlpine said he agreed.

Lewis did not notify the council that he had changed the rule or that he would personally benefit from the change. McAlpine said Friday that, in retrospect, had he (McAlpine) been Lewis, "I probably would have said something about it."

McAlpine said his own investigation verified Lewis' statements that the chief and other employees initiated the change and that Lewis set up a recommendation committee.

Valdez grain terminal proves to be risky venture

By DON HUNTER
STEVE SEPLOCHA
and JOHN LINDBACK
Daily News reporters
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When Valdez voters in 1981 approved a \$10 million bond issue to build a grain terminal, they were hoping to turn present oil wealth into a future grain industry for the town.

At the time of the referendum it was envisioned that the city would be able to create jobs with the facility and make money. The dream, however, has been shattered and instead of making money on the deal, the city will be lucky to come out of it without a loss.

In addition the city came close in December to losing a significant chunk of a \$5 million certificate of deposit it pledged to help the grain operator get started in business.

Here is how it happened:

In the fall of 1981 voters, by a 2-1 margin, gave the City Council approval to build the terminal.

The council felt pressed to award a construction contract this spring so that the terminal could be built during the summer season and ready for the 1983 harvest.

There was a problem, however, in that no agreement had been reached with an operator for the facility.

At this point, then-City Manager Mark Lewis appeared before the council with a contract from Alaska Grain Co. proposing that Alaska Grain not only operate the terminal but that the company buy the operation from the city.

Councilman Chuck LaPage said the idea of selling the facility had not occurred to the council but they heard the proposal out.

Alaska Grain, a subsidiary of Montana Merchandising of Great Falls, Mont., wanted to defer making payments for five years. When the payments started, they proposed that the amount be based on the amount of grain processed up to a maximum not to exceed the annual bond payments.

LaPage said the deal did not sound great, but since there was pressure to get the terminal on line the council gave Lewis permission to sign the agreement.

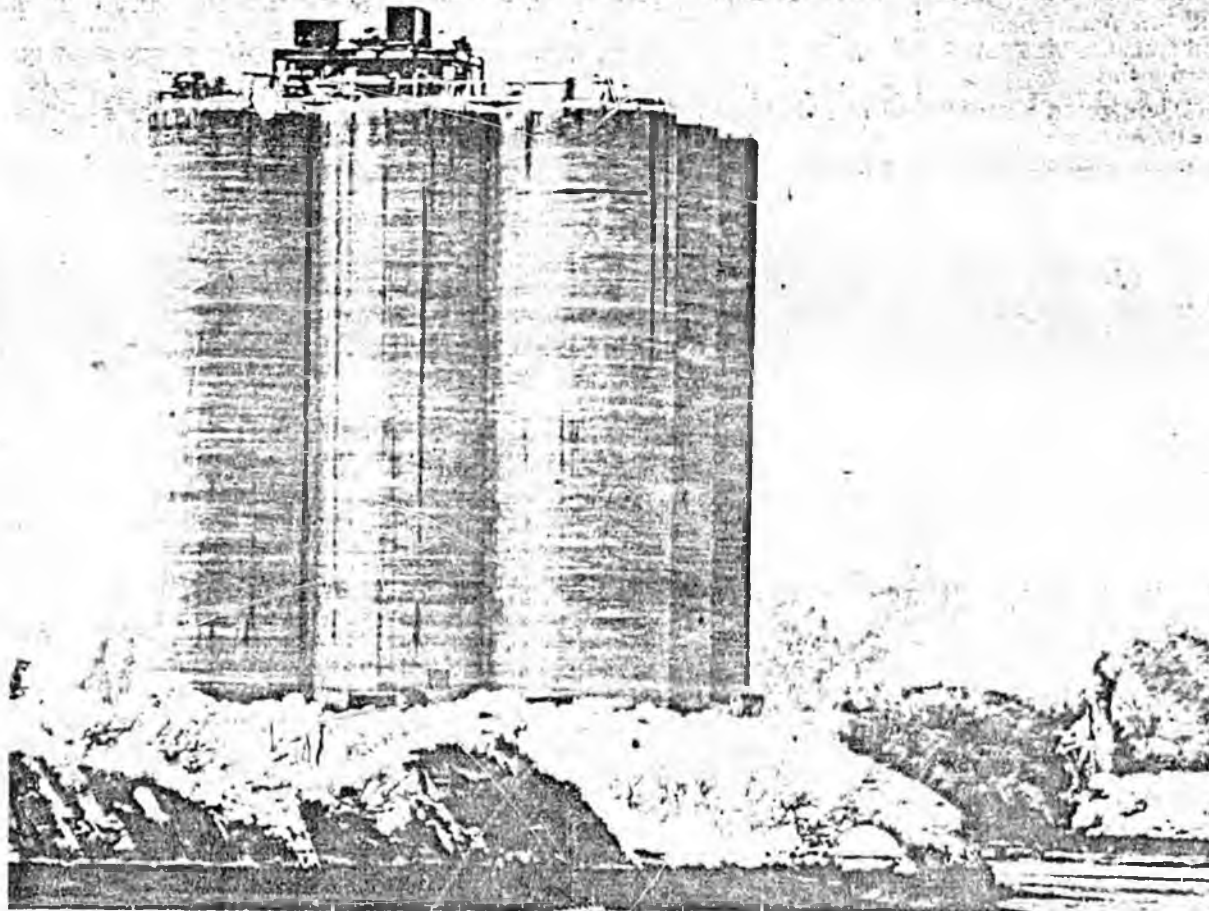
The contract specified that the terminal would hold 30,000-35,000 tons of grain and would be complete with a conveyor system.

Around the same time, the council gave Lewis permission to let the contract for the terminal and, according to LaPage, everything seemed in order.

In early June the council learned that Lewis, without consulting the council, had signed documents to invest \$5 million of the Valdez permanent fund in a bank in Great Falls.

The money was invested in a five-year certificate of deposit at 8 percent interest, which was 4 percent below the prevailing rate.

A controversy ensued, as some members on the council protested because Lewis had not informed the council of his actions and because the lower rate was said to violate the charter provisions requiring prudent invest-



Anchorage Daily News/Jim Larakas

The new grain terminal in Valdez

ment of funds at the highest rates of interest available.

Lewis explained that he made the deposit to help Alaska Grain start up its business.

Alaska banks had refused to loan Alaska Grain money to complete an elevator it was building in the Delta region to compete the grain transport chain. The banks in Alaska, not involved in agricultural lending, felt there was too much risk in the state grain program.

So, in an effort to secure the loan for the company, Lewis agreed to guarantee that the \$5 million would stay in the bank for five years. If it were withdrawn the city would lose interest and a significant part of the principal.

With the Valdez money committed the National Bank of Great Falls, agreed to loan Alaska Grain \$600,000 to complete the Delta terminal.

Lewis got an agreement from the company that it would repay the city the difference between the 12 percent the money had been earning and the 8 percent that the certificate would earn.

His rationale was that the city would break even on the interest with this plan, and would at the same time be helping the company; which in turn would help the city.

The council bought the argument and the matter was settled.

During the summer and fall the work on the terminal was completed, Lewis and Mayor

Steve McAlpine left office, and a new city manager was hired.

In late November, the new manager, Jim Watson, came to the council with news that Alaska Grain wanted to change terms of the purchase agreement.

The company wanted to extend the deferred payment period to 15 years.

Watson also revealed that there was a problem with the original contract with Alaska Grain. The contract called for the city to provide a 30,000-35,000 ton capacity building and a conveyor system. But, Watson said, the building only had a capacity of 15,000 tons and there was no conveyor system.

The council was told that another \$3 million would be needed to build the conveyor system. Besides, Watson told the council, since there was no conveyor and the building was half the size it should have been, Alaska Grain could probably get out of the contract and sue for losses.

Members of the council began raising questions about the deal. The explanations generally told this story:

Early estimates of the cost for the facility were wrong.

When the administration discovered this, they decided to scale the project down. When this happened is still not clear, and there is dispute over whether the council was formally advised of the change.

It was not brought to the council's attention

that the city was building itself into a contract problem with Alaska Grain because of the discrepancy between the operating agreement and the building contract.

The bottom line was that the city was in a corner. Its house of grain was crumbling into dust. If Valdez pulled out of the deal with Alaska Grain, the city stood to lose at least the \$28,000 to be paid by the grain company. And Valdez would be without an operator for its new terminal. If it salvaged the deal it would still be out a bundle because of a reduced payback from Alaska Grain.

And no matter what it did it still had to build some type of conveyance system or it would be stuck with a new building with no functional use.

To address the latter matter, the council in early December decided to buy \$600,000 worth of trucks and land and set up a circle of trucks to haul the grain from the terminal to the dock. Additional funds would be provided for drivers, maintenance, and other operating expenses.

Later in the month, on Dec. 20, the council voted against renegotiating the contract with Alaska Grain, and said they wanted to stick with the five-year deferral.

In the last week of December, Eugene Thayer, president of Montana Merchandising asked for reconsideration and an emergency council meeting was called.

Thayer and LaPage both said it was understood that the deal was on the verge of collapse. But they said the company did not allude to that possibility and dealt only with its need to spread payments.

Another vote was taken and it deadlocked 3-3. The motion to grant deferral failed.

A recess was called until the seventh councilman, Lynn Chrystal, could be found. He voted for a compromise on the deferral request that would have the company pay a minimum of 3 percent of the bond payment during the first five years, 5 percent during the second five years and 12 percent during the final three years.

This meant the Alaska Grain share of bond repayment would be a minimum of \$45,000 a year. The city's share of bond payment would be \$1.3 million.

The property was turned over to Alaska Grain and Thayer said he expects to sell it as a tax credit to a third party in the next 90 days. There were reports he would receive \$3 million in the sale but he said the figure will probably be much less. He said he will use the money for operating capital.

New Mayor Susy Collins said the council felt there were no good answers to the problem and chose the path least damaging to the city.

"It is a strange arrangement," she said. "The city spent an enormous amount on a facility that isn't there . . . We have bonded \$10 million plus the \$5 million tied up in the bank and we don't even own it."

But she also said the decisions leading to the present situation must be viewed in the context of the time. "I think Mark felt he had a great deal of community support for what he did. I believe he had complete support for aggressively pursuing this."

Valdez grain project rocked by changes

1-9-83

By STEVE SEPLOCHA
DON HUNTER and
JOHN LINDBACK
Daily News reporters
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VALDEZ — A \$10 million grain terminal operation approved by Valdez voters in 1981 has now become a \$15 million gamble that requires astronomical increases in state grain production just to break

even. The project — engineered by former City Manager Mark Lewis and former Mayor Steve McAlpine — was marked by:

- Gross errors in cost estimates;
- Questionable investment plans for city funds; and
- A faulty contract that required renegotiation and will cost the city hundreds of

thousands of dollars yearly. McAlpine is now Alaska's lieutenant governor; Lewis is commissioner of Community and Regional Affairs. Both defended their decisions this week and said the city got a good deal that will bring long term benefits to Valdez. But several current city officials say there is only a remote chance the city will ever get back the money in-

vested in the project. City Manager Jim Watson, who succeeded Lewis two months ago, said Saturday a profitable Valdez operation would require farmers in the state to harvest at least 150,000 acres of grain a year and ship all grain not used for state consumption through the Valdez terminal. Farmers last year harvested about 7,500 acres of grain.

In addition, the state has proposed building a grain terminal at Seward that could compete with Valdez for business. The first miscalculation in the project was discovered last spring, when it was learned that \$10 million would not pay for the initially proposed 30,000-ton capacity.

See Page A-10, VALDEZ

Valdez grain project is rocked by changes

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ty building and a conveyor system to move the grain to the dock. The project was then scaled back to a 15,000-ton facility with no conveyor system.

Later, in June, a contract was signed selling the terminal to Alaska Grain Co. The sales contract, though, promised a 30,000-ton capacity facility complete with a conveyor. This contractual error, along with risks incurred through a financing plan initiated by Lewis without prior council authorization, forced city officials to renegotiate terms of the sales agreement last month at a significant disadvantage.

Though Lewis has come under criticism since he left office, city officials say that he acted within power granted under the strong city manager form of Valdez government.

Criticism has been leveled at the wisdom of his actions and he has been accused by some members of keeping the council in the dark.

Lewis acknowledges some council members may not

have known what was going on at times, but said he kept former Mayor McAlpine and Councilman John Devens "fully informed about the whole project."

He said because the city had a number of projects in progress, it was his practice to consult with the mayor on all the work and different council members on each project. Information was supposed to be passed to the entire council through this system, he said.

McAlpine said the council was kept informed on the project and all members should have known what was going on.

He cites a City Council meeting in early June when he polled members about the financing scheme and asked each, individually, whether they approved.

The discussion was not in the minutes but did occur, according to council members and newspaper accounts.

However, the meeting was held after Lewis, with McAlpine's blessing, signed documents committing \$5 million of the city's \$13 million permanent fund to a five-year

certificate of deposit in the National Bank of Great Falls, Mont.

The documents, signed May 20, resulted in the city receiving eight percent interest instead of the prevailing 12 percent on the \$5 million deposit. The certificate was used to guarantee a \$628,000 loan to Alaska Grain so the company could complete work on its \$2 million grain receiving terminal in Delta.

The \$628,000 loan represented the difference between the 12 percent prevailing rate and the 8 percent certificate. Lewis and McAlpine explained that Alaska Grain would repay that amount to the city. That would represent a break-even on interest for the city, with the benefits of the new industry as the city's payoff.

At risk, though, was the \$628,000. Should the company default to the city, that money might be lost.

Such a possibility occurred in November and December when Alaska Grain asked for renegotiation of the sales agreement. The original contract called for a two-year

See Page A-11, GRAIN

Grain project hit by change

Continued from Page A-10

deferral of payments from Alaska Grain with the possibility of a five-year deferral.

Alaska Grain said it wanted to change the deferral to 15 years so it could re-sell the building to a third party for investment tax credits.

Watson informed the council of the Alaska Grain request and advised the council that Alaska Grain might pull out of the deal and sue because of the faulty contract.

"It was held out that we had a faulty contract," Watson said Saturday. It was also known, he said, that should the deal fall through there was a good chance that Alaska Grain would default and the city would have a problem collecting the \$628,000 loan made through the Montana Bank.

The council considered the arguments and, on Dec. 20, rejected the request to renegotiate.

On Dec. 27, Eugene Thayer, president of Montana Merchandising, the parent company of Alaska Grain, appeared at an emergency council meeting and asked for reconsideration.

Thayer said Friday he dealt only with his request for the deferral extension at that meeting but acknowledged both sides knew of the contract faults and that default on the loan was possible. He said he intended to go through with the deal no matter what the vote.

The council then approved a deferral, with the company paying a fraction of the bond obligation during the next 15 years.

Thayer, meanwhile, said he will realize more than \$1.5 million in the next 90 days when he sells the property for the investment tax credit. He said the money will be used for operating capital and points out that should his company fail the city can still get the building back.

The city faces increased cost of operations because no conveyor system was built, including establishment of truck delivery system to move the grain from silo to

dock, Watson said. That will cost \$600,000 originally plus salaries for three or four drivers. The city must later pay the cost of putting in a permanent conveyor system.

The company will pay the city a minimum of \$45,000 during the first five years of the new deal, leaving the city with a annual bond payments approaching \$1.5 million.

Prospects of success for the project hinge on the state's grain program.

The council has been told the state needs 30,000 acres under cultivation — up from 7,500 acres last season — to fill the terminal one time. That amount would fill one small ship and would turn an operating profit for the company.

If the company is to process enough grain to meet the city's bond obligation as well, production would have to be increased to at least 150,000 acres.

Watson said that could come in five to 10 years. He said there is concern the state grain program won't advance as planned but "I'm told its realistic."

Asked Friday whether the operation was a good one in view of its current status, both McAlpine and Lewis said it was.

Lewis said that the financial arrangements were made in an effort to help Alaska Grain get on its feet. He said the "link deposit concept" used with the Montana bank was sound and that the city funds were safe.

Because of it, he said, jobs and port commerce will be created. McAlpine agreed.

Watson, who wasn't in Valdez until this fall, said he could not challenge the intentions of the previous administration. "I think they were convinced the state would make it (grain production) grow."

Asked if he would propose an arrangement like the Montana deposit, he said, "As a professional manager you are very conservative person. It depends on the mood of the community. Your role is not to dictate but to respond to the wishes of the council."

'Gloomy' Valdez grain study, tax roll change found

By STEVE SEPLOCHA
JOHN LINDBACK and
DON HUNTER

Daily News reporters

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After Mark Lewis left the city manager's job in Valdez for a Cabinet post in Juneau, the new city manager discovered that tax rolls had been improperly altered under Lewis' tenure and that Lewis had withheld a \$17,000 feasibility study predicting gloomy prospects for a \$10 million grain terminal the city has since built.

Lewis, in an interview Friday, acknowledged the tax rolls were changed and said the council may not have seen the report, but denied any wrongdoing on his part.

Lt. Gov. Stephen McAlpine, who was Valdez mayor during the period, said he learned only recently of the tax roll change and the existence of the feasibility report.

Lewis's performance as chief administrator in Valdez came into scrutiny beginning in September, when it was learned he had changed personnel rules two months before he left office and took \$6,174 in extra pay as a result when he left office in July.

