

ALASKA LEGISLATIVE COMMITTEE FILES 1903-1904 8072

2212 SCRA HB 172 / SB 333 - HJR 59 / STR 34 212

Sec. 29.47.300. Minor rewording. (AS 29.58.240)

Sec. 29.47.310. No substantive change. (AS 29.58.250)

Sec. 29.47.320. "Assembly or council" is replaced by "governing body". (AS 29.58.260)

Sec. 29.47.330. The statutory reference is altered to reflect new numbering and the fact that sections dealing with payment on bonds are combined into one section. (AS 29.58.270)

Sec. 29.47.340. The requirement that refunding bonds be exchanged at par for bonds being refunded is eliminated, so that refunding bonds may be exchanged at the discretion of the governing body. (AS 29.58.280)

Sec. 29.47.390. This contains new material allowing the issuance of revenue bonds to finance any project and to be secured and payable solely from the revenue and property of the project. The city or borough is not obligated to make payments on the bonds from any other sources. (AS 29.58.200(c))

Sec. 29.47.400. Bonds and notes may be sold in the manner and at the price determined by the municipality. Under existing law, no bonds may be sold at less than par value. (AS 29.58.060, 29.58.140, 29.58.300)

Sec. 29.47.410. Minor rewording. (AS 29.58.170, 29.58.210)

Sec. 29.47.420. Allows the interest rate payable on a bond or note to exceed the usury rate. Under existing law, no bond or note may bear an interest which exceeds the contract usury rate. (AS 29.58.310)

Sec. 29.47.430. No substantive change. (AS 29.58.320)

Sec. 29.47.440. Rewritten for clarity. The statutory reference is altered to reflect new numbering. (AS 29.58.340)

Sec. 29.47.450. This is new material providing that the indebtedness of a service area will remain a debt even though a court subsequently determines that the service area was not validly formed under law.

CHAPTER 55. MUNICIPAL PROGRAMS.

Sec. 29.55.010. "General or home rule" is eliminated since "municipality" includes by definition both a general law and a home rule municipality. (AS 29.48.108)

Sec. 29.55.020. The statutory reference to the preceding section is eliminated as unnecessary. (AS 29.48.110)

CHAPTER 60. STATE PROGRAMS.

Sec. 29.60.010. "Local government services" is replaced by "municipal services". (AS 29.88.010)

Sec. 29.60.020. Material in AS 29.88.015(b) is deleted. Since municipal tax resource equalization is organized as an article, rather than a chapter, the statutory reference is added. (AS 29.88.015)

Sec. 29.60.030. Statutory references are added since this material is no longer located in a separate chapter. (AS 29.88.020)

Sec. 29.60.040. Statutory references are added since this material no longer appears as a separate chapter. (AS 29.88.025)

Sec. 29.60.050. Subsection (a), dealing with limitation on use of payments, is a home rule limitation. Under existing law all of the tax equalization program is a home rule limitation under AS 29.13.100(46). "Assembly or council" is replaced by "governing body". (AS 29.88.030)

Sec. 29.60.060. Statutory references are added, since this material is no longer contained in a separate chapter. The statutory references currently contained in this section are altered to reflect new numbering. (AS 29.88.035)

Sec. 29.60.070. Statutory references are added, since this material is no longer contained in a separate chapter. Statutory references currently contained in this section are altered to reflect new numbering. (AS 29.88.040)

Sec. 29.60.080. Definitions of "department" and "municipality" are eliminated since these are now defined with respect to the entire title. (AS 29.88.045)

Sec. 29.60.100. Statutory references are altered to reflect new numbering. Provision for revenue sharing payable to a "Native village government" is altered to "an unincorporated community". (AS 29.89.010)

Sec. 29.60.110. "Local government" is replaced by "municipality". (AS 29.89.020)

Sec. 29.60.120. Subsections (a) and (c) dealing with distribution and use of money, are home rule limitations. Under existing laws all of the program of aid for miscellaneous services is a limitation under AS 29.13.100(47). (AS 29.89.030)

Sec. 29.60.130. "Borough or city" is replaced by "municipality".
(AS 29.89.040)

Sec. 29.60.140. Provides for aid to unincorporated communities rather than to Native village governments. The Department of Community and Regional Affairs shall pay the money to the entity in an unincorporated community most qualified to receive it. No money may be paid to a Native village council unless it waives immunity from suit. If there is no entity in an unincorporated community willing to receive the money, the community receives no entitlement. (AS 29.89.057)