Appraiser Rich Randell, who had a contract to assess city property for the tax roll, says Lewis asked him in early 1981 to lower his valuation of property in the pipeline terminus city.

Randell said he told Lewis his figures might be computed differently by someone else because no two assessors see things the same way, but "I'm going to give you what I think the numbers are."

State law requires assessment at 100 percent of fair market value.

Randell said he told Lewis

Pessimistic Valdez grain report, changes in tax assessment rolls found

Continued from Page A-1

that he (Randell) wouldn't change the numbers but that the city could do what it wanted to with them.

The numbers were later lowered 15 percent across the board and the roll was presented to the council for certification without mention of the change.

Alaska statutes and the city code of Valdez say only the assessor, after instructed by the city council, can change numbers on the roll and he must personally certify those changes to the council.

Lewis claims Randell agreed to the changes and certified them to the city in a letter shortly after the change. Randell says his letter did not agree to alter the figures.

Valdez taxes two separate assessment rolls. The one that was changed was for all non-oil-related property in the city. The city sets the assess-

ment and applies taxes to this property.

Oil-related property is taxed by the city at the same rate as non-oil related property, but is assessed by the state.

The effect of the change on the city-assessed roll was that oil-related property did not receive the same break and, accordingly, paid a higher percentage of city revenues during 1981-82.

Randell said in preparing the 1982 roll he asked the city whether the 15 percent break was to be applied again. He said he was told "yes" and submitted the figures that way "to save them the trouble of changing it."

Current Valdez City Manager Jim Watson and Lori Anderson, secretary to the city manager, say Lewis directed the change in assessments in 1982. The council did not address the issue.

Anderson said Lewis's directive was verbal.

Individual property cards

maintained by Randell reflect 100 percent values, as required by law, for both years, he said.

Charges of suppression of information surfaced when it was learned that Lewis did not alert council members of a \$17,000 grain terminal feasibility report.

The report, submitted to Lewis Feb. 17, 1982, came about three weeks before \$10 million in bonds were issued to build the terminal and warned of risks in the venture.

Minutes of city council meetings show that Councilman Bob Kellar asked City Attorney Ken Jacobus early in March if it was too late to pull out of the bond deal. He was told it was not.

Kellar, who objected to the bond deal from the beginning, said he did not know that a "gloomy" report was in Lewis's possession when he asked the question.

The report was prepared by consultant Frank Orth, who

had a contract to evaluate and advise on the grain terminal project.

The summary portion of the report contained Orth's characterization that it was gloomy and said the city could elect to pull out and let private enterprise develop any grain facilities.

"This relatively bleak forecast suggests that selection of the aggressive policy option may be essential to prevent the city's investment in the grain terminal from being a wasted or seriously underutilized asset," the Orth report says. "While we are disappointed for you and the city to have to make such a gloomy prediction, we do feel that the situation is manageable with a continued aggressive posture on the part of the city and Port of Valdez."

He went on to outline the best route should the city choose to build in light of the "relatively high risk endeavor."

The terminal has been

plagued with cost estimate problems, a faulty contract prepared under Lewis's direction, and a crisis with the proposed operator in December that resulted in further losses to the city.

Lewis said Friday that the council was fully aware that the project had some negative aspects.

He said if he is to be judged fairly, the entire context of the operation must be considered.

First, he said, the mood of the community was to build the terminal and his job was to build it. Secondly, he said, the "body of information that was available" in several studies was "relatively positive" toward the project.

He said he did not suppress the Orth study and that it was available to any councilmen who wanted to see it. He said he could not recall if he took any steps to tell the council there was a report that was partly negative.

Fish plant transactions raise questions

By DON HUNTER
JOHN LINDBACK
and STEVE SEPLOCHA
1983, The Daily News
Daily News reporters

Dealings between Valdez city officials and fish processors over the past three years have resulted in questions about the propriety of actions by Stephen McAlpine, now lieutenant governor, and two other members of the City Council.

The complex string of transactions concerns a city-owned warehouse bordering

McAlpine, Lewis leave legacy behind in Valdez

By SHEILA TOCMEY
Daily News reporter

The town and the men who ran it were alike: ambitious, confident, brash.

Mark Lewis and Stephen McAlpine have moved on to higher office now, leaving behind a mixed legacy in Valdez. But for a couple of years they were the dream team that was going to make it all happen for a

city that feels perpetually cheated by destiny — and by an overgrown railroad camp to the west called Anchorage.

A community of 3,700 people located on Prince William Sound, Valdez has Chugach mountain majesty at its back and a year-round port at its feet. "The Switzerland of

See Back Page, McALPINE

the Valdez dock that the city leased for use as a fish processing plant.

The record of the city's eviction of one processor and lease with another shows:

• That McAlpine, acting as a lawyer while serving on the Valdez City Council, had a

\$7,200 warehouse rent check to the city seized on behalf of a private client;

• That McAlpine vigorously pressed for city payment of \$68,000 in repairs to the dockside facility for a subsequent renter even though the firm had agreed to lease it "as is;"

• That two councilmen were stockholders in a corporation that leased the city property — and one of them later gave up his ownership so he would be allowed to vote to help the firm;

See Page A-12, FISHER

McAlpine, Lewis leave a mixed legacy in Valdez where the two teamed up to run city

Continued from Page A-1

Alaska," a bygone promotional campaign gushed.

Settled before Anchorage and once the seat of federal power in the state, Valdez' dream of becoming the center of Alaska commerce died at the hands of Anchorage boosters. Instead — like much of Alaska — Valdez is temporarily oil rich and worried about the future.

Things started to go downhill for Valdez before 1920, when the new Alaska Railroad linked Seward to Anchorage. The freight that once came through the Port of Valdez for the rest of Alaska quickly dropped off. In 1940, what was to have been a branch of the U.S. Third District Court — then headquartered in Valdez — opened in Anchorage. Soon after, the headquarters court and its big federal payroll all moved to the new Anchorage building.

For now, jobs and taxes from the terminus of the trans-Alaska oil pipeline in Valdez have brought the always feisty town a new era of optimism and opportunity.

For the future, "diversification" is the dream: grain terminals, fish plants and tourists to take up the economic slack when the oil runs out.

In 1978, when Lewis arrived in Valdez to begin a \$2,385-a-month job as assistant city manager, the town was looking for someone to help them take charge of the future. Within the year, the man who hired Lewis had been fired and Lewis had his job.

Then in his late twenties, Lewis had grown up in Edina, Minn., an affluent suburb of Minneapolis. He was graduated in 1974 from Washington State University with a bach-

elors degree in politics and public administration and headed for Alaska.

During a three-year stint as administrative assistant in the Juneau city manager's office Lewis seemed eager to learn how local government really worked. "He was always ready to take the bull by the horns," is how one co-worker from that period put it.

Valdez City Council members say they were impressed by Lewis' intelligence, his hustle and his savvy about government systems. "The old city manager was into delegating authority," said a Valdez businessman who was on the council at the time.

"After a while Mark looked sharper than him at the council meetings."

During his own administration, where he came to earn \$60,000-a-year, Lewis rarely delegated authority to anyone, according to present and past city officials. His department heads reportedly made few decisions on their own.

At least once, when Lewis and the mayor were both out of town, subordinates had difficulty finding someone authorized to sign a check.

At about the time Lewis came to power, one of Valdez' two lawyers was elected to the City Council. At 30, Stephen McAlpine had lived in Valdez on and off for almost 10 years. A native of Yakima, Wash., and a graduate of the University of Washington, he worked for the state and for a pipeline company before getting a law degree from the University of Puget Sound Law School.

One of the most interesting things about McAlpine is that his friends and his enemies use the same words to describe him: colorful, aggres-



Steve McAlpine

sive, articulate, hot tempered. "He really knows what he wants," says gas station owner and former Valdez Mayor Mack MacDonald. "He's politically astute. He gets things done."

"He's a colorful character," a former girl friend says of McAlpine, "but he pushes too far. He baits people into fights. He wants to ram a point down your throat beyond good taste, beyond politics, beyond reason."

However, the same woman called McAlpine charming, perceptive, shrewd and able to laugh at himself. And MacDonald says he has a lot of respect for McAlpine although the two often disagree.

"When he kicks your fancy, that's the end of it," MacDonald laughs.

A year after joining the council, McAlpine was elected mayor and for the next two years — according to most accounts, but not theirs — the two men ran Valdez virtually on their own.

Together and separately,



Mark Lewis

Lewis and McAlpine usually convinced the City Council to go along with them, at least partly because both so hated to lose even the smallest point.

MacDonald remembers a minor flap about how a new Little League baseball diamond should be laid out — "You know, how the sun should rise and set and so forth."

Lewis allegedly told Little League sponsors that the city already had decided how to lay it out, "and that was that. It was a small item, no big deal," MacDonald says.

"But when I got to the council meeting he had a bunch of experts there. He took me to the cleaners." The baseball diamond was laid out the way Lewis wanted.

"He always lined up his ducks," MacDonald said. "He was always ready."

The stories about McAlpine sound a similar chord. Charles LaPage, a long-time city councilman, local accountant and air service op-

erator who was a frequent political foe of the administration, accuses McAlpine of using his attorney's skills to belittle people who challenge him. "And he will defend his actions to the end in the face of criticism," LaPage said.

Aggressive is the most often offered description of both men — usually meant as a compliment. People seem either to have loved them or hated them. "They're that kind of people," MacDonald said.

Like others, MacDonald had little quarrel with Lewis' and McAlpine's plan to develop Valdez. "It's just how you get there," he said.

Respectively divorced and separated at the time, McAlpine and Lewis socialized as well as worked together. Valdez is a small town and Lewis and McAlpine were well known. Townspeople described them a close friends.

For a while all was well between the town and the two bright young men who ran it. If their own ambitions were obvious — well, Valdez isn't the kind of place that would fault men for ambition as long as they were willing to tie the town's fortunes to the tail of their personal comet.

During this period Valdez built a beautiful convention center — one that can handle more people than Valdez hotels can accommodate.

In a financial transaction that is now being questioned, the city floated a \$10 million bond issue and beat the state in a race to construct a grain terminal. The terminal joined a new floating dock to complete an international barley marketing system.

Its future — like that of the state's barley crop itself — remains uncertain.

There is a new airport terminal with a space-age radar

system so sophisticated that planes landing in Valdez can't use it.

And, in the midst of plenty, there's a looming 70-percent property tax hike.

By early 1982, the bloom was off the rose, at least for Lewis. Four, perhaps five, Valdez City Council members favored firing him because of prevailing sentiment that he was making too many important decisions without consulting them, according to council members LaPage and Jason Wells, and former Councilman George Hillar.

Lewis resigned. It was the third time he had submitted his resignation; this time it was accepted.

"I think this town needed him for a while," says former Mayor MacDonald, "but it was time for him to leave. We knew it and he knew it."

Around the same time, McAlpine filed for lieutenant governor and eventually the team moved on. Lewis helped McAlpine during the primary race and ran the Sheffield-McAlpine headquarters in Fairbanks during the general election campaign.

Now Lewis is Commissioner of Community and Regional Affairs. The new job makes him responsible for the federally funded CETA program, the state's coastal management program, senior citizens housing programs, distribution of municipal assistance funds and a miscellany of other community local government assistance programs, including the Local Boundary Commission. Lewis' department also includes the Office of the State Assessor.

As for McAlpine, he is the No. 2 man in state government.

Valdez is still worried about the future.

Fish processing plant transactions raise questions involving McAlpine, city officials

Continued from Page A-1

- That the city leased its facility to a firm composed of local fishermen only to see it taken over — three days later — by a company headed by a man involved earlier in the controversial bankruptcy of Salamatos Seafoods in Kenai; and

- That the city's close relationship with that firm has fueled protest from another Valdez processor who claims unfair competition and threatens to sue.

The story centers on the city-owned warehouse at the Valdez dock. Hoping to diversify the city's oil-dominated economy, city officials, in 1978 awarded a lease on the building to a fish processing company that in early 1980 fell into serious financial difficulties.

A restructured company called Arctic Coast Fisheries Inc. then assumed control of the leased plant and scaled down operations. The company began to run up unpaid bills, and a series of non-sufficient-funds checks were issued to fishermen and former employees.

In early 1981, the city began to explore the possibility of declaring Arctic Coast in default and resuming control of the processing plant. On March 20, then City Manager Mark Lewis sent notice to the firm that the city considered the company in default for three reasons:

- Monthly rent payments totalling \$3,600 for January and February had not been

the city.

McAlpine told his fellow councilmen that it was he who had directed the seizure of the check. According to the minutes of that meeting, McAlpine said because he had "several interests in having Arctic Coast Fisheries eliminated, he (McAlpine) would abstain" from voting on a motion to declare the company in default.

But he still lobbied the council to find the company in default. The minutes show: "Mr. McAlpine did, however, proceed to explain his futile efforts to seek other assets and declared that because both Farm-N-Sea (the company that preceded Arctic Coast) and Arctic Coast fisheries have done nothing but exhibit a bad faith position both to the city and the fishermen who attempted to serve them and open this area for fisheries development, and because they had not properly filed bonds and become licensed with the state of Alaska, he was in favor of declaring default."

When questions were raised about McAlpine's seizure of the check, City Attorney Ken Jacobus replied that "there might be a conflict of interest because both his (McAlpine's) client and the city wanted the check."

With McAlpine abstaining, the council then voted 6-0 to confirm Lewis' declaration of default.

McAlpine this week said he learned of the rent payment by reading information sent to all members of the City

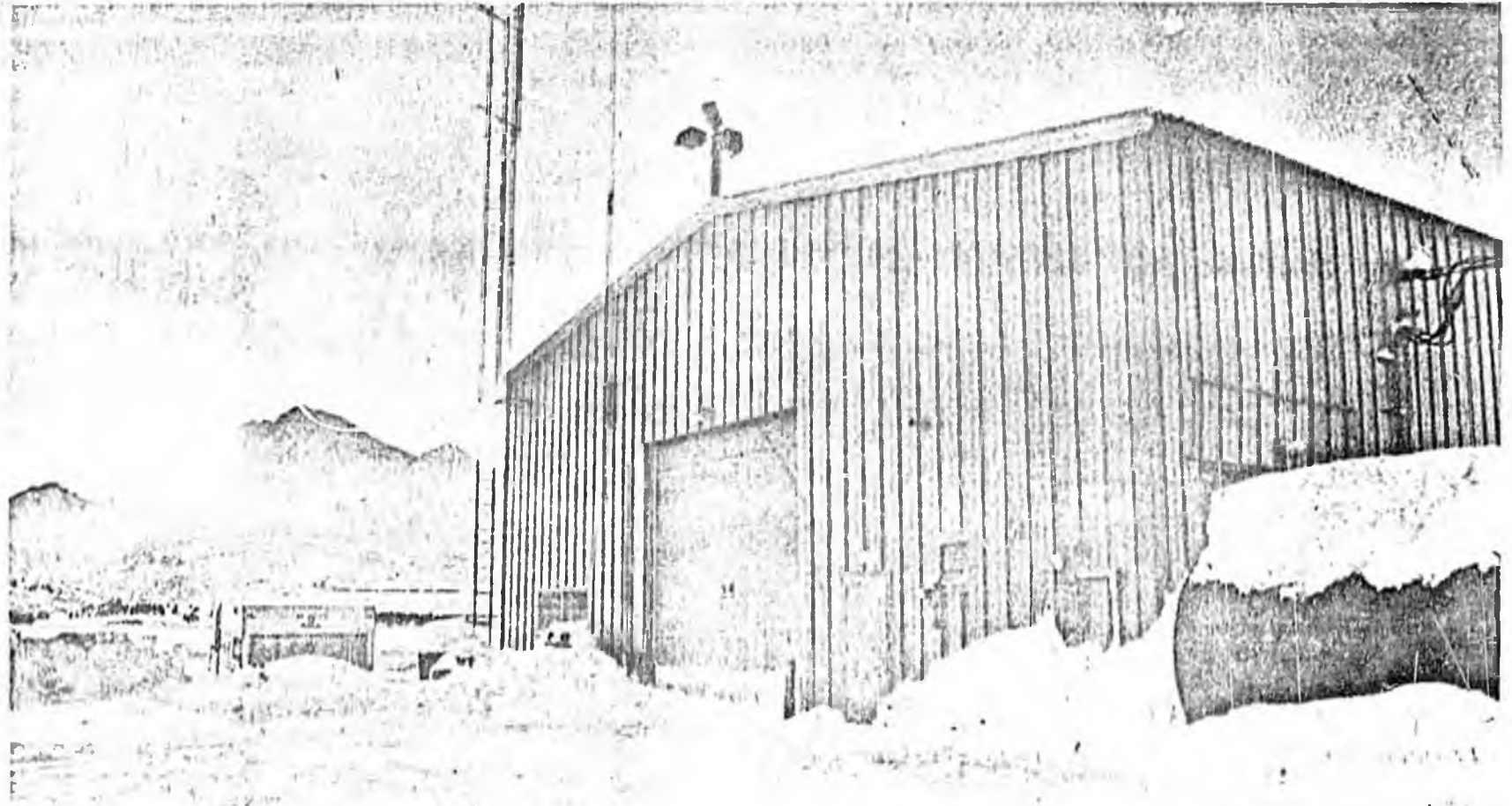


Photo shows the Waterkist warehouse in Valdez.

interested in moving into the warehouse.