Sec. 29.60.150. The last portion of the section listing possible sources of population data is eliminated. Statutory references are added, since this material is no longer organized as a separate chapter. (AS 29.89.060)

Sec. 29.60.160. Statutory references are altered to reflect new numbering. (AS 29.89.070)

Sec. 29.60.170. Statutory references are added, since this material is no longer organized as a separate chapter. The statutory reference currently contained in this section is altered to reflect new numbering. (AS 29.89.080)

Sec. 29.60.180. Statutory references are added, since this material is no longer organized as a separate chapter. (AS 29.89.090)

Sec. 29.60.230. Made applicable as a home rule limitation.
(AS 29.90.010, 29.90.030(3))

Sec. 29.60.240. Statutory references are added, since this material is no longer organized as a separate chapter. The statutory reference currently contained in this section is altered to reflect new numbering. (AS 29.90.020)

Sec. 29.60.280. The statutory references currently contained in this section are altered to reflect new numbering. (AS 29.95.010)

Sec. 29.60.290. The statutory references currently contained in this section are altered to reflect new numbering. (AS 29.95.020)

Sec. 29.60.300. The statutory references currently contained in this section are altered to reflect new numbering. (AS 29.95.030)

Sec. 29.60.350. Administration of the municipal assistance fund is transferred from the Department of Revenue to the Department of Community and Regional Affairs. (AS 43.20.016(a))

Sec. 29.60.360. No substantive change. (AS 43.20.016(b))

Sec. 29.60.370. No substantive change. (AS 43.20.016(c) and (d))

Sec. 29.60.800. No substantive change. (AS 29.89.100(2) and (3), 29.90.030(2) and (4))

CHAPTER 65. GENERAL GRANT LAND.

Sec. 29.65.010. No change. (AS 29.18.201)

Sec. 29.65.020. No substantive change. (AS 29.18.202)

Sec. 29.65.030. Minor rewording. (AS 29.18.203)

Sec. 29.65.040. The statutory references currently contained in this section are altered to reflect new numbering. (AS 29.18.204)

Sec. 29.65.050. The statutory references to repealed sections are deleted as unnecessary in (a). The statutory references contained in this section are altered to reflect new numbering. (AS 29.18.205)

Sec. 29.65.060. Statutory references are altered to reflect new numbering. (AS 29.18.206)

Sec. 29.65.070. No substantive change. (AS 29.18.207)

Sec. 29.65.080. Reworded for clarity. The statutory references contained in this section are altered to reflect new numbering. (AS 29.18.208)

Sec. 29.65.090. "Any" is changed to "a". (AS 29.18.209)

Sec. 29.65.100. The statutory reference contained in this section is altered to reflect new numbering. (AS 29.18.210)

Sec. 29.65.110. The statutory reference contained in this section is altered to reflect new numbering. (AS 29.18.211)

Sec. 29.65.120. Since this material is now organized in a separate chapter, the statutory reference to the sections dealing with general grant land is eliminated. (AS 29.18.212)

Sec. 29.65.130. Since this material is now organized in a separate chapter, the statutory reference is eliminated. The definition of "municipality" is eliminated since that term is now defined for the entire title. (AS 29.18.213)

Sec. 29.65.140. This is a new section indicating that the chapter dealing with general grant land applies to home rule municipalities

as well as to general law municipalities. This material is not a home rule limitation under existing law.

CHAPTER 71. GENERAL PROVISIONS.

Sec. 29.71.010. No substantive change. (AS 29.73.030)

Sec. 29.71.020. This is a new section providing that dedication of rights of way or other areas for public use does not require the municipality to maintain, improve, or provide for municipal services in the area dedicated and does not impose any liability on the municipality for the condition of the area dedicated. The section is applicable to home rule municipalities.