A ballot proposition that would have created a company owned by Valdez citizens to operate a processing plant failed at a special election in 1981.

In January 1982, according to City Council minutes, a tour of the plant was conducted with Orth, council members, and Prince William Sound Processors, a new firm

line Service worker and a part-time commercial fisherman who also serves as head of the Valdez Fisheries Development Association. Wells is a fisheries biologist for the association, which is developing a salmon hatchery near Valdez.

Kellar said he didn't view as a conflict of interest his strong advocacy for fisheries development in Valdez so he and others in the local indus-

council members, Wells said.

And without votes from himself or Kellar, the lease couldn't have been accomplished. Both those factors led Wells to dispose of his interest in Prince William Sound Processors.

"It enabled me to become the sixth vote," Wells said. He said his intent was not personal financial gain. "My total emphasis has been to get something going in Valdez for

million worth of improvements to the building. Its monthly payroll during the summer months of operations was \$150,000, Waterer said.

But the complaints about the arrangements spurred worries by the new city administration headed by present City Manager Jim Watson.

The city in November mailed a notice of default on the lease to Waterkist, arguing that assignment of the

Anchorage Daily News/Jim Lawless

of declaring Arctic Coast in default and resuming control of the processing plant. On March 20, then City Manager Mark Lewis sent notice to the firm that the city considered the company in default for three reasons:

- Monthly rent payments totalling \$3,600 for January and February had not been made;

- The company allegedly had failed to maintain liability insurance; and

- The company had ceased actively purchasing or processing fish.

The notice allowed the company 30 days to correct the deficiencies.

In April, Arctic Coast sent a check for \$7,200 — to cover the rent for the first four months of the year — to City Hall. McAlpine, then a city councilman, issued a writ of execution on behalf of a client to whom the company owed money and had a state trooper seize the check at city offices. The check was held by the court for several weeks until the city secured its release.

On April 17, Lewis wrote another letter to the firm advising that the \$7,200 check had been seized by troopers. "Needless to say," Lewis continued, "this leaves the rent on the city owned building still due."

Lewis also discounted Arctic Coast claims that its scaled-down operation still conformed with the lease. "We do not, under any stretch of the imagination," Lewis wrote, "believe that your watchman selling some of the product retail or wholesale justifies 'active fish purchasing or food processing.'"

Lewis told the firm the city still considered Arctic Coast in default and ordered it to move company equipment stored on or in city property within 20 days.

At the May 5, 1980, City Council meeting, Lewis told the council that Arctic Coast had been advised that it was in default of the lease. He also noted that the \$7,200 rent check had been seized from

because both his (McAlpine's) client and the city wanted the check."

With McAlpine abstaining, the council then voted 6-0 to confirm Lewis' declaration of default.

McAlpine this week said he learned of the rent payment by reading information sent to all members of the City Council that was also available to any member of the public.

He argued that his first responsibility was to his client.

McAlpine said the conflicts that have arisen throughout the city's attempts to support fisheries development can be attributed to Valdez's small population.

"It's a small town. At one time or another I have represented the majority of people in the city," he said.

At least five suits and countersuits surrounding the disposition of the Arctic Coast lease have been filed. A trial on several of those suits, since combined, was scheduled for Oct. 4, 1982. It was delayed on the motion of the city, supported by affidavits from Lewis and McAlpine, who in part argued that their involvement in the general election campaign would hinder their participation.

At the time, McAlpine was campaigning for lieutenant governor and Lewis — who had stepped down as Valdez city manager in mid-July — was managing the Sheffield-McAlpine Fairbanks campaign.

The trial is now set for April 23.

Even before the Arctic Coast eviction, the City Council decided to look for another processor. Seattle consultant Frank Orth was commissioned to conduct a \$240,000 study on prospects for the fish processing industry in the area and search out businesses that might lease the warehouse.

Orth's 1980 study concluded that fish processing was a feasible industry for Valdez. But the consultant said he couldn't find anyone firmly

wished to have created a company owned by Valdez citizens to operate a processing plant failed at a special election in 1981.

In January 1982, according to City Council minutes, a tour of the plant was conducted with Orth, council members, and Prince William Sound Processors, a new firm.

Also on the tour was Tom Waterer. Council members say they were told he was considering running the fish processing plant for Prince William Sound Processors.

On April 12, 1982, the city's warehouse lease with Prince William Sound Processors was executed. Three days later, the firm was taken over by Waterkist Corp. Its president is Tom Waterer.

Waterkist operated the plant all last summer. But another local processor, Sea Hawk Seafoods, some members of the City Council and other citizens of Valdez have questioned the original intent of Prince William Sound Processors and Waterer.

Council members and city officials said they didn't realize that Prince William Sound Processors intended to sell out so quickly. They thought the city was leasing its building to a group of local fishermen, not a man who was formerly connected to Anchorage and Kenai fish processing businesses.

"The first time I was introduced to Mr. Waterer, he was going to be the manager of the plant for Prince William Sound Processors," said City Councilman Chuck LaPage. "The next thing we know, Prince William Sound Processors isn't doing anything and Waterkist is running a plant out of the city's building," LaPage said.

Waterer was out of town and attempts by The Daily News to reach him during the past week for comment were unsuccessful.

Prince William Sound Processors, composed of about 20 area fishermen, included two City Council members, Bob Kellar and Jason Wells.

Kellar is an Alyeska Pipe-

line worker who serves as head of the Valdez Fisheries Development Association. Wells is a fisheries biologist for the association, which is developing a salmon hatchery near Valdez.

Kellar said he didn't view as a conflict of interest his strong advocacy for fisheries development in Valdez so he and others in the local industry could have another place to sell their fish.

"You've got to remember, processors are folding up all around the state," said Kellar.

The Orth study said a successful fish processing operation would help others get started in Valdez, Kellar said.

Orth, as part of his study, tried to search out potential processors for Valdez but was unsuccessful, Wells said. So he and 19 other fishermen formed Prince William Sound Processors.

But Orth introduced Waterer to the group, and after the lease with the city was signed in April, a stock transfer took place that "made Prince William Sound Processors for all intents and purposes a dead horse," Wells said.

Wells said he sold his stock in Prince William Sound Processors soon after the council began discussions of leasing the group its waterfront warehouse. He said he had left the group because of a conflict of interest with his elected position as a city councilman.

Kellar has opted to maintain his interest in Prince William Sound Processors. Minutes of City Council meetings show that Kellar has abstained from all votes on the city's deal with the fish processing operation.

But he said in an interview that he doesn't consider it a conflict of interest for him to discuss and lobby with other councilmen on matters pertaining to the firm.

"I could see I was getting into a conflict of interest situation, and I didn't want to get into that," Wells said.

Any time the city leases or sells property, it must be approved by six of the seven

couldn't have been accomplished. Both those factors led Wells to dispose of his interest in Prince William Sound Processors.

"It enabled me to become the sixth vote," Wells said. He said his intent was not personal financial gain "My total emphasis has been to get something going in Valdez for fisheries," he said.

"Every fisherman in town has been accused of being in cahoots with the city and it's not true," said Wells, adding that he intends to complete the second year of his term and bow out of city politics.

The Waterkist merger spurred a new issue for the city when Waterer in June presented them with a letter demanding payment for \$70,000 in repairs to the warehouse.

A source of dispute in that controversy was that the lease agreement specified that the firm would be willing to accept the building "as is, where is" and wouldn't press the city to finance improvements.

Council minutes show Waterer argued that the repairs should have been financed by the city because there was no way he could have realized they were necessary when he took a tour of the building in January 1982.

Members of the council including McAlpine, voted to pay for \$68,000 of the repairs. McAlpine, according to council minutes, argued that the city had a moral obligation to appropriate the funds in order to ensure the success of the processing plant. He also argued that the repairs would be permanent improvements to the city-owned building.

Competitor Sea Hawk Seafoods Vice President Sandy Cesarini protested the move. She also asked the council to appropriate \$68,000 to her business so that all processors in Valdez would be treated equally. The City Council did not respond.

According to a letter by Waterer printed in the Valdez Vanguard, the local newspaper, Waterkist has made \$1

summer months of operations was \$150,000, Waterer said.

But the complaints about the arrangements spurred worries by the new city administration headed by present City Manager Jim Watson.

The city in November mailed a notice of default on the lease to Waterkist, arguing that assignment of the lease from Prince William Sound Processors to Waterkist required City Council approval. The council must now decide whether to approve that assignment.

The emergence of Waterer in the processing operation has fueled a petition drive that calls for the city to investigate the background of businesses that intend to lease city property.

Last week Watson said he has asked Waterer to submit details of his financial background to auditors who can compile a report for the town government.

But some details are already public.

Waterer was head of Salamatos Seafoods, a fish processing plant in Kenai that went broke two years ago.

At least some council members have been notified that the federal government recently filed a notice of federal tax liens against Waterkist in the amount of \$43,808.

"The thing showed up in my mailbox in a clean white envelope with no return address," LaPage said.

LaPage, an accountant, said the notice indicates that during 1982 Waterkist deducted Social Security and income taxes from its employees and did not make later payments to the federal government.

Meanwhile, Sea Hawk Seafoods is showing signs of taking legal action.

Sea Hawk lawyer Henry Camerot recently mailed a letter to the council, demanding that the City of Valdez stop its help to the Waterkist operation. The city is participating in an illegal restraint of trade under provisions of the Sherman Anti-Trust Act, Camerot contends.

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Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

MEMORANDUM

TO: Committee on Community and Regional Affairs

FROM: Staff

SUBJECT: Confirmation Hearings

DATE: March 18, 1983

The following comments were prepared as a result of a discussion during which legal advice was requested for the question: "What is the role of the Committee in conducting confirmation hearings?"

Presumably the nominee who will be appearing before the Committee has received careful consideration by the Governor and as such, represents the Governor's choice for the position. Traditionally, the Committee has an affirmative attitude towards the Governor's selection.

The question which the individual committee members must resolve in their own minds is: "Do you believe the nominee would properly fulfill the duties of the Commissioner?"

The decision is essentially a political process as opposed to a legal process. There is no requirement to apply the rule of "burden of proof;" a more appropriate description is a "burden of persuasion."

During the process, the determination of an act or acts being technically illegal is "mildly interesting" and in large part irrelevant from the perspective of the Committee. The question of impropriety is more important in the decision making process.

The rationale for the previous statement is that the commitment of an illegal act(s), even if substantially proven, may or may not be indicative of a person's qualifications to perform assigned duties and, the Committee is not in a position to prosecute for illegal acts.

On the other hand, the Committee is charged with making a judgement, based on all reasonably available information, whether or not the actions of the individual convince the Committee that the nominee will, or will not, properly fulfill the role of Commissioner.

Alaska State Legislature

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Mac Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
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House of Representatives Committee on Community & Regional Affairs

TAB 1 - GENERAL QUESTIONS

POSSIBLE QUESTIONS FOR COMMISSIONER LEWIS:

Can we expect any changes in the direction, philosophy, or organization of the Department of Community and Regional Affairs, and, if so, how will they differ from the present situation?

Alaska State Legislature



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House of Representatives Committee on Community & Regional Affairs

POSSIBLE QUESTIONS FOR COMMISSIONER LEWIS

The Department of Community and Regional Affairs recently compiled a list of capital improvement projects submitted by state municipalities. Does this activity indicate that the Department will act as a screening agency to establish priorities for state funding of all capital improvement projects, including such things as airports, roads and sewage facilities?

Alaska State Legislature

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House of Representatives Committee on Community & Regional Affairs

POSSIBLE QUESTIONS FOR COMMISSIONER LEWIS

A major portion of the effort and resources of the Department of Community and Regional Affairs is directed towards grant administration and other activities for the unincorporated communities and unorganized boroughs.

One of the major reasons for the establishment of the Department was to assist the unorganized areas in achieving a level of sophistication and education that would encourage them to organize into municipalities for the delivery of services.

In your view, has the Department been a success or a failure in this role?

Do you believe the Department should encourage rural areas to incorporate?

What incentives do you believe are necessary to encourage incorporation?

Alaska State Legislature

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POSSIBLE QUESTIONS FOR COMMISSIONER LEWIS

To date, there has been considerable reluctance in the rural - or unorganized borough - parts of the state to organize into municipalities. The state constitution provides for maximum self-government, both through the organized and unorganized borough. However, the delivery of services in the unorganized borough presents considerable problems to the state and to the residents of the unorganized borough.

Partial solutions for the delivery of services have evolved by the formation of such entities as the Regional Education Attendance Area (REAA), the Native Regional Housing Corporations, the Regional Development Corporation, and others. Other needs have been provided for by direct legislative appropriations, usually administered by the Department of Community and Regional Affairs.

Do you feel that providing all these services, some of which are funded at 100 percent from the state general fund, is an inducement or a disincentive to the formation of organized municipalities? Why?

Alaska State Legislature

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House of Representatives Committee on Community & Regional Affairs

POSSIBLE QUESTIONS FOR COMMISSIONER LEWIS

Many of the activities of the Department of Community and Regional Affairs appear to overlap or duplicate the functions of other departments in the Administration. Among these duplicated activities are housing mortgage loans and construction, employment training programs, grants for court litigation, grants for water and sewer projects in rural areas, and many projects that are normally within the realm of responsibilities of the Department of Transportation and Public Facilities.

You have now indicated a desire to organize a separate "grants management" organization which would be similar to a function in the Department of Administration.

In brief, it seems that the Department of Community and Regional Affairs is drifting towards being a separate, large entity that encompasses the responsibilities of all the other departments in state government, and is intended to serve as all state agencies for the rural areas of Alaska.

Do you feel that the Department should perform all functions for the rural areas and the remaining departments concentrate their efforts on the urban areas of the state, or should the other departments perform their respective responsibilities statewide?

Alaska State Legislature

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House of Representatives Committee on Community & Regional Affairs

TAB 2 - VALDEZ PROPERTY TAX ASSESSMENTS

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



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House of Representatives Committee on Community & Regional Affairs

TAB 2 - Valdez Property Tax Assessments

POSSIBLE QUESTIONS FOR COMMISSIONER LEWIS

As Commissioner of the Department of Community and Regional Affairs, you will be responsible for reviewing and approving requests for state funds, many of which will be based on the local revenue generating capability, including property taxes.

State law requires property assessments for taxation to be 100 percent of true value. Please discuss your philosophy on who should be authorized to determine property valuations and who should be authorized to change valuations.



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-~~3228~~
DEPARTMENT OF ASSESSMENT 4801

March 22, 1983

MAR 26 1983

House of Representatives
Barbara Lacher, Chairman
Community and Regional Affairs Committee

Dear Representative Lacher:

This is in response to your request for me to review the packet you sent me regarding reduced assessments in Valdez for 1981 and 1982.

The packet seemed to address the legal implications of reducing the assessments and, therefore, contained very little information as to whether or not the reduction of assessments could be substantiated.

After reviewing the packet, as presented, it is my personal and professional opinion that the reduction of assessments in Valdez was not substantiated by any supporting data and the method used could be considered, by professional assessors, as improper and unethical. My opinion is based upon the following observations:

1. Property appraisal is not an exact science but an opinion of value based on facts. Mr. Randell indicated in his letter that it was his opinion that his values represented 100% market value. I believe that a small amount of research will show that these value estimates were based upon facts which Mr. Randell obtained through his market analysis.
2. The valuations were reduced "because he (Mr. Lewis) believed that local economic conditions were depressed to the extent that the market probably would not support the values used by Mr. Randell." Nowhere in the packet can I find any information to support what Mr. Lewis believed. If this strategy were used by other assessors in the State, we might all raise our assessments by 10% - 20% because we believed we were low. This could not happen because our Boards of Equalization require us to show supporting data for our value estimates.
3. Mr. Randell's statement, it is not uncommon for appraisers to differ as much as 15% to 20% in valuation, is a correct statement. However, it should be noted that both appraisers values would be based upon supporting data. The interpretation of this data usually is the reason for a difference of opinions.

MAR 26 1983

Barbara Lacher
Page Two
March 22, 1983

4. The statutes mandate that the assessor assess property at its full and true value, not attempt to assess at a level comparable with other municipalities.

As I stated earlier, the appraisal of real estate is not an exact science but an opinion of value based on facts or supporting data. If Mr. Lewis believed that the assessments were high, a sales ratio study should have been conducted. A sales ratio study may have shown that the assessments were high and adjustments were warranted. This would have been the proper method for an assessor to follow rather than an arbitrary percentage reduction. I would like to point out that this may have been done, however, I did not see it in the packet you sent me. If this were in fact done, then I would state that the actions taken were both ethical and proper. For your information, I have enclosed a copy of the IAAO Code of Ethics which most assessing offices use.

As to your question regarding the tax dollar amounts as reported by Gerald Heier with the Department of Revenue, I believe the figures obtained are correct with respect to the information he received.

I hope I have answered your questions and would like to point out that the opinions expressed in this letter are my personal opinions and not necessarily those of my employer.