Sec. 29.71.030. No substantive change. (AS 29.73.040)

Sec. 29.71.800. The following definitions are added or changed from existing law:

- (1) "areawide" is defined to include cities in the borough.
- (4) this is added;
- (7) this is added;
- (8) this is added;
- (9) "election" includes both regular and special municipal elections, but does not include a state election, while under existing law, only "regular election" is defined;
- (10) this is added to refer to either a borough or city legislative entity;
- (13) "municipality" includes a home rule or general law borough, city, or unified municipality, while the existing definition includes only general law municipal corporations; (AS 29.78.010(8))
- (14) "nonareawide" includes the area of a borough outside cities in the borough, while under existing law "nonareawide power" is defined; (AS 29.78.010(8))
- (15) "owner" or "record owner" means the owner of record shown in the records of the district recorder; (AS 29.78.010(9))
- (20) minor rewording; (AS 29.78.010(14))
- (21) this has been added;

(23) subparagraph (A) has been reworded and (B) is new;
(AS 29.78.010(16))

(24) this has been added;

(25) minor rewording; (AS 29.78.010(17))

✓ The definition of "municipal election" has been eliminated.
(AS 29.78.010(7))

* Sec. 18. A definition of "municipality" is added for all Alaska Statutes.

* Sec. 20. The statutory references are altered to reflect new numbering. References to merger and consolidation are eliminated as unnecessary.

* Sec. 21. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 22. The statutory references are altered to reflect new numbering.

* Sec. 23. Reworded to delete incorrect statutory references.

* Sec. 24. References to third class boroughs have been eliminated. Subsection (b) has been added containing material currently made applicable by the reference to third class boroughs.

* Sec. 25. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 26. The statutory references are altered to reflect new numbering.

* Sec. 27. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 28. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 29. The statutory references are altered to reflect new numbering.

* Sec. 30. The statutory references are altered to reflect new numbering.

* Sec. 31. The statutory references are altered to reflect new numbering.

* Sec. 32. The statutory references are altered to reflect new numbering.

* Sec. 33. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 34. The statutory references are altered to reflect new numbering.

* Sec. 35. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 36. The statutory references are altered to reflect new numbering.

* Sec. 38. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 39. Minor rewording for consistency.

* Sec. 40. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 41. The statutory references are altered to reflect new numbering.

* Sec. 42. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 43. Minor rewording. Incorrect statutory references are deleted.

* Sec. 44. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 45. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 46. The statutory reference is deleted as unnecessary.

* Sec. 47. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 48. The statutory references are deleted as unnecessary.

* Sec. 49. The statutory references are deleted as unnecessary.

* Sec. 50. The statutory reference is altered to reflect new numbering.

* Sec. 51. The statutory references are altered to reflect new numbering. Some references are eliminated as unnecessary. "Former" is added before citations to sections repealed in this bill.

* Sec. 52. The statutory references are altered to reflect new numbering. "Former" is added before citations to sections repealed in this bill.

* Sec. 53. The word "former" is added before the statutory citation because those sections are repealed in this bill.

* Sec. 54. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 55. "Former" is added before citations to sections previously repealed.

* Sec. 56. Minor rewording. The statutory reference is altered to reflect new numbering.

* Sec. 57. Minor rewording. The statutory reference is deleted as unnecessary.

* Sec. 58. Minor rewording. The statutory references are altered to reflect new numbering.

* Sec. 59. The statutory references are altered to reflect new numbering. "Former" is added before citations to sections repealed in this bill.

* Sec. 60. The statutory reference is deleted as unnecessary.

* Sec. 61. The statutory references are altered to reflect new numbering.

* Sec. 62. The statutory references are altered to reflect new numbering.

* Sec. 63. The statutory references are altered to reflect new numbering.

* Sec. 64. The statutory references are altered to reflect new numbering.

* Sec. 65. The statutory references are altered to reflect new numbering.

* Sec. 66. The statutory references are altered to reflect new numbering.

* Sec. 67. The statutory references are altered to reflect new numbering.

* Sec. 68. Minor rewording. The statutory references are deleted as unnecessary.

* Sec. 69. The statutory references are deleted as unnecessary.

* Sec. 70. Adds new sections dealing with borough feasibility studies. Authorizes the commissioner of community and regional affairs to contract for a study requested by a person residing in the area to be studied. Sets out requirements for the contract and what a study must include.

* Sec. 71. The statutory reference is altered to reflect new numbering.

* Sec. 72. The statutory reference is altered to reflect new numbering.

* Sec. 73. The statutory reference is altered to reflect new numbering.

* Sec. 74. The new statutory reference is inserted and "former" added before the citation to a section repealed by this bill.

* Sec. 75. The new statutory references are inserted and "former" added before citations to sections repealed by this bill.

* Sec. 76. The statutory references are altered to reflect new numbering.

* Sec. 77. The statutory reference to a repealed section is deleted and language inserted to take the place of the deleted reference.

* Sec. 78. The statutory references are altered to reflect new numbering.

* Sec. 79. The statutory references are deleted as unnecessary.

* Sec. 80. The statutory references are altered to reflect new numbering.

* Sec. 81. The statutory references are deleted as unnecessary.

* Sec. 82. The statutory references are altered to reflect new numbering.

* Sec. 83. All of Title 29 is repealed except for AS 29.03.010 and AS 29.03.020. Additional provisions are repealed to reconcile this bill with other titles.

* Sec. 84. A right or liability of a municipality in existence on the effective date of this Act is not affected by this Act. Ordinances and regulations in effect on the effective date of this Act remain in effect unless they conflict with a provision of this Act. If an ordinance or regulation conflicts, it remains in effect for 180 days. The terms of elected or appointed municipal officials are not affected by the Act and their terms expire as they would have before the effective date of this Act.

* Sec. 85. The chapter on taxation is retroactive to January 1, 1983, the beginning of the tax year.

* Sec. 86. An immediate effective date is provided for the retroactive clause and the chapter on taxation.

* Sec. 87. The rest of the Act takes effect July 1, 1983.

In addition to the material already noted as having been deleted from this bill, the following sections have been eliminated entirely:

- AS 29.18.202 (determination of entitlement for cities);
- AS 29.18.220 - 29.18.460 (development cities);
- AS 29.18.510 - 29.18.610 (Capital City Incorporation Act);
- AS 29.23.395 - 29.23.401 (involvement of young people in local government);
- AS 29.23.470 (appointment of temporary or new manager);
- AS 29.28.220 (election procedure);
- AS 29.33.120 (adjustment procedure);
- AS 29.43.100 - 29.43.110 (curfews)
- AS 29.45.480 (proceeds of tax sale);
- AS 29.48.070 (hearing for regulation of utilities rates);
- AS 29.48.080 (right to participate and compel testimony);
- AS 29.48.090 (further proceedings);
- AS 29.48.100 (application);
- AS 29.48.250 (centralized purchasing);
- AS 29.53.030 (mining claims);
- AS 29.58.220 (payment);
- AS 29.58.315 (bond attorneys, bond and financial consultants);
- AS 29.58.345 (bonded indebtedness for school construction);
- AS 29.58.350 (bond guarantee fund).

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**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

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SOCIAL SERVICES

This appropriation was made last year and the governor vetoed the language and put the appropriation into the Department of Transportation for their operations.

HB 457 appropriation will be used for:

75KW diesel Generator and transportation costs

Bulk Fuel Storage Tanks and transportation costs

Design and Engineering Platting, community plan and administrative costs.

* this is vital for the Local Service Roads and Trails moneys that appropriates \$117,500 in FY 81 and 82 for a total of \$232,000.

* HUD has committed to 23 housing units and this study will plan for plotting and location.

Despite time, problems, Chenega residents still plan return

By BILL HESS
Times Staff

Almost 18 years after the great earthquake and tidal wave of 1964 destroyed their village and drove them from their homes, the people of Chenega still plan their return. Soon, they say, whether help is forthcoming or not.

"I just think of it as home," says Larry Evanoff, chairman of the Chenega Village Council, and president of the village corporation. "I want to see all the people together again. I remember the village as a fun place, a place where everybody always kind of helped each other out. Nobody kept anything locked. If someone went hunting, they left their house open. Then if someone was in a bad way, they were welcome to come in."

"It gave you a feeling of belonging. It was a far cry different from Anchorage. Evanoff's current home, where everybody is a stranger, where monetary values are put ahead of everything else. Where there is barbed wire. It all gives you a

feeling of being alone." Evanoff was 14 when the disaster struck.

"His wife, Gail, did not grow up in Chenega, but as president of the Village Council, she is a vigorous supporter of the move to build a New Chenega. Her childhood-village of Candle was also destroyed by fire, giving her empathy with the people whose interests she represents.

There were about 120 residents of Chenega when the earth shook and then the water swept in and washed everything away, except for the schoolhouse which sat on a hill. Twenty-three of these, including Larry Evanoff's parents, were killed. The survivors found refuge in Tautek, but most later moved to Cordova.

Through it all the villagers kept their sense of community. Although no one was living in Chenega when the Alaska Native Claims Settlement Act passed in 1971, the Chenega survivors were able to form a village corporation in the Chugach region under a special "Act of God" clause.