Respectfully,



Steve Van Sant
Director of Assessments
and Land Management

cr

MAR 26 1973

The functions of the assessing officer and other members of IAAO are professionals in character. This Code of Ethics is a set of dynamic principles guiding the members' conduct. Each member of IAAO agrees that he will:

1. Cooperate fully with other members in all matters affecting his official duties.
2. Conduct his activities in a manner that will reflect credit upon himself, other members and the IAAO.
3. Cooperate with the IAAO and its officers in all matters, including, but not limited to the investigation, censure, discipline or expulsion of members who by their conduct prejudice their professional status or the reputation of the IAAO.
4. Protect the professional reputation of other members of IAAO who subscribe to and abide by this Code of Ethics.
5. Treat as confidential all information concerning persons or their property obtained in his official capacity, except for lawfully authorized uses. It is proper for members

employed by different jurisdictions to exchange factual information concerning persons or their property to aid either or both in the assessment of property legally subject to taxation.

6. Perform his assessment duties in a manner consistent with statutory requirements without advocacy for accommodation or any particular interests, being factual, objective, unbiased and honest in his conclusion.
7. Maintain, at all times, a courteous and respectful attitude in his relations with taxpayers, public officials and the public generally, and to compel a similar attitude on the part of his subordinates.
8. Give full faith and allegiance to his oath of office, apply the law of his jurisdiction to all taxpayers alike, and obey all applicable laws and regulations.
9. Conform in all respects to this Code of Ethics, The Standards of Professional Conduct and the Constitution of the IAAO as the same may be amended from time to time.

Standards of Professional Conduct

In relations with assessing officers, an IAAO member will:

Cooperate within the legal and ethical boundaries of his office or profession with other members who request his cooperation in performing the functions of their offices or profession.

Treat information obtained in his professional capacity as confidential unless use of that information is authorized by law. It is proper for members employed by different jurisdictions to exchange factual information concerning property to aid either or both in the assessment of property legally subject to taxation.

Protect the professional reputation of other members who subscribe to and abide by these Standards of Professional Conduct.

Give full credit to the originator of any material he uses in his writings or speeches.

Conduct his activities in a manner that will reflect credit upon himself, other members, and the IAAO.

Cooperate with the officers of the IAAO in all matters, including but not limited to the investigation, censure, discipline, or expulsion of members whose conduct casts a shadow on their professional status or the reputation of the IAAO.

In relations with public officials, an IAAO member:

Has a duty to cooperate with public officials to improve the efficiency and economy of public administration.

Will always maintain an attitude of respect and cooperation toward public officials and governmental agencies to whom the law has assigned official duties relating to the work of the IAAO member.

In relations with the public and taxpayers, an IAAO member will:

Maintain at all times a courteous and respectful attitude in his relations with taxpayers, taxing officials, and the public

generally, and will compel a similar attitude on the part of his subordinates.

Give full faith and allegiance to his oath of office.

Apply the law of his jurisdiction equitably.

Perform his duties in a manner consistent with statutory requirements without advocacy for accommodation of any particular interests; he will be factual, objective, unbiased, and honest in his conclusion.

Appraisal standards to be complied with by IAAO members:

Any appraisal by an IAAO member shall conform to the highest professional assessment/appraisal standards.

Any value estimate made for assessment purposes by an IAAO member shall be an estimate of true market value as defined by the courts having jurisdiction, regardless of the assessment percentage to be used, except when the law of his jurisdiction requires or the assessment practice in his jurisdiction permits special valuation techniques.

Any value estimate made by an IAAO member shall be a true opinion of value in accordance with generally accepted appraisal practices, except when the law of his jurisdiction requires or the assessment practice in his jurisdiction permits special valuation techniques.

Any fee appraisal assignment accepted by an IAAO member shall be one in which he has no unrevealed personal interest or bias, and one which he is competent to complete without placing his personal integrity or the assessing/appraisal profession in jeopardy.

It shall be unethical for a member of IAAO to accept an engagement for which the amount of his compensation is contingent upon reporting a predetermined value or upon the amount of the value estimate; or upon reporting a predetermined opinion, conclusion, or recommendation; or upon the amount of a tax reduction obtained by a client where his services are used; or upon any result, value, or subsequent transaction.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

March 17, 1983

House of Representatives
Barbara Lacher, Chairman
Community & Regional Affairs Committee

Senate
Frank Ferguson, Chairman
Community & Regional Affairs Committee

Review of potential State claim against
the City of Valdez for recovery of taxes
paid under AS 43.56

In conjunction with the Department of Law, we have completed an investigation of allegations that Mark Lewis, the former City Manager of Valdez, improperly reduced assessments on local property in 1981 and 1982, thereby increasing the overall millage rate in the local tax on the petroleum properties in concomitantly reducing taxes paid to the State, and have concluded from the facts that Mr. Lewis did not act improperly or illegally. Therefore, the State should not pursue any claim against the City of Valdez for recovery of additional taxes under AS 43.56 and we view the matter as closed.

A copy of the Department of Revenue's report dated March 14, 1983 and a copy of the Department of Law's legal opinion dated March 16, 1983 are attached. The following is a brief summary of those findings.

AS 43.56.010(a) imposes a state tax of 20 mills on oil and gas property. Under AS 43.56.010(b) and AS 29.53.045 a municipality may levy a tax on petroleum properties within its jurisdiction at the rate applicable to other property tax by the municipality. The tax paid to a municipality under this subsection is then credited under AS 43.56.010(d) against the state tax due.

In 1981 and 1982, the City of Valdez hired on contract an appraiser to assess property in the city for purposes of taxation. The contractual provisions required the appraiser to perform the statutory duties of an assessor. Under state law (AS 29.53.060(a)) and the Valdez city code (25-4 (2)) the city is required to assess property at its true and full value. Both define "full and true value" in a manner which clearly allows for a determination upon which reasonable minds can differ. In addition, real estate appraising is not an exact science and does not allow for "full and true value" determinations to be precise and often appraisers differ by as much as 20 percent on valuations.

House of Representatives
Barbara Lacher, Chairman
Community & Regional Affairs Committee

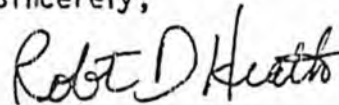
Senate
Frank Ferguson, Chairman
Community & Regional Affairs Committee

The City of Valdez's contracted assessor made his real property valuations as being 100% of fair market value, however, Mr. Lewis believed the assessor's assessments were high in light of the local economic conditions and after consultation with the assessor lowered the assessments by 15%. The assessor certified the reduced assessments as true and correct for 1981 and 1982.

The Department of Revenue investigation shows that all the real property assessments ratios for the municipalities which contain petroleum property are less than 100% of valuation. The ratios for Valdez in 1981 and 1982 are 89.6% and 93.8% respectively. When comparing the Valdez assessment ratios with the assessments ratios of other municipalities having oil and gas properties which ranged from 70.0 to 93.8, it is clear that the City of Valdez appraisals were in fact high and will not support a finding of any improper or illegal action.

In conclusion, the facts do not substantiate that Mr. Lewis acted improperly or that his actions resulted in the City of Valdez making any illegal real property assessment determinations under AS 29.53.060(a) and therefore, we conclude that the State did not lose any revenue under AS 43.56.010(d) and the matter is closed.

Sincerely,



Robert D. Heath
Commissioner of Revenue

RDH:NS:mc

Attachments

MINERAL CREEK SUBDIVISION

		LAND	IMPROVEMENTS	TOTAL
<u>Block 1</u>				
Lot 2		17,600 20,700	\$ 3,400-	21,000 20,700
		Ferrer, Basil & Marian Box 434 Valdez, Alaska 99686		
Lot 3	38	17,600 20,700	-0-	17,600 20,700
		Wallace, Jack & Mary Box 794 Valdez, Alaska 99686		
Trailer Only		-0-	6,700-	6,700-
Lot 3	39			
		Hitchcock, Glen & Kathy <i>Maryann</i> General Delivery Valdez, Alaska 99686		
Lot 4	4	17,600 20,700	12,100-	29,700 32,800
		Coleman, Allan C. & Mary Ann T. Box 1127 Valdez, Alaska 99686		
Lot 5	58	17,600 20,700	-0-	17,600 20,700
		Dieringer, James F. Jr. Box 508 Valdez, Alaska 99686		
Trailer Only		-0-	13,100-	13,100-
Lot 5	59			
		Esposti, John Box 1203 Valdez, Alaska 99686		
Lot 6	68	17,600 20,700	-0-	17,600 20,700
		Dieringer, James F. Jr. Box 508 Valdez, Alaska 99686		
Trailer Only		-0-	5,100-	5,100-
Lot 6	69			
		Dunning, Richard Box 413 Valdez, Alaska 99686		
Lot 7	78	17,600 20,700	-0-	17,600 20,700
		Dieringer, James F. Jr. Box 508 Valdez, Alaska 99686		
Trailer Only		-0-	9,100-	9,100-
Lot 7	79			
		Henson, Larry Box 187 Valdez, Alaska 99686		
Lot 8	88	17,600 20,700	-0-	17,600 20,700
		Dieringer, James F. Jr. Box 508 Valdez, Alaska 99686		
(Trlr. Only)		-0-	14,000-	14,000-
Lot 8	89			
		Herrin Kathy Box 172 Valdez, Alaska 99686		
Lot 9	90	17,600 20,700	-0-	17,600 20,700
		Dieringer, James & Nora Box 508 Valdez, Alaska 99686		
Lot 10	100	17,600 20,700	-0-	17,600 20,700
		Dieringer, James & Nora Box 508 Valdez, Alaska 99686		
Lot 11	110	17,600 20,700	-0-	17,600 20,700
		Dieringer, James & Nora Box 508 Valdez, Alaska 99686		

EXTRACT OF VALDEZ 1981
TAX ROLLS - with Changes

Block 1

3700210120

Lot	Handwritten Lot	Name	Handwritten Value	Printed Value	Handwritten Value
Lot 12-13		Dieringer, James & Nora Box 508 Valdez, Alaska 99686	35,300	\$12,500-	47,800 \$ 54,800-
Lot 14	14	Small, George E. Box 466 Valdez, Alaska 99686	22,500	36,400	58,900 60,300-
Lot 15	15	Madsen Construction Co. Box 338 Juneau, Alaska 99802	22,500	66,700	89,200 105,800-
Lot 16	16	Ruhl, Clyde E. & Hallie N. Box 513 Valdez, Alaska 99686	22,500	58,200	80,700 94,900-
Lot 17-18	17	Larson, Robert W. & Frances W. Box 426 Valdez, Alaska 99686	45,050	52,400	97,450 114,600-
Lot 19	19	City of Valdez Box 307 Valdez, Alaska 99686	-0-	-0-	-0-
Lot 20	20	Sumner, Judith K. Box 21 Valdez, Alaska 99686	23,550	57,050	80,600 94,800-
Lot 21	21	Irons, Steven L. & Porothy B. Box 1247 Valdez, Alaska 99686	23,550	68,350	91,900 108,100-
Lot 22	22	Chung, Ching & Tran Le Box 1356 Valdez, Alaska 99686	23,500	87,000	110,500 130,000-
Lot 23	23	Gard, Charles & Delores Box 936 Valdez, Alaska 99686	23,500	47,700	71,200 83,700-
Lot 24	24	Welch, Del & Virginia Box 962 Valdez, Alaska 99686	23,500	67,200	90,700 106,700-
Lot 25	25	City of Valdez Box 307 Valdez, Alaska 99686	-0-	-0-	-0-
Lot 26	26	Cerutti, John L. Box 582 3201 Montclair Ct Valdez, Alaska 99686	17,600	16,500-	34,100 37,200-
Lot 27	27	Frank Moolin & Associates Box Valdez, Alaska 99686	17,600	24,300-	17,600 30,700-
	279			5,300	16,300

4. 27-27 - John Cerutti 176,000
207,000

MINERAL CREEK SUBDIVISION

LAND

IMPROVEMENTS

TOTAL

Block 15

Lot 9	Collins, William J. & Lorenza M. Box 1402 Valdez, Alaska 99686	42500 550,000-	83,300 588,000-	125,800 5148,000-
Lot 10	Hickok, Terry L. & Patricia L. Box 713 Valdez, Alaska 99686	28300 33,300-	121,300 212,700-	149,600 176,000-
Lot 10A	D & M Rentals Box 338 Juneau, Alaska 99802	28300 33,300-	121,300 132,700-	149,600 126,000-
Lot 11	D & M Rentals Box 338 Juneau, Alaska 99802	28300 33,300-	121,300 142,700-	149,600 176,000-
Lot 12	Alaska USA Federal Credit Union (Attn: Fred Smith) 777 Juneau Street Anchorage, Alaska 99501	42500 50,000-	735,250 865,000-	777,750 925,000-

Block 16

Lot 1-4	Alaska State Housing Authority		-EXEMPT-	
Lot 5	Eder, Robert O. & Rita R. Box 791 Valdez, Alaska 99686	24900 25,300-	88,700 104,300-	113,600 135,600-
Lot 6	Wilson, Maurice L. 2705 Arlington Anchorage, Alaska 99503	24900 29,300-	88,700 104,300-	113,600 132,600-
Lot 7	Gallagher, Michael & Goudreau, Damian J. Box 971 Valdez, Alaska 99686	24900 29,300-	166,350 195,700-	191,250 225,000-
Lot 8	Robinson, Claude D. & Janet Box 588 Valdez, Alaska 99686	24900 29,300-	54,300 63,900-	79,200 93,200-
Lot 9A	Teeters, Katherine G. Box 567 1793 Valdez, Alaska 99686	46900 55,100-	265,600 322,500-	312,500 367,100-
Lot 10A	Cooper, Steve E.B. & Dorothy M. Box 4-493 Anchorage, Alaska 99509	75,900 89,300-	162,000 190,000-	237,900 279,900-
Lot 12	Gilson, Mrs. George Box 504 Valdez, Alaska 99686	42500 50,000-	46,000 54,100-	88,500 104,100-

Block 17

Lot 162	Alaska State Housing Authority		-EXEMPT-	
---------	--------------------------------	--	----------	--

1274.200 2054,100 2485.00

Block 17

Lot 3

Wood, Walter M.
Box 868
Valdez, Alaska 99686

~~140,000~~
119,000

-0-

~~140,000~~
119,000

Block 18

Lot 1

Church of the Epiphany

-EXEMPT-

Lot 2&3

St. Francis Xavier Catholic
Church

-EXEMPT-

417,000

FOR IMMEDIATE RELEASE - February 18, 1983

TITLE: Revenue sharing under oil and gas property tax.
FROM: Alaska Department of Revenue, Pouch SA, Juneau, AK 99811

The Department of Revenue is conducting an overall review of local property tax assessment procedures utilized by those jurisdictions which share oil and gas property tax revenues under AS 43.56 to determine if the state is receiving its proper allocation under that program. This review was prompted by allegations that assessment practices utilized by the City of Valdez led to an underpayment of oil and gas property tax to the state during the years 1981 and 1982. The final report will be concluded by early March, but due to misimpressions left by the Anchorage Daily News story (Feb. 18) relating to the Valdez situation, Robert Heath, Commissioner of Revenue, feels that the preliminary results of the investigation should be released at this time.

First, the 1981 and 1982 ratios of local assessments to full and true appraised value as set forth in Alaska Taxable 1981 and 1982 are as follows:

	<u>1981</u>	<u>1982</u>
Anchorage	87.24	82.05
Kenai	90.39	79.93
Fairbanks North Star Borough	93.11	87.03
Valdez	<u>74.74</u> 89.6	<u>93.84</u>
Matsu	80.84	88.18
North Slope Borough	70.0	76.0

These indicate that, during the relevant period, the Valdez assessments compared very favorably with other assessment ratios.

--Add One--

* SOURCE: DEPT. OF COMMUNITY AND REGIONAL AFFAIRS
REPORT (ENCLOSURE)

--Add one-- February 18, 1983, Alaska Department of Revenue

Second, officials of the Department of Revenue conducting the review indicate that it is not unusual for these "appraised" values and "assessed" values to differ by ten to fifteen percent.

Commissioner Heath stated: "The results of the overall investigation will be made public once they have been reviewed and approved by myself."

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

Mark Lewis, Commissioner

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

225 CORDOVA STREET - BLDG B
ANCHORAGE, ALASKA 99501
PHONE: (907) 264-2294

PRESS RELEASE

To All News Media

Juneau, Alaska
Friday, February 18, 1983

Commissioner of Community & Regional Affairs, Mark Lewis, today said he welcomed a State review of 1981 and 1982 tax assessment roles across Alaska, particularly those compiled by the City of Valdez during his tenure as City Manager.

The Commissioner said that adjustments were made uniformly to the pre-certified residential property tax roles in the post-pipeline town. These adjustments were made while the assessments were in draft form prior to certification of the roles and after a review was conducted to consider the towns artificially inflated tax roles, which were a result of the boom economy resulting from pipeline construction. The adjustments were made to reflect the proper post-pipeline market conditions and were made legally and properly.

Lewis presented the back-up documentation which clearly indicates the tax roles were not improper and that studies of assessed valuation to market value indicate Valdez assessments were in conformance with State standards.

Lewis said, "It is unfortunate the recent stories did not present the complete facts on the issue and have a one-sided biased interpretation."

RICE RANDELL APPRAISAL COMPANY
P.O. BOX 1921
VALDEZ, ALASKA 99686
PH: 835-2717

March 31, 1981

Re: Real Estate Values
for Properties Located
in the City of Valdez

City of Valdez
P.O. Box 307
Valdez, Alaska 99686

Attention: Mr. Mark Lewis

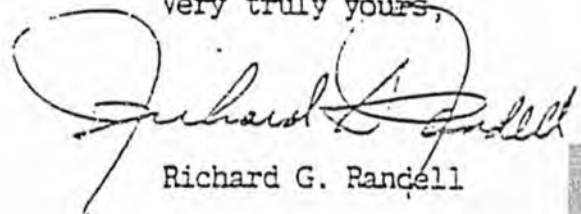
Dear Mr. Lewis,

In reference to our conversation of March 23, 1981 pertaining to assessed values for tax purposes in the city of Valdez, I feel that the valuations I arrived at are 100% of fair market value. However, it is not uncommon for appraisers to be as much as 15% to 20% apart in valuation and two appraisers could arrive at two different values on the same piece of property. Therefore, it would be reasonable to apply a percentage of increase or decrease to the values I arrived at for assessment purposes.

Real estate appraising is not a science, it is an estimation based on knowledge and analysis of the real estate market. The analyses utilized in arriving at an estimation is uniform throughout the appraisal field, but because of the many different variables involved in these processes different appraisers do arrive at different estimations of value.

I hope this satisfactorily answers your questions and if any others should arise please contact me.

Very truly yours,



Richard G. Randell

CONTRACT F PROFESSIONAL APPRAISAL SERVICES

THIS AGREEMENT, made and entered into this 15th day of
December, 1981, by and between the CITY OF VALDEZ,
a municipal corporation organized under the laws of the State
of Alaska, hereinafter referred to as the "City," and Rich
Randall Appraisal Company, hereinafter referred to as the
"Appraisers".

WITNESSETH:

1. The Appraiser shall:

(a) Appraise, in accordance with standard Alaska tax practice, all taxable real property located within the existing limits of the City at true value, furnishing all necessary cards, photographs and forms required for such appraisal, for tax year 1982 and 1983.

(b) Appraise, in accordance with standard Alaska tax practice, all City, State, and Federal property located within the existing limits of the City at true value, furnishing all necessary property cards with photographs and information on acreage and dimensions as well as a description of any improvements, for tax year 1982 and 1983.

(c) Furnish all necessary equipment and labor, other than legal and/or location descriptions and ownership records of those parcels to be appraised, in connection with the appraisal required in the preceding paragraphs, and make a final report to the City in the manner required by law.

(d) Investigate, evaluate and report to the City the merits of all written complaints received by the City and forwarded to the appraisers after evaluation notices have been mailed and prior to Board of Equalization hearings. The City shall determine which complaints are to be forwarded to the Appraiser for further investigation and evaluation.

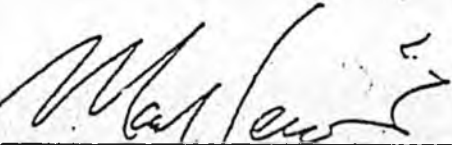
(e) Attend hearings of the Board of Equalization at such times as required by law.

*City of Valdez Contract for Appraisal
Services with Richard Randall, 1981*

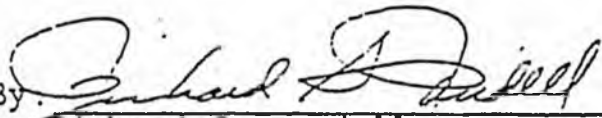
4. The parties agree that all existing property cards and tax records, as well as those cards and records which may be created by the Appraiser while performing this contract, are and shall remain the property of the City.

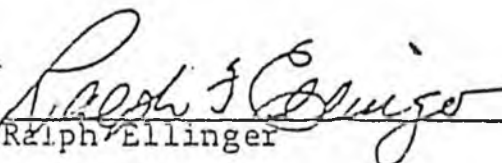
IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

CITY OF VALDEZ, ALASKA

By: 
Mark Lewis, City Manager

Rich Randall Appraisal Company

By: 
Richard G. Randell

By: 
Ralph Ellinger

APPROVED AS TO FORM:

HUGHES, THORSNESS, GANTZ,
POWELL & BRUNDIN, Attorneys
for the City of Valdez

By: 
Kenneth P. Jacobus

(f) Complete, prior to March 1, of each year, all obligations to be performed on the part of the Appraiser with the exception of investigation of complaints and attendance at the Board of Equalization hearings.

2. The City shall:

(a) In consideration of the performance of the obligations undertaken under paragraph 1, Sections (a), (b), (c) and (f), by the Appraiser, pay to the Appraiser the sum of twenty-five thousand two hundred dollars (\$25,200) for the 1982 tax year and the sum of twenty-five thousand (\$25,000) for the 1983 tax year. Eight thousand four hundred dollars (\$8,400) shall be paid not later than December 15th of each year with the remainder to be paid within thirty days of delivery to the City of the tax roll and satisfaction of all contract requirements for that year.

(b) In consideration of the obligations undertaken by the Appraiser under Paragraph 1, Sections (d) and (e) herein pay to the Appraiser amount of FIFTY DOLLARS (\$50.00) per hour for the time spent performing these services, except that no additional fee shall be paid for appeals caused by Appraiser negligence, such as appraising non-existent property or misidentifying property.

(c) Provide the Appraiser, prior to commencement of field work in Valdez, with legal or location descriptions, ownership records, owners' addresses, and the existing property cards with photographs from the previous tax year. The property cards and city records shall be returned to the City as soon as possible after use by the Appraiser.

(d) Provide the Appraiser with copies of existing City maps, plats and zoning maps covering the properties to be appraised.

3. The parties agree that the Appraiser shall have no responsibility for the appraisal of either the Pipeline-oriented property which has been appraised by the State or any property, the location and description of which, the City has not provided to the Appraiser.

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TABLE IV

LOCAL ASSESSMENTS VS. FULL VALUE

The following information should be used to interpret Table IV:

Municipalities: Boroughs and cities organized under the laws of Alaska, except those second class cities which are located outside of boroughs and do not levy a property tax.

ASSESSED VALUES:

Locally assessed property values taxable under provisions of municipal ordinance and state law. (AS 29.53)

RATIOS:

The relationship in terms of percent, which actual assessed property values bear to the Department's full value determination.

FULL VALUES:

The full value of real and personal property taxable under provisions of local ordinance and state law as equalized by the Department of Community and Regional Affairs in conformity with uniform standards defined in Attorney General Opinion No. 18, 1962.

NOTE: Table III does not include oil and gas property (AS 43.56).

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TABLE IV
LOCAL ASSESSMENT VS. FULL VALUE

MUNICIPALITY	REAL PROPERTY			PERSONAL PROPERTY			REAL & PERSONAL PROPERTY			
	Boroughs	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value
ANCHORAGE, MUNICIPALITY OF										
City	2,636,844,486	79.51	3,316,206,917	318,386,000	74.63	426,624,792	2,955,230,486	78.96	3,742,831,709	
Other	4,952,824,256	83.47	5,933,452,460	555,647,000	63.67	872,636,090	5,508,471,256	80.93	6,806,088,550	
TOTAL	7,589,668,742	82.05	9,249,659,377	874,033,000	67.27	1,299,260,882	8,463,701,742	80.23	10,548,920,259	
BRISTOL BAY										
	43,673,300	89.53	48,780,600	36,762,392	95.00	38,697,300	80,435,692	91.94	87,477,900	
FAIRBANKS NORTH STAR										
City	706,122,900	89.67	787,168,304	--	--	280,370,040	706,122,900	66.13	1,067,047,224	
North Pole	68,764,650	95.24	72,201,430	--	--	27,523,300	68,764,650	60.95	99,724,731	
Other	846,477,175	87.51	967,288,078	--	--	242,564,220	846,477,175	69.97	1,209,852,298	
TOTAL	1,621,364,725	87.03	1,826,957,900	--	--	550,466,360	1,621,364,725	67.18	2,377,424,260	
HAINES										
City	25,126,024	94.22	26,660,113	--	--	8,123,300	25,126,024	72.22	34,791,413	
Other	26,821,070	93.06	28,821,559	--	--	7,337,700	26,821,070	74.17	36,159,259	
TOTAL	51,947,094	93.62	55,481,672	--	--	15,461,000	51,947,094	73.22	70,950,672	
JUNEAU, CITY & BOROUGH										
City	200,188,500	92.99	215,282,127	42,820,200	49.11	87,208,100	243,016,700	80.34	302,490,227	
Douglas	35,921,900	87.31	41,144,477	1,630,275	16.45	9,907,075	37,552,175	73.56	51,052,352	
Other	503,382,300	93.67	537,375,089	55,224,250	37.60	146,854,400	558,606,550	81.64	684,229,409	
TOTAL	739,492,700	93.16	793,801,693	99,682,725	40.86	243,970,375	839,175,425	80.86	1,037,772,068	
KENAI PENINSULA										
Homer	118,052,600	90.71	130,139,215	20,961,993	83.67	25,053,774	139,014,593	89.58	155,192,989	
Kenai	129,523,015	77.42	167,293,567	23,064,009	83.67	27,566,104	152,587,024	70.31	194,859,671	
Seldovia	10,130,400	72.02	14,066,117	4,152,464	83.67	4,963,025	14,202,864	75.06	19,029,142	
Seward	37,817,000	86.11	43,917,949	16,369,047	83.67	19,564,285	54,106,047	85.36	63,482,234	
Soldotna	102,485,600	90.09	113,759,134	9,256,876	83.67	11,063,819	111,742,476	89.52	124,822,953	
Other	1,200,741,580	78.57	1,630,024,118	176,675,311	83.67	211,163,293	1,457,416,891	79.11	1,842,187,411	
TOTAL	1,678,750,195	79.93	2,100,200,100	250,479,700	83.67	299,374,300	1,929,229,895	80.40	2,399,574,400	
KETCHIKAN GATEWAY										
City	221,789,800	86.96	255,048,068	37,401,250	62.93	59,436,000	259,191,050	82.42	314,481,068	
Other	240,723,800	79.99	300,950,232	33,146,450	64.53	51,368,200	273,870,250	77.73	352,318,432	
TOTAL	462,513,600	83.19	555,998,300	70,547,700	63.67	110,804,200	533,061,300	79.94	666,802,500	
KODIAK ISLAND										
City	146,150,045	77.48	188,635,850	47,868,072	35.40	135,208,156	194,018,117	59.91	323,844,006	
Other	69,830,323	77.46	90,146,050	8,516,368	35.40	24,055,444	78,346,691	68.60	114,201,494	
TOTAL	215,980,368	77.47	278,781,900	56,384,440	35.40	159,263,600	272,364,808	62.18	438,045,500	
MATANUSKA-SUSITNA										
Palmer	61,686,080	82.70	74,590,181	10,242,300	57.88	17,697,132	71,928,380	77.94	92,287,313	
Houston	22,406,040	87.01	25,751,100	205,621	57.93	493,008	22,691,661	86.46	26,244,108	
Wasilla	97,108,090	90.70	107,065,050	10,350,494	57.93	17,865,884	107,458,494	86.01	124,930,934	
Other	788,761,520	88.37	892,588,735	37,576,982	57.95	64,843,376	826,338,502	86.31	957,432,111	
TOTAL	969,961,640	88.18	1,099,995,066	58,455,397	57.93	100,899,400	1,020,417,037	85.64	1,200,894,466	

TABLE IV

LOCAL ASSESSMENT VS. FULL VALUE

MUNICIPALITY	REAL PROPERTY			PERSONAL PROPERTY			REAL & PERSONAL PROPERTY			
	Boroughs	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value
NORTH SLOPE BOROUGH	304,790,980	76.00	401,040,800	145,201,100	100.00	145,201,100	449,922,080	32.38	546,241,900	
SITKA, CITY & BOROUGH	317,326,605	98.86	320,972,300	60,433,130	60.17	100,433,130	377,759,735	89.64	421,405,430	
TOTAL BOROUGHIS	13,995,469,949	83.65	16,731,677,700	1,651,979,584	53.92	3,063,831,647	15,647,449,533	79.05	19,795,509,355	
A										
CITIES										
CORDOVA	46,775,895	85.37	54,789,400	-0-	--	61,576,200	46,775,895	40.20	116,365,600	
CRAIG	13,912,560	100.00	13,912,600	640,200	8.29	7,726,000	14,552,760	67.25	21,630,600	
DILLINGHAM	30,953,255	73.70	41,999,000	21,412,659	70.74	27,194,500	52,365,914	75.68	69,193,500	
GALENA	---	--	4,855,050	---	--	1,373,050	---	--	6,229,700	
HODDAN	---	--	12,209,450	---	--	4,369,500	---	--	16,659,050	
HYDABURG	---	--	5,847,200	---	--	3,129,600	---	--	8,976,800	
KAKE	---	--	7,258,000	---	--	112,900	---	--	7,371,700	
KING COVE	---	--	6,773,300	---	--	21,403,000	---	--	28,256,300	
KLAWOCK	---	--	3,334,300	---	--	377,000	---	--	3,711,300	
NEHANNA	4,067,738	85.00	4,785,600	3,553,844	85.00	4,181,000	7,621,582	85.00	8,966,600	
NOME	87,004,142	63.00	138,104,262	11,672,407	56.77	20,562,465	98,676,549	62.13	158,666,727	
PELICAN	3,310,640	42.47	7,795,410	3,669,945	65.85	5,573,345	6,980,585	52.22	13,368,755	
PETERSBURG	49,968,757	71.18	70,200,500	6,965,925	11.70	59,151,300	56,934,682	44.02	129,351,000	
ST. MARY'S	---	--	2,331,400	---	--	777,100	---	--	3,108,500	
SAND POINT	---	--	13,240,000	---	--	42,000,000	---	--	55,240,000	
SKAGWAY	49,953,450	104.06	48,003,900	---	--	8,929,300	49,953,450	87.74	56,933,200	
TANANA	---	--	4,903,500	---	--	291,800	---	--	5,195,300	
UNALASKA	45,475,240	104.38	43,566,588	29,590,833	98.79	29,954,354	75,066,073	102.10	73,520,942	
VALDEZ	91,811,450	91.14	97,438,600	---	--	27,833,000	91,811,450	73.06	125,672,400	
WRANGELL	65,306,979	96.28	67,829,900	---	--	19,924,717	65,306,979	74.42	87,754,617	
YAKUTAT	7,207,043	38.47	18,733,400	---	--	3,733,500	7,207,043	32.07	22,466,900	
TOTAL CITIES	495,747,149	74.17	668,392,960	77,505,813	22.13	350,255,331	573,252,962	56.28	1,018,648,291	
STATEWIDE TOTAL	14,491,217,098	83.28	17,400,070,668	1,729,405,397	50.66	3,414,086,978	16,220,702,495	77.93	20,814,157,646	

1981

1981

TABLE III

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TABLE III
LOCAL ASSESSMENT VS. FULL VALUE

MUNICIPALITY	REAL PROPERTY			PERSONAL PROPERTY			REAL & PERSONAL PROPERTY			
	Boroughs	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value
ANCHORAGE, MUNICIPALITY OF										
City	2,140,200,615	82.72	2,587,401,600	354,236,390	81.56	434,329,100	2,494,535,005	82.55	3,021,810,700	
Other	3,015,518,437	90.00	4,329,567,300	488,246,070	70.65	691,081,200	4,303,754,507	87.29	4,930,651,500	
TOTAL	5,955,807,052	87.24	6,027,010,900	842,492,460	74.06	1,125,413,300	6,798,299,512	85.49	7,952,462,200	
BRISTOL BAY										
	35,341,700	88.61	39,853,000	42,566,270	95.00	45,164,500	78,247,970	92.04	85,077,500	
FAIRBANKS NORTH STAR										
City	607,650,600	94.50	642,472,600	-0-	-	208,301,200	607,650,600	71.42	850,853,800	
North Pole	60,259,000	89.63	67,218,000	-0-	-	21,825,800	60,259,000	67.66	89,056,600	
Other	715,121,800	92.19	775,777,200	-0-	-	251,599,300	715,121,800	69.61	1,027,339,500	
TOTAL	1,383,031,400	93.11	1,485,443,600	-0-	-	481,006,300	1,383,031,400	70.30	1,967,249,900	
HAINES										
City	22,945,630	96.64	23,743,400	4,746,915	72.02	6,591,100	27,692,545	91.29	30,334,500	
Other	24,423,900	96.64	25,273,700	5,866,202	72.02	8,145,450	30,290,182	90.63	33,419,150	
TOTAL	47,369,530	96.64	49,017,100	10,613,197	72.02	14,736,550	57,982,727	90.95	63,753,650	
JUNEAU, CITY & BOROUGH										
City	169,605,300	92.12	184,113,750	35,419,075	42.99	82,389,100	205,024,375	76.93	266,502,850	
Douglas	30,493,200	89.09	34,227,250	1,436,500	47.99	3,341,450	31,929,700	81.99	37,568,700	
Other	421,191,700	94.35	446,426,000	46,660,675	41.00	108,526,950	467,860,375	84.31	554,952,950	
TOTAL	621,290,200	93.46	664,767,000	83,524,250	42.99	194,257,500	704,814,450	82.05	859,024,500	
KENAI PENINSULA										
Homer	101,763,965	94.67	107,493,450	31,814,445	84.66	37,500,800	133,570,410	92.08	145,074,250	
Kenai	125,365,370	81.07	155,260,350	30,125,514	84.39	35,694,000	155,970,004	86.69	190,959,150	
Seldovia	8,901,400	94.17	9,452,200	4,053,908	81.39	4,803,000	12,955,303	90.88	14,256,000	
Seward	38,084,425	93.03	41,796,200	24,950,050	84.39	29,565,200	63,034,475	89.45	71,361,400	
Soldotna	86,117,900	90.20	95,470,700	11,005,020	84.39	13,040,700	97,122,920	89.51	108,511,400	
Other	1,233,254,015	91.02	1,354,075,800	113,370,503	84.39	134,471,100	1,346,633,318	90.42	1,489,346,900	
TOTAL	1,594,707,005	90.39	1,764,340,700	215,327,440	84.39	255,159,600	1,810,115,315	89.63	2,019,500,300	
KETCHIKAN GATEWAY										
City	105,906,950	86.10	215,710,000	32,399,700	56.02	57,830,800	218,306,650	79.08	273,541,600	
Other	200,073,600	86.10	233,086,400	26,698,350	68.64	38,894,900	227,571,950	83.67	271,931,300	
TOTAL	306,780,550	86.10	448,797,200	59,098,050	61.09	96,725,700	445,878,600	81.73	545,522,900	
KODIAK ISLAND										
City	115,761,027	74.44	155,377,500	301,560,294	87.61	343,923,200	237,322,121	79.56	298,300,700	
Other	51,627,039	74.45	69,341,700	9,330,300	87.63	10,714,200	61,015,427	76.22	80,055,900	
TOTAL	107,300,066	74.44	251,719,200	310,890,602	87.61	354,637,400	298,337,548	78.85	378,356,600	
MATANUSKA-SUSITNA										
Palmer	66,319,000	88.52	74,956,900	7,108,421	47.69	14,905,500	63,457,401	80.77	78,562,400	
Houston	18,921,300	80.11	23,678,300	93,025	47.71	195,000	19,014,405	73.05	26,011,300	
Wasilla	85,507,260	86.00	98,419,900	6,129,494	47.69	12,852,000	91,636,754	82.35	111,277,700	
Other	601,946,660	79.59	756,831,800	22,370,264	47.68	46,705,000	704,254,924	77.94	903,616,800	
TOTAL	842,724,360	80.84	1,042,526,900	35,639,204	47.69	74,730,300	878,363,564	78.62	1,117,265,200	

TABLE III

LOCAL ASSESSMENT VS. FULL VALUE

MUNICIPALITY	REAL PROPERTY			PERSONAL PROPERTY			REAL & PERSONAL PROPERTY			
	Boroughs	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value
WIRTH SLOPE BOROUGH		219,665,480	70.00	313,007,800	90,317,880	96.79	93,317,900	309,983,360	76.14	407,125,700
SEIKA, CITY & BOROUGH		270,683,840	98.85	273,820,600	62,945,916	50.84	108,620,103	333,629,756	87.24	382,448,700
TOTAL BOROUGHES		11,544,870,853	87.72	13,161,150,000	1,553,813,349	59.38	2,616,585,150	13,098,684,202	83.02	15,777,735,150
CITIES										
CORCOVA		42,270,850	98.90	42,708,100	-0-	-	54,854,450	42,270,850	43.33	97,562,550
CRAIG		8,471,892	90.00	9,413,200	614,600	8.09	7,594,800	9,086,492	53.42	17,008,000
DELL INGUWET		20,604,355	75.10	30,194,900	20,587,029	100.00	20,507,000	49,271,304	81.82	50,781,900
GALENA		-0-	-	4,470,500	-0-	-	1,353,500	-0-	-	5,784,000
HODMAN		-0-	-	11,213,000	-0-	-	3,986,900	-0-	-	15,199,900
HYDABURG		-0-	-	5,335,000	-0-	-	2,855,500	-0-	-	8,190,500
KANE		-0-	-	6,623,000	-0-	-	103,000	-0-	-	6,726,000
KING COVE		-0-	-	6,773,300	-0-	-	1,018,500	-0-	-	8,591,800
KLAMOCK		-0-	-	3,042,200	-0-	-	344,000	-0-	-	3,386,200
NEENAH		5,516,219	92.75	5,947,400	3,379,605	90.00	3,755,100	8,895,824	91.69	9,702,500
NOHE		5,015,818	68.54	87,564,300	9,014,171	57.89	16,952,300	69,829,989	66.81	101,516,600
PELICAN		2,771,400	85.20	3,252,600	2,724,300	67.93	4,010,300	5,495,700	75.66	7,263,100
PETERSBURG		61,803,850	99.37	62,193,300	13,392,259	24.81	53,970,200	75,196,109	64.73	116,163,500
ST. MARY'S		-0-	-	2,127,200	-0-	-	709,000	-0-	-	2,836,200
SAND POINT		-0-	-	9,976,000	-0-	-	7,300,000	-0-	-	17,276,000
SILAGWAY		44,005,250	99.55	44,205,700	7,135,383	84.37	8,458,900	51,221,633	97.11	52,744,600
UNALASKA		35,077,110	70.00	50,110,200	33,061,776	93.90	35,209,600	68,130,886	79.81	85,319,800
VALDEZ		87,412,330	89.60	97,557,700	-0-	-	25,396,000	87,412,330	71.09	122,953,700
WRANGELL		46,915,950	89.58	52,372,500	6,272,047	34.44	18,209,000	53,187,997	75.36	70,585,500
YAKUTAT		7,216,095	40.65	17,751,800	-0-	-	3,577,600	7,216,095	33.03	21,329,400
TOTAL CITIES		430,241,119	76.71	560,872,100	96,982,170	35.78	271,045,650	527,223,289	63.37	831,917,750
STATEWIDE TOTAL		11,975,111,972	87.27	13,722,022,100	1,650,795,519	57.17	2,887,630,800	13,625,907,491	82.04	16,609,653,590

TABLE III
LOCAL ASSESSMENTS VS. FULL VALUE

The following criteria should be used to interpret Table III:

Municipalities: Boroughs and cities organized under the laws of Alaska except second class cities without boroughs which do not levy a property tax.

ASSESSED VALUES:

Local assessed property values taxable under provisions of municipal ordinance and state law. (AS 29.53)

RATIOS:

The relationship in terms of percent, which actual assessed property values bear to the Department's full value determination.

FULL VALUES:

The full value of real and personal property taxable under provisions of local ordinance and state law as equalized by the Department of Community and Regional affairs in conformity with uniform standards defined in Attorney General Opinion No. 18, 1962.

NOTE: Table III does not include oil and gas property. (AS 43.56).

TABLE III

LOCAL ASSESSMENT VS. FULL VALUE

MUNICIPALITY	REAL PROPERTY			PERSONAL PROPERTY			REAL & PERSONAL PROPERTY			
	Boroughs	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value
ANCHORAGE, MUNICIPALITY OF										
City	1,987,317,291	81.42	2,440,796,800	319,361,295	83.08	384,361,300	2,306,678,586	81.65	2,825,158,100	
Other	3,495,752,955	86.68	4,033,200,900	445,609,870	75.54	603,272,000	3,941,452,825	85.23	4,636,472,900	
TOTAL	5,483,070,246	84.69	6,473,997,700	765,071,165	78.47	987,633,300	6,248,131,411	83.74	7,461,631,000	
BRISTOL BAY										
	31,288,300	95.00	32,871,900	24,315,006	100.00	24,315,000	55,543,306	93.84	57,186,900	
FAIRBANKS NORTH STAR										
City	554,714,450	87.20	636,121,000			159,030,200	554,714,450	69.76	795,151,200	
North Pole	52,823,925	92.18	57,306,300			14,326,600	52,823,925	73.74	71,632,900	
Other	664,039,675	91.34	727,010,500			78,028,600	664,039,675	82.40	805,839,100	
TOTAL	1,271,578,050	89.52	1,420,437,800			252,185,400	1,271,578,050	76.02	1,672,623,200	
HAILLS										
City	12,266,725	99.74	12,298,700	8,348,005	48.12	17,348,000	20,614,730	69.53	29,646,700	
Other	27,498,100	92.67	29,672,800				27,498,150	92.67	29,672,800	
TOTAL	39,764,825	94.74	41,971,500	8,348,005	48.12	17,348,000	48,112,880	81.11	59,319,500	
JUNEAU										
City	148,361,800	92.91	159,690,500	32,685,850	51.08	63,984,300	181,047,650	80.94	223,674,800	
Douglas	26,398,100	91.91	28,721,300	1,244,725	22.84	5,449,700	27,642,825	80.90	34,171,000	
Other	341,349,700	94.52	361,145,100	52,011,425	54.79	94,921,500	393,361,325	86.25	456,066,600	
TOTAL	516,109,600	93.91	549,556,900	85,942,200	52.29	164,355,500	602,051,800	84.33	713,912,400	
KENAI PENINSULA										
Homer	98,125,965	87.35	112,333,200	15,576,641	100.00	15,576,600	113,702,606	88.89	127,909,800	
Kenai	104,054,885	80.57	117,484,200	19,567,508	100.00	19,567,500	123,622,393	90.20	137,051,700	
Seldovia	8,045,900	78.01	10,314,300	2,167,568	100.00	2,167,600	10,213,468	81.83	12,481,900	
Seward	37,540,850	77.14	48,668,600	20,364,325	100.00	20,364,300	57,905,175	83.88	69,032,900	
Soldotna	85,597,750	88.59	96,618,100	13,097,315	100.00	13,097,300	98,695,065	89.95	109,715,400	
Other	1,035,993,145	91.01	1,138,327,700	96,302,135	100.00	96,302,100	1,132,295,280	91.71	1,234,629,800	
TOTAL	1,369,358,495	89.81	1,523,746,100	167,075,492	100.00	167,075,400	1,536,433,987	90.87	1,690,821,500	
KETCHIKAN GATEWAY										
City	155,813,790	85.85	181,495,400	25,940,850	75.18	34,505,000	181,754,640	84.15	216,000,400	
Other	160,777,025	85.85	187,275,800	24,082,100	75.18	32,030,600	184,859,125	84.29	219,310,300	
TOTAL	316,590,815	85.85	368,771,200	50,022,950	75.18	66,535,600	366,613,765	84.22	435,310,700	
KODIAK ISLAND										
City	133,152,009	80.22	165,983,600	94,509,618	100.00	94,509,600	227,661,627	87.40	260,493,200	
Other	47,656,202	80.21	59,410,800	37,758,835	100.00	37,758,900	85,415,037	87.90	97,169,700	
TOTAL	180,808,211	80.22	225,394,400	132,268,453	100.00	132,268,500	313,076,664	87.53	357,662,900	
MATANUSKA-SUSITNA										
Palmer	6,934,580	68.96	10,055,900	10,679,490	100.00	10,679,500	17,614,070	84.95	20,735,400	
Houston	7,452,160	81.92	9,096,900	629,480	100.00	629,500	8,081,640	83.09	9,726,400	
Wasilla	20,751,400	88.43	23,465,000	10,147,260	100.00	10,147,300	30,898,660	91.93	33,611,300	
Other	725,600,760	83.41	869,871,500	51,491,350	100.00	51,491,300	777,092,110	84.34	921,362,800	
TOTAL	760,738,900	83.37	912,489,300	72,947,580	100.00	72,947,600	833,686,480	84.60	985,436,900	

TABLE III

LOCAL ASSESSMENT VS. FULL VALUE

MUNICIPALITY	REAL PROPERTY			PERSONAL PROPERTY			REAL & PERSONAL PROPERTY		
	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value	Assessed Value	Ratio	Full Value
Boroughs									
NORTH SLOPE	190,888,650	66.84	285,599,451	82,033,140	100.00	82,033,100	272,921,790	74.24	367,632,600
SITKA, CITY & BOROUGH OF	254,986,831	102.14	249,651,000	53,669,600	66.04	81,269,600	308,656,431	93.27	330,920,600
TOTAL BOROUGHS	10,415,122,923	86.19	12,084,491,251	1,441,683,591	70.40	2,047,966,900	11,856,806,514	83.90	14,132,458,200
Cities									
Cordova	36,125,560	88.91	40,631,600			16,100,000	36,125,560	63.79	56,731,600
Craig	5,364,518	90.14	6,436,100	437,000	18.46	2,367,800	5,801,518	65.90	8,803,900
Dillingham	25,070,425	78.74	31,839,500	15,857,697	100.00	15,857,700	40,928,122	85.81	47,697,200
Galena			2,610,800			1,681,200			4,292,000
Hoonah			5,050,935			2,467,848			7,518,783
Hydaburg			3,287,600			535,000			3,822,600
Kake			2,155,400			1,078,700			3,234,100
King Cove	4,732,096	87.45	5,411,500			1,567,700	4,732,096	67.80	6,979,200
Klawock			2,622,600			344,000			2,966,600
Kenai	3,613,554	95.00	3,803,700	1,981,645	100.00	1,981,700	5,595,199	96.71	5,785,400
Rome	55,614,713	78.09	71,257,200	8,922,450	81.69	10,922,500	64,637,164	78.65	82,179,700
Pelican	2,752,500	95.00	2,897,400	2,839,565	78.71	3,607,600	5,592,065	85.97	6,505,000
Petersburg	49,077,330	82.72	59,329,500	12,106,749	62.48	19,376,700	61,184,079	77.74	78,706,200
St. Mary's			1,833,800			611,200			2,445,000
Sand Point			8,600,000			2,100,000			10,700,000
Skagway	38,344,050	99.58	38,492,400	6,703,463	78.58	8,753,500	45,037,413	95.33	47,245,900
Unalaska	26,082,800	95.00	27,455,600	29,173,476	100.00	29,173,500	55,256,276	97.58	56,629,100
Valdez	88,451,310	94.74	93,631,500			28,089,500	88,451,310	72.67	121,721,000
Wrangell	44,121,635	87.04	50,692,600	5,054,864	49.41	10,229,900	49,176,499	80.72	60,922,500
Yakutat	9,089,303	90.00	10,099,200				9,089,303	72.00	12,624,000
TOTAL CITIES	388,459,794	82.93	468,138,935	83,076,909	52.13	159,370,848	476,112,644	75.07	627,509,783
STATEWIDE TOTAL	10,803,582,717	86.07	12,552,630,186	1,524,760,500	69.08	2,207,337,748	12,332,919,158	83.56	14,759,967,983

Taxation

CHAPTER 25.

TAXATION.¹

Article I. Assessment, Levy and Collection of Taxes.

Division 1. Generally.

- § 25-1. Property subject to taxation generally.
- § 25-2. Exemption of personal property from taxation; mobile homes classified as real property.
- § 25-2.1. Exemptions required by state law.
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- § 25-3. Determination of annual levy, due dates, etc.; limitation on amount of levy.

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- § 25-4. Assessment procedure generally; preparation of assessment roll.
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Division 3. Levy and Collection.

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- § 25-14. Foreclosure and sale of real property for delinquent taxes; redemption.
- § 25-15. Foreclosure on personal property.

Article II. Sales Tax.

- § 25-16 to 25-33. Repealed.

1. As to finance generally, see ch. 9 of this Code.

Article V. Tax on Pipeline Property.

- § 25-124. Levied on "taxable property."
 § 25-125. Levied on "construction equipment."

Article VI. Hotel-Motel Room Tax.

- § 25-126. Definitions.
 § 25-127. Levied; responsibility for payment; collection.
 § 25-128. Certificate of registration.
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 § 25-133. Same--Investigation by city.
 § 25-134. Suits for collection.
 § 25-135. Prohibited acts.
 § 25-136. Civil penalties for violations.
 § 25-137. Use of funds generated; creation of advisory board.

Article I. Assessment, Levy and Collection
of Taxes.

Division 1. Generally.

Sec. 25-1. Property subject to taxation generally.

All property not expressly exempt by the city, or exempted from taxation by the city under federal or state constitutional provisions, shall be subject to annual taxation at its full and true value based upon the actual value of the property assessed. (Ord. No. 6303, § 1.)

Sec. 25-2. Exemption of personal property from taxation;
mobile homes classified as real property.

(a) Effective January 1, 1968, all personal property located within or owned by residents of the city shall be exempt from the Valdez personal property tax. This exemption includes, but is not limited to, household furniture and effects, intangibles, inventories and goods in process, and boats and vessels of all types.

(b) For the purposes of this chapter, real property includes, among other things, trailers and mobile homes, and lean-tos and similar structures attached or contiguous thereto. The words "trailers and mobile homes" include all forms of housing adaptable to being moved by a power connected thereto, and which are or can be used for residential, business, commercial or office purposes. Provided, however, that those trailers which are (1) used for camping or recreational purposes only, or (2) not affixed to the site and not con-

nected with utilities, shall be considered to be personal property and exempt from taxation. A trailer or mobile home is conclusively presumed to be affixed to the land and real property for the purposes of taxation when it has remained at a fixed site for more than ninety days. When the ownership of a trailer or mobile home and attachments and appurtenances is different from the land upon which it rests, the city may, in its discretion, assess and tax the ownerships separately. (Ord. No. 6803, § 2.)

Sec. 25-2.1. Exemptions required by state law.

(a) The following property is exempt from general taxation:

(1) Municipal, state or federally owned property; except, that private leaseholds, contracts or other interest in the property shall be taxable to the extent of those interests.

(2) Household furniture of the head of a family or a householder not exceeding five hundred dollars in value.

(3) Property used exclusively for nonprofit religious, charitable, cemetery, hospital or educational purposes. "Property used exclusively for religious purposes" includes the following property owned by a religious organization:

a. The residence of the pastor, priest, rabbi, minister or religious order of a recognized religious organization: —

b. A structure, its furniture and its fixtures used solely for public worship, charitable purposes, religious education or a nonprofit hospital;

c. Lots supporting and adjacent to a structure or residence mentioned in subparagraphs a. or b. of this subsection which are necessary to convenient use; and

d. Lots required by local ordinance for parking near a structure defined in subparagraph b. of this subsection.

(4) Property of a nonbusiness organization composed entirely of persons with ninety days or more of active service in the armed forces of the United States whose conditions of service and separation were other than dishonorable, or the property of the auxiliary of such organization.

(5) Money on deposit.

(6) After January 1, 1973, the real property owned and occupied as a permanent place of abode by a resident sixty-five years of age or over is exempt from taxation of the assessed value of the real property. Only one exemption may be granted with respect to the same property and, if two or more per-

sons are eligible for an exemption with respect to the same property, the parties shall decide between or among themselves which shall receive the benefit of the exemption. No real property may be exempted under this subsection which the assessor determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor is appealable under Alaska Statutes, sections 44.62.560--44.62.570.

(b) Property described in subsection (a) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable or hospital groups or by educational groups for classroom space.

(c) No exemption may be granted except upon written application for the exemption on a form prescribed by the state assessor for use by local assessors. The claimant must file the application no later than January 15 of the assess-

next year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, he shall allow an exemption in accordance with the provisions of this section. The assessor may at any time require proof in the form he considers necessary of the right and amount of an exemption claimed under this section. (Ord. No. 7538, § 1.)

Sec. 25-2.2. Additional exemptions.

Thirty percent of the assessed value, up to a maximum of ten thousand dollars, of a principal residence owned and occupied by the taxpayer is exempt from taxation. (Ord. No. 7611, § 1.)

Sec. 25-3. Determination of annual levy, due dates, etc.; limitation on amount of levy.

The rate of levy of tax, the date of equalization of the tax and the date when taxes shall become delinquent shall be fixed by resolution of the city council, and the levy for school and municipal purposes shall be separately made and fixed, but the aggregate thereof shall not exceed three per cent of the assessed value of the property assessed. (Ord. No. 218, § 1.)

Division 2. Assessments.

Sec. 25-4. Assessment procedure generally; preparation of assessment roll.

(a) All taxable property shall be assessed at its true and full value and all assessments shall be uniform and equal and based upon the actual value of the property assessed. The "full and true value" is the estimated price which the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

(b) The city assessor shall annually assess and list on a tax roll all real property in the name of the person by whom it is owned on the first day of January. If no owner or claimant to the property can be discovered, the property shall be assessed to the unknown owner.

(c) The assessor shall complete the listings for the annual assessment roll of all real property within the city before March 1, or other such date as may be established by the city council each year. The listing of all taxable property may be made upon permanent separate ledger cards which will be the combined assessment roll and tax ledger. Real property shall be assessed to the owner of record as shown in the records of the recorder of the district; provided, that any other person having an interest in the property may be listed on the assessment records with the owner. The person in whose name any property is listed as owner thereof shall be conclusively presumed to be the legal owner of record. If the owner of land is unknown, such land may be assessed to an "Unknown Owner" or "Unknown Owners." No assessment shall be invalidated by a mistake, omission or error in the name of the owner of the real property assessed, if the property is correctly described.

(d) The assessor may list real property located in any subdivision by lot and block or tract description, and unsubdivided property according to the land office section and township survey description, or by giving the boundaries thereof, or by reference to the book and page of the records of the recorder where the description may be found or by designation of tax lot number, referring to a public record kept by the assessor of descriptions of real property, or in such other manner as to cause the description to be capable of being made certain. Initial letters, abbreviations, fractions and exponents to designate the township, range, section or part of a section, or the number of any lot or block or part thereof, or any distance, course, bearing or direction, may be employed in any such description of real property.

(e) The assessor personally, or by any designated assistant, shall, after identifying themselves, have the right to enter upon and inspect the premises of any person at reasonable times for the purpose of making an examination, valuation, or assessment of real property. He shall have access to and may examine all property records involved, and any person shall, upon request, furnish to the assessor or his assistant every facility and assistance for the purposes of such examination, valuation or assessment. (Ord. No. 6803, § 3; Ord. No. 7539, § 1.)

Sec. 25-4.1. Reevaluation.

A systematic reevaluation of taxable real and personal property undertaken by the assessor, whether of specific areas in which real property is located or of specific classes of real or personal property to be assessed, shall be made only in accordance with a resolution or other act of the city council directing a systematic reevaluation of all taxable property within the city over the shortest period of time practicable, as determined by the city council and fixed in the resolution or other act of the council. (Ord. No. 7539, § 2.)

Sec. 25-5. Contents of assessment roll.

The assessor shall prepare an annual assessment roll, in duplicate, upon which he shall enter the following particulars:

- (a) The names and last known addresses of all persons with property liable to assessment and taxation.
- (b) A description of all taxable property.
- (c) The assessed value, quantity or amount of such property.
- (d) The arrears of taxes, if any, owed by any person. (Ord. No. 218, § 4.)

Sec. 25-6. Notices of assessment to be given; corrections in assessment roll by assessor.

(a) The assessor shall give to every person named in the assessment roll a notice of assessment, showing the assessed value of his property, at least

thirty days before the equalization hearings. On the back of each assessment notice shall be printed a brief summary, for the information of the taxpayer, of the dates when the taxes are payable, delinquent and subject to interest and penalty, dates when the board will sit for equalization purposes and any other particulars specified by the city council. The assessment notice shall be directed to the person to whom it is to be given, and shall be sufficiently given if it is mailed by first class mail addressed to, or is delivered at, his address as last known to the assessor; or if the address is not known to the assessor, the notice may be addressed to the post office nearest to the place where the property is situated. The date on which the notice is mailed, or if delivered by a city official or employee then on the date of such delivery, shall be deemed to be the date on which the notice is given.

(b) When valuation notices have been mailed, the assessor shall cause notice that the assessment rolls have been completed to be published in a newspaper of general circulation once each week for two successive weeks. In the event no newspaper of general circulation is published in the city, the assessor shall cause such notices to be posted at two public places for a period of two weeks. Such notice shall also state when and where the equalization hearings shall be held, and that an appeal may be taken to the board of equalization upon the filing of notice, in writing, with the board specifying the grounds for the appeal.

(c) The assessor may correct any error or supply any omission made or arising in the preparation of the assessment roll at any time before the sitting of the board of equalization. It shall be the duty of every person receiving a notice of assessment to advise the assessor of any error or omission he may have observed in the assessment of his property, in order that the assessor may correct the same.

If errors found in the preparation of the assessment roll are adjusted, the assessor shall mail a corrected notice allowing thirty days for appeal to the board. (Ord. No. 218, § 5; Ord. No. 7539, §§ 3, 4.)

Sec. 25-7. Appeals to board of equalization.

(a) Any person who receives notice or whose name appears on the assessment roll may appear to the board of equalization with respect to any alleged error in the valuation, overcharge, omission or neglect of the assessor not adjusted to the taxpayer's satisfaction. Whenever it appears to the board that there are overcharges or errors or invalidities in the assessment roll, or in any of the proceedings leading up to or subsequent to the preparation of the roll, and there is no appeal before the board by which the same may be dealt with, or where the name of any person is ordered by the board to be entered on the assessment roll, by way of addition or substitution, for the purpose of assessment, the board shall cause notice of assessment to be mailed by the assessor to that person or his agent giving him at least thirty days from the date of such mailing within which to appeal to the board against the assessment.

(b) Notice of appeal, in writing, specifying the grounds for the appeal, shall be filed with the board of equalization within thirty days after the date on which the assessor's notice of assessment was given to the person appealing. Such notice shall contain a certification that a true copy thereof was mailed or delivered to the assessor. If notice of appeal is not given within that period, the right of appeal shall cease as to any matter within the jurisdiction of the board, unless it is shown to the satisfaction of the board that the taxpayer was unable to appeal within the time so limited. A copy of the notice of appeal shall be sent to the assessor as above indicated.

(c) Upon receipt of the notice of appeal, the assessor shall make a record of the same in such form as the city council may direct, which record shall contain all the information shown on the assessment roll in respect of the subject matter of the appeal, and the assessor shall place the same before the board of equalization from time to time as may be required by the board. The board shall cause a notice of the sitting at which the appeal is to be heard to be mailed by the assessor to the person by whom the notice of appeal was given, and to every other person in respect of whom the appeal is taken, to their respective addresses last known to the assessor.

(d) The city may appeal an assessment to the board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall notify the person whose property assessment is being appealed by the city. (Ord. No. 218, § 6; Ord. No. 7539, § 5.)

Sec. 25-7.1. Hearing.

(a) If an appellant fails to appear, the board of equalization may proceed with the hearing in his absence.

(b) The appellant bears the burden of proof.

(c) The only grounds for adjustment is proof of unequal, excessive or improper valuation based on facts which are stated in a valid written appeal timely filed or proved at the hearing.

(d) The board shall certify its actions to the assessor within seven days.

(e) The assessor shall enter the changes and certify the final assessment roll by June 1.

(f) An appellant may appeal to the superior court for, and is entitled to, trial de novo of the board's action. Either party to the appeal may demand a jury trial. (Ord. No. 7539, § 6.)

Sec. 25-8. Completion of assessment roll; records of board of equalization; certification of assessment roll.⁹

(a) The assessor shall enter the changes, so certified upon his records, and no assessed valuations shall thereafter be changed. After the hearings held by the board of equalization are concluded, the assessor shall complete the annual assessment roll, at a time to be determined by the city council, which shall be based on values as of January 1 immediately preceding, and he shall certify the same. Such supplementary assessment rolls shall be prepared and certified as may be expedient or necessary.

(b) The city clerk shall be ex officio clerk of the board of equalization and shall record in the minutes of the meeting all proceedings before the board and the names of all persons protesting assessments. All changes, revisions, corrections and orders relating to claims or adjustments and all final decisions shall be recorded in a record to be kept by the city clerk and to be known as the appeal record. Within three days following the final hearings of the board, the city clerk shall transmit to the assessor all corrections, revisions or changes authorized and approved by the board and shall certify that the changes so reported are as approved by the board of equalization.

(c) All taxes to be levied or collected, except as otherwise provided, shall be calculated, levied and collected upon the assessed values entered in the assessment roll and certified by the assessor as correct, subject to the taxpayer's right of appeal and to the corrections and amendments made in the rolls pursuant to this article. (Ord. No. 218, § 7.)

Sec. 25-9. Appeals to superior court.¹

Any person feeling aggrieved by any order of the board of equalization shall have the right of appeal on a de novo basis to the superior court; provided, that the person has first taken his appeal to the board of equalization. (Ord. No. 218, § 8.)

Sec. 25-10. Supplementary assessment rolls.²

All the duties imposed upon the assessor and the city clerk with respect to the annual assessment roll and all the provisions of this article relating to assessment rolls shall, as far as applicable, apply to supplementary assessment rolls. The delinquent date when taxes shall become delinquent, as determined by the city council, shall also apply to property listed on the supplementary assessment rolls. (Ord. No. 218, § 9.)

9. For similar state law, see A. S., §§ 29.10.432, 29.10.435, 29.10.429, 29.10.438.

1. For similar state law, see A. S., § 29.10.426.

2. For similar state law, see A. S., § 29.10.441.

Sec. 25-11. Delivery of assessment roll to city council; validity of assessment rolls.³

(a) When the final assessment records have been completed by the assessor as provided in this division, the assessor shall deliver to the city council a statement of the total assessed valuation of all real property within the city.

(b) ~~Every assessment roll as completed and certified by the assessor, and as corrected and amended by him from time to time in conformity with this article and the decisions of the board of equalization, shall, except insofar as the same may be further amended as a result of an appeal to the court, as provided by this article, be valid and binding on all persons, notwithstanding any defect, error, omission or invalidity existing in the assessment roll or any part thereof, and notwithstanding any proceedings pertaining thereto. (Ord. No. 6803, § 4.)~~

Division 3. Levy and Collection.⁴

Sec. 25-12. Determination of tax rate and delinquent date; tax statements; penalties for delinquent payment.⁵

The city council shall thereupon, by resolution, fix the rate of tax levy and designate the number of mills upon each dollar of assessed real and personal property that shall be levied, and shall levy such tax in accordance therewith and shall determine the date when taxes shall become delinquent. If the total tax assessed to any owner is less than one dollar, then the administration may delete such tax obligation from the tax roll.

The assessor shall then prepare and mail tax statements to the persons listed as the owners on the tax rolls. If the total tax assessed against the taxpayer is in excess of ten dollars, the taxpayer shall be given the right to pay such taxes in two installments. If the first half tax is not paid when due, the entire tax becomes delinquent and penalty and interest accrue as provided in this article. If the first half is paid when due, the second half of such taxes shall be payable on the date fixed by the city council for such second half, and if not paid shall be delinquent after such date.

A penalty not to exceed eight per cent shall be added to all taxes delinquent until the due date fixed for the payment of the second half, and interest at the rate of eight per cent a year shall be charged on the whole of the unpaid taxes, not including the

3. For similar state law, see A. S. , §§ 29.10.444, 29.10.447.

4. For state law authorizing city to enforce tax liens by foreclosure and sale, see A. S. , § 29.10.456.

5. For similar state law, see A. S. , §§ 29.10.447, 29.10.450, 29.10.453.

(g) The council has the power to:

- (1) Delegate the power to invest the fund to the city manager or other city official, and require reports relating to the investment as it prescribes;
- (2) Hire other persons as necessary to assist the council in the exercise of its powers; and
- (3) Take whatever other actions are reasonably necessary in furtherance of the purpose of this section. (7-19-77.)

Chapter VII. Taxation.

Sec. 7.1. Taxation by ordinance.

The council shall provide in the Code for the annual assessment, levy and collection of city taxes. Council may provide for differential taxation based upon differences in kind or level of services provided within service areas established by ordinance.

Sec. 7.2. Exemptions.

The power of taxation shall never be surrendered. No exemptions from taxation shall be allowed, except such as are expressly provided by law. Private leaseholds, contracts or interests in land or property owned or held by the United States, the state or its political subdivisions, shall be taxable to the extent of the interests.

Sec. 7.3. Assessment day

The taxable status of property shall be determined as of the first day of January, or such other date as may subsequently be required by law, which shall be the assessment day. Values on the assessment roll shall be determined according to the facts existing on the assessment day for the year for which the assessment roll is made, and no change of the status of any property after that day shall be considered by the council when acting as a board of equalization. Standards of appraisal shall be followed by the council when established as a board of equalization.

Standards of appraisal shall be followed by the council when established by law.

Sec. 7.4. Security for taxes on real property.

The city shall have a first lien upon all real property against which taxes are assessed for the taxes and any collection charges, penalties and interest which may accumulate thereto, which lien shall continue until the taxes are paid.

Sec. 7.5. Protection of city's real property tax liens.

The city may protect its lien for taxes upon real property by sale at tax sale, or by purchasing the real property at any tax sale or other public sale, or by direct negotiation with the owner. Any such procedure shall be deemed to be for a public purpose. When the city has acquired an interest in real property to protect a tax lien thereon, the owner of any interest in such real property may redeem the same by paying the delinquent city taxes and all accrued charges, penalties and interest thereon. After the city has held any tax delinquent real property for one year, it may hold the same for public use or sell it at public auction to the highest bidder.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

§ 7.6. Security for taxes on personal property.

City taxes on personal property shall be a debt to the city from the persons to whom they are assessed. If any person to whom such taxes are assessed fails to pay the taxes, or if the collecting officer reasonably believes that any person will not pay such taxes, the taxes and accrued charges, penalties and interest may be collected by a personal action in the name of the city against the person to whom assessed in a court of competent jurisdiction, or by distraint and sale of any personal property of the person assessed. Neither of the remedies herein given shall be exclusive of the other at any time.

Chapter VIIA. Service Areas.

§ 7A.1. Purpose.

Service areas may be established to provide services not provided on an area-wide basis or to provide a higher level of service than that provided on an area-wide basis.

§ 7A.2. Establishment.

(a) The council by ordinance may establish, alter, consolidate or eliminate service areas. The council by ordinance may add or eliminate services to a service area. The ordinance shall contain the following:

- (1) Boundaries and area to be included;
- (2) Service to be provided or be eliminated; and
- (3) Other provisions the council includes.

(b) If a petition of protest is filed with the council before the effective date of the ordinance adopted under this section, the ordinance shall be submitted to the qualified voters residing in the service area or proposed service area and if ratified shall take effect upon certification of the election. The petition shall contain signatures of at least ten percent or 100 of the qualified voters residing in the service area or proposed service area, whichever is the lesser. Each new service or each service to be eliminated shall be placed separately on the ballot and shall require ratification by a majority of the qualified voters voting on the question. There shall be no election under this subsection to eliminate a service to be provided on an area-wide basis.

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LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

Sec. 1.13. Severability of Charter provisions.

If any portion of this Charter is held to be invalid, such invalidity shall not affect the remainder of the Charter; and to that end, this Charter is declared to be severable.

Chapter II. Officers.Sec. 2.1. City officers.

- (a) The elective officers of the city are the seven councilmen.
- (b) The appointive officers of the city are the city clerk, and the city attorney.
- (c) The administration officers are all officers of the city other than elective officers and appointive officers.

Sec. 2.2. Eligibility for elective city office.

(a) To be eligible to file a nominating petition for election to a city office, a person shall be an elector of the city and shall have been a resident of the city or of territory annexed to the city, or shall have had a combination of residence in the city and in the annexed territory for a period of not less than one year immediately preceding the date of the filing of such petition.

(b) A person appointed to fill a vacancy in an elective office must have such qualifications at the time of his appointment.

(c) The council shall be the judge of the election and of the qualifications of its members.

Sec. 2.3. Persons ineligible for city office or employment.

A person who holds or has held an elective city office shall not be eligible for appointment to an office or for employment for which a salary is paid by the city until one year has elapsed following the term for which he was elected or appointed. An exception may be made with the approval of four or more members of the council.

Sec. 2.4. Notice of election or appointment.

The city clerk shall mail to each person elected or appointed, a certificate of election or appointment within five days from the time of election or appointment.

Sec. 2.5. Compensation of officers.

The compensation for the service of each city officer and employee shall be the amount fixed by the council.

Sec. 2.6. Compensation of mayor and councilmen.

The compensation of the mayor and councilmen shall be determined by ordinance. No increase in the compensation of the mayor and councilmen shall take effect until the council meeting following the first general city election after the increase is ordered.

Sec. 2.7. Oath of office.

Every officer of the city before entering upon his duties shall take the oath or affirmation required by section 5 of article XII, Constitution of the State of Alaska. The council may require designated employees to take such oath before entering upon their employment. Oaths of office shall be filed with the city clerk.

Sec. 2.8. Surety bonds.

In order to protect the city and the public, the council may require appropriate surety bonds of officers and employees. The premium of such bonds shall be paid by the city.

Sec. 2.9. Giving of surety by officers and employees forbidden.

No officer or employee shall give or furnish any bail, bond or recognizance, nor shall he be the agent of any bondsman in connection with any bond which may be required by law or by the council.

Sec. 2.10. Vacancies in office.

(a) A city office shall become vacant upon the occurrence of any of the following:

- (1) The expiration of the term of office;
- (2) The death of the incumbent;
- (3) A resignation when approved by the council;
- (4) A removal from office in the manner provided by law;
- (5) Ceasing to possess at any time the qualifications or eligibility required by this Charter for election or appointment to office;
- (6) Final conviction of a felony involving moral turpitude, or an offense involving a violation of an oath of office;
- (7) A judicial determination that the incumbent is of unsound mind;

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ANCHORAGE, ALASKA, FRIDAY, FEBRUARY 18, 1983

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Revenue department examines Valdez property tax rolls

Continued from Page A-1

residential property. The second is Alyeska Pipeline Co. property, which is assessed by the state.

The oil company property, which provides about 95 percent of the city's tax revenues, did not receive the benefit of Lewis' assessment reduction and was taxed at full assessed value. Had he not changed the city roll, Valdez residents would have paid \$100,000 more during the period

and the state would have received \$100,000 more from its oil tax.

Alyeska pays a flat 20 mills in property taxes each year on property in Valdez. The city tax levy, 0.7 mills in 1982, is taken out of the 20-mill state levy and the remainder goes to the state.

The assessment change meant that the tax rate on the oil property had to go up to produce enough money to operate city government. When this happened Alyeska paid more to the city and, accord-

ingly, less of the 20 mill- assessment went to the state.

Donohue said his department is investigating all aspects of the question.

He said one determination to be made is whether the resultant city roll on which taxes were levied was assessed at fair market value.

This determination can be made only by the state tax assessor, who works under Lewis in the Department of Community and Regional Affairs.

"This is the first time we

have been approached with this kind of a problem," Donohue said. "Our jurisdiction is to try to determine whether the state received a fair amount of money."

He said the results will be referred to the Department of Law "to see if it is actionable."

Donohue said he could not predict when his investigation might be completed. He said the review may be complicated by variances in the law regarding assessment procedures.

State probes property tax rolls in Valdez

By STEVE SEPLOCHA
Daily News business editor

The state Department of Revenue is investigating Valdez property tax records for 1981 and 1982 to determine whether the city owes the state \$100,000 as a result of changes made in the tax roll by then-City Manager Mark Lewis.

Joe Donohue, deputy commissioner of revenue, said Thursday that if the investigation verifies press reports about the changes the matter will be referred to the Department of Law for possible collection action.

Lewis, who is now Commissioner of Community and Regional Affairs, lowered the tax assessment rolls by 15 percent in 1981 and 1982 without legal authority to do so.

State statutes prohibit any individual from changing property appraisals delivered by the tax assessor. Changes can only be made by a court or by the city council sitting as the Board of Tax Equalization.

Lewis said he ordered the rolls lowered because he felt economic downturns in the community justified it. He said the assessor agreed with the changes but the assessor, Rich Randell, said he did not.

The change may have had the effect of denying the state \$100,000 it was due over the two-year period from state taxes on oil property in the city.

Valdez taxes two rolls. One is the city commercial and

See Back Page, REVENUE

Valdez tax flap sparks state probe

By STEVE SEPLOCHA
Daily News business editor

State Commissioner of Revenue Robert Heath said Friday that he is conducting an investigation of all oil pipeline property that is taxed by municipalities in the state.

Heath said the investigation was touched off by articles in The Daily News about changes made in the Valdez property tax rolls in the past two years that may have caused the state to lose money.

Former Valdez City Manager Mark Lewis, who is now commissioner of Community and Regional Affairs, ordered the 1981 and 1982 tax rolls presented by the city's tax assessor to be lowered 15 percent without legal authority to do so. The changes meant that the state did not receive about \$190,000 it would have gotten had the rolls as presented by the assessor been unchanged.

The city of Valdez has two

See Back Page, STATE

State starts investigation of oil pipeline property taxed by municipalities

Continued from Page A-1

tax rolls — one prepared by the city and an oil property roll prepared by the state.

The oil property did not receive the 15 percent reduction that Lewis applied to the city roll.

Alyeska Pipeline Service Co. is taxed a flat 20 mills by the state, and from the 20 mills the city tax is subtracted. By paying more to the city the pipeline company paid less to the state.

Heath said that the situation outlined in the stories might occur elsewhere and that is why he talked to Gov. Bill Sheffield about a statewide investigation and began one with Sheffield's approval. He said he hasn't gotten to the specifics of the Valdez changes made by Lewis, but plans to pursue the investigation.

When asked if he was investigating Lewis, Heath said, "If there are state monies that are not where they

should be, I will include that in my report to the Department of Law."

In a press release issued in Juneau, Heath said an article in Friday's Daily News about the investigation contained "misimpressions" about his investigations. When asked later to be specific, he said he meant that the investigation is statewide. The Daily News story centered on the Valdez investigation.

When asked what the statewide probe had to do with Lewis and the Valdez situation, he emphasized that his study was "in a very preliminary stage" and had not touched on the Valdez issue.

He said his investigators had not talked to past or present Valdez officials unless they had done so in the past day or so. Heath further said that his office had not checked with Valdez tax assessor Rich Randell but would do so.

Lewis maintains that he changed the rolls because of

economic downturns in the community and that he had Randell's permission to do so. Randell said he did not give his permission and maintained "true value rolls" in his office that were higher than those Lewis had approved by the City Council.

The City Council did not become aware that changes were made until last fall, months after Lewis had left the city. An opinion by the city attorney in December concluded "that no one individual has the authority" to change the assessments presented by the assessor.

The issue may turn on a letter that Randell sent Lewis in 1981 shortly after the two had talked about the accuracy of the assessments presented by Randell.

Lewis' version is that Randell agreed the rolls could be off by 15 percent and agreed to write a letter to that effect.

Lewis said this letter was consent to the assessment re-

duction as required by statute. Randell, however, said that he did not consent. He said he told Lewis that any assessor could make a mistake and sent him a letter to that effect. He said the letter in no way agreed with lowering the rolls and that is why he kept his original cards on file.

Heath, in discussing his investigation, agreed that there were two separate issues involved: one being whether the state is receiving its fair share of taxes on a statewide basis and the other being the Valdez matter specifically.

He said his preliminary conclusion was that statewide, including Valdez, it appears the tax assessments reported to the state were fair.

He acknowledged that this information was provided by the state tax assessor, who works under Lewis, but said he "will get it independently."

He further acknowledged that the conclusion did not

address the issue of whether Lewis changed the roll and whether such a change was proper. "What I need is time to finish my report," he said. Heath said the report probably will be finished by March.

According to the Associated Press, Lewis issued a press release Friday saying he welcomes the review, "particularly those compiled" by Valdez, during his tenure as city manager. In the release Lewis said the assessments were made "legally and properly."

The story quoted Lewis as saying he presented the "back-up documentation which clearly indicates the tax rolls were not improper and that the studies of assessed valuation to market value indicate Valdez assessments were in conformance with state standards."

"It is unfortunate the recent stories did not present the complete facts on the issue and have a one-sided biased interpretation."

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

TO: Representative Barbara Lacher

FROM: Staff

SUBJECT: Review of Attorney General's report on potential state claim against the City of Valdez for recovery of taxes.

DATE: May 12, 1983

According to the Department of Revenue Report and the opinion by the Department of Law, Mr. Lewis' actions were not illegal and "it is not clear that Mr. Lewis acted improperly. . . ." After detailed review of the report and of other factors, I believe the report is precisely correct in the conclusions made therein.

Should you have any remaining concerns on this subject, I would suggest that the following areas be reviewed for clarification. The line of thought is not in points of law, but in points of fact that may, in the minds of the committee, be indicative of characteristics upon which the committee may wish to base a judgment.

The central issues to be addressed are:

-Did Mr. Lewis assume the role of assessor by changing the tax valuations and, if so, was the assumption proper or improper?

-Was the City Council not informed of the tax valuation changes with the intent that the Council would assume that the tax rolls presented to it reflected the result of the contract assessor's work?

Discussion:

Re: Assumption of role of assessor.

While state law and city codes are explicit in requiring the assessor to prepare the tax valuations, they are not clear on who the assessor shall be. The City of Valdez does not have a designated assessor and thus, under the broad powers and authorities delegated to a City Manager, it can be reasonably argued that the manager can perform the acts of a de facto assessor.

The argument that Mr. Lewis is not qualified to act as an assessor cannot be completely substantiated. First, there are no legally established standards of qualifications to be an assessor and, secondly, the reduced property valuations are judged to be reasonable in relation to valuations in other municipalities. The only potentially questionable areas in the reduction of the tax rolls are procedural questions. First, not all properties were reduced equally in that the less valuable properties were not reduced from the assessor's valuation; and, secondly, a reputable assessor would have established a factual basis for an across-the-board assessment reduction. This is essentially a question of procedure, the dollar valuation of the lower valued properties being irrelevant, and no points of law are involved.

Legally, the tax rolls containing the lowered figures were certified by the assessor, Mr. Randell, as being true and correct and in accordance with law. Therefore, it is reasonable to assume that Mr. Randell agreed with the lowered figures.

There remains a "fine line" of distinction, outside of legal sufficiency, regarding Mr. Randell's agreement or disagreement with the reduced figures. Mr. Randell readily agreed that a variance of 15% to 20% in valuation opinions is reasonable, but the valuations he submitted were correct in his best judgment. He did not clearly acquiesce, at that time, to reducing the valuations, but, by his later certification, he legally agreed. While there is no indication of implied or explicit coercion, the fact is that Mr. Lewis was solely responsible for the selection and contracting for city assessment work. It appears that Mr. Randell tried to maintain his own professional standards by refusing to personally change his valuations, and later tried to accommodate the situation by ignoring the fact that the rolls he certified were not the ones he prepared.

Conclusion: The bottom line is that it is a subjective judgment as to the propriety or impropriety of Mr. Lewis' action to alter the tax rolls after they were prepared by the assessor. There is little, if any, likelihood that any illegal acts could be proven in a court of law.

The second issue, that of not informing the Council of the alteration of the property valuations, again, clearly does not constitute a legal violation.

There does not appear to be any debate over the allegation that the City Council was not informed of the lowering of the assessed valuations. Absent such debate, and in note of public statements that substantiate the allegation, it should be assumed that the Council was not informed.

If the arguments that assert that Mr. Lewis had the right and authority to act in the role of assessor are accepted, then it follows that the assessor's valuations were presented to the Council and there was no need to inform it of any changes, because in this case, there effectively were no changes to the tax rolls that were finally prepared for the Council.

If the argument that Mr. Randell agreed to the reduction in property valuations is accepted, there still remains the "fine point" of when he agreed -- before the presentation of the rolls to the Council, or after the Board of Equalization adjustments.

Assuming that Mr. Randell did not agree to the property valuation changes prior to the presentation to the Council, and that it is believed that Mr. Lewis should not have acted in the role of assessor, the ethical question remains: Should Mr. Lewis have informed the Council of his actions regarding the changes in the property valuations?

An important consideration in the mental process of determining an answer to the question involved, is the relationship established by a City Council and the City Manager. The extent of the trust and confidence of the Council in the Manager, and the Manager's knowledge of what is and what is not of interest or concern to the Council, is developed over an extended period of time. Some councils expect and demand to be informed of virtually every activity and decision of the city administration and others are simply not interested in the details. In the latter case, it is a matter of personal judgment on the part of the manager as to what items should be brought to the attention of the council. In the case of the Valdez City Council, it is commonly accepted that the City Manager was given a fairly free hand in the administration of the City.

In view of the preceding discussion, there is probably no reason to make a harsh judgment of impropriety unless there were other motives for failing to tell the Council of the changes directed by Mr. Lewis. Following this line of reasoning, the Council would not have been informed because of the possibility that it would not have approved of Mr. Lewis' action. The basis of its disapproval could have been the arbitrary method used for reducing the rolls, or the usurpation of the role of the assessor by Mr. Lewis, or it may have simply had more confidence in the validity of the figures prepared by the contract assessor.

Regardless of the possible reasons for Council disapproval, if in fact the Council was not informed for other motives, the possible motives need review.

First, the benefit to be gained by the reduction in property tax that might accrue to Mr. Lewis is not sufficient to be significant, given the income of Mr. Lewis, and should be discarded as a possible motive.

Next, a major consideration when evaluating the effectiveness of a city manager or a political figure is the ability to provide excellent public services and capital improvements while keeping tax rates at the lowest possible level. I have found no evidence of Mr. Lewis having ambition for higher office, or of criticism of his city manager activities in early 1981, when the property valuation reductions were first directed.

Another possible motive was that Mr. Lewis had become overly involved, on a deeply personal and emotional level, with trying to do everything possible in the best interest of the citizens of Valdez. If this were

the case, and this being the motive for not informing the Council of his actions for fear of disapproval, then this is an issue for which he could be faulted for judgment.

If, as Mr. Lewis has stated, the reason for his reduction in property valuations was simply that he felt that they were too high, we come back full circle to the question -- why did he not tell the Council that he had changed them? Again, the same answer -- fear of disapproval and possible alternate motives, all of which I can imagine have been examined.

Conclusion: If Mr. Lewis intentionally wanted to have the City Council assume that the property valuation rolls presented to them had been prepared by the assessor, the only logical reason was fear that they would not approve his changing the rolls.

The possible motives for intentionally deceiving the City Council have been examined and from the viewpoint of personal gain have been, in large part, found to be without substantial merit. Therefore, it can reasonably be argued that Mr. Lewis really did not feel that he had done anything irregular and was not obligated to inform the Council.

Whether or not Mr. Lewis acted improperly is probably an arguable point. Whether or not he used appropriate judgement or acted irregularly in not informing the Council is a matter for the considered evaluation of this committee.



Official Business

Alaska State Legislature

Senate

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MEMORANDUM

TO: Senator Gilman
Member
Senate Community & Regional
Affairs Committee

DATE: 18 March 1983

FROM: McKie Campbell *McK*
Professional Assistant
Senate Community & Regional
Affairs Committee

SUBJ: 1981 Valdez
Property Tax
Values

In January of this year the Anchorage Daily News published a series of articles concerning Mark Lewis's tenure as City Manager of Valdez. Several of the articles contained the allegation that Mr. Lewis had illegally changed the tax rolls of Valdez by lowering the value of most non-oil or gas related property by 15 percent.

Based on these articles, the Department of Revenue instigated a review to determine if Mr. Lewis's actions were improper or illegal.

According to the DOR report and attached opinion by the Department of Law, Mr. Lewis's actions were not illegal and the state does not have grounds to pursue action for lost state revenues caused by the alteration of the tax roll.

I have reviewed this report thoroughly and endorse the report is accurate in its conclusion. Both the report and the newspaper articles agree that Richard Randell, the appraiser hired by Valdez under contract to act as the city assessor, certified the reduced figure as true and correct for 1982. The report states that Randell had also certified the reduced figures as true and correct for 1981. Newspaper accounts had quoted Randell as denying that he certified the reduced figures in 1981.

I contacted Mr. Randell to resolve this contradiction. Randell said that in early March, 1981, he submitted the