Sixty-nine shareholders are enrolled in the corporation. They also have formed a village council under provisions of the Indian Reorganization Act.

Since that time, the council has been busy planning its community, and seeking help to do so. Three alternate sites covering 69,000 acres were selected. Village members plan to build New Chenega at Crab Bay, 15 boat miles from the old townsite. Crab Bay provides a natural harbor and an area relatively clear of the dense forest which rises from the waters of Prince William Sound. It also should be less susceptible to annihilation in the event of a repeat of 1964, as is evidenced by the still standing remains of an abandoned cannery which survived the tidal wave.

The quest to rebuild has been met with frustrating delays and red tape. Help was sought through the Bureau of Indian Affairs' Emergency Relief program, but the Chenega people learned that aid given

(Continued from Page One)

them in relocating to new areas after the earthquake was all that they qualified for under the program.

In 1981, the BIA provided a \$7,381.50 grant which was used to hold a community meeting in October, and to keep open a council office in Anchorage. The funds have been cut by 45 percent this year.

The state legislature last year approved a \$225,000 grant for planning, engineering, and surveying in the New Chenega townsite, but this was taken out of the budget by Governor Jay Hammond. The community will be lobbying for the funds during the current legislative session, with the services of Community Regional Affairs.

The U.S. Department of Housing and Urban Development originally turned down the villagers' request for housing, but last fall finally approved 23 applications for homes to be built in New Chenega. Funds for their construction have not actually been released, however, and with the budget cutting of the Reagan administration, construction can't be guaranteed until the money is actually received.

Aides to U.S. Senator Ted Stevens and U.S. Rep. Don Young note that the final HUD appropriations for this fiscal year were signed into law just before Christmas. Now the appropriation is in the Office of Management and Budget where it must be assigned to the different area offices by the end of January. Rick Agnew of Young's office notes that the Chenega homes have been a top priority rating in the Anchorage area, and that their outlook is "pretty good." Pam Rubinstain, press secretary to Stevens indicates that funding for the 23 homes is virtually assured.

In addition to the HUD homes, which are priced at \$1.8 million, the council has projected water and sewer construction costs at \$3 million, roads and trails at \$117,000, a school and community center complete with a medical clinic, post office, council and corporation offices, and a community room at \$500,000 to be built with a HUD community development block grant; a dock to berth up to 30 fishing vessels at \$225,000 and an Alaska Native Industries Co-operative Association store, complete with stock, at \$100,000.

The figures have been reached with the help of different governmental agencies, such as the Alaska Department of Transportation, whose help is being sought in obtaining them. Studies are underway to determine the costs and best methods of providing power to New Chenega.

Additionally, community members seek an airstrip, but have been told by state officials that they want to see a community in place before they attempt to justify the cost of construction.

Whatever happens, the Evanoffs say their new community will be founded come June. "We're moving back this summer," Gail Evanoff emphasizes. "If it's going to be in tents, it's going to be in tents! The government agencies want to see our plans before they justify our moving back. We say, let us build our community, then we can see what plans will work out best. But we are going back. My children will go to school next fall in Chenega!"

The Evanoffs express optimism in the potential for economic development for New Chenega. "We know there are several good opportunities for Chenega," Evanoff stresses. "The sound offers great fishing and tourism potential. We can

A Prince William Sound Aquaculture Corporation would like to build a road from New Chenega to their hatchery facilities, and would look for workers among the Chenega population. Most of their help is currently imported from the Lower 48, or urban areas such as Anchorage and Juneau.

The potential for a small sawmill, whose product could be used for building a dock as well as telephone poles and other export needs, also is being explored. Leo Barlow, coordinator of the Alaska Industrial Council, notes that the village has applied for \$13,000 aid for training in sawmill skills at the Alaska Vocational and Technical Center in Seward. "We are supportive of the concept," Barlow says, but stresses that the council has yet to make any decision.

"We have encouraged them to work with their ideas," he notes, adding that there is "tremendous potential for

their approach, and for their concept of starting a sawmill operation."

Ms. Evanoff contends the culture of what is believed to have been the oldest village in Prince William Sound will be lost if New Chenega is not built. There also are a number of important archaeological sites in the area. "A lot has been taken from these sites by people who are interested only in their monetary gain. Ms. Evanoff notes. "We could help preserve these sites. What they want money for, we want respect!"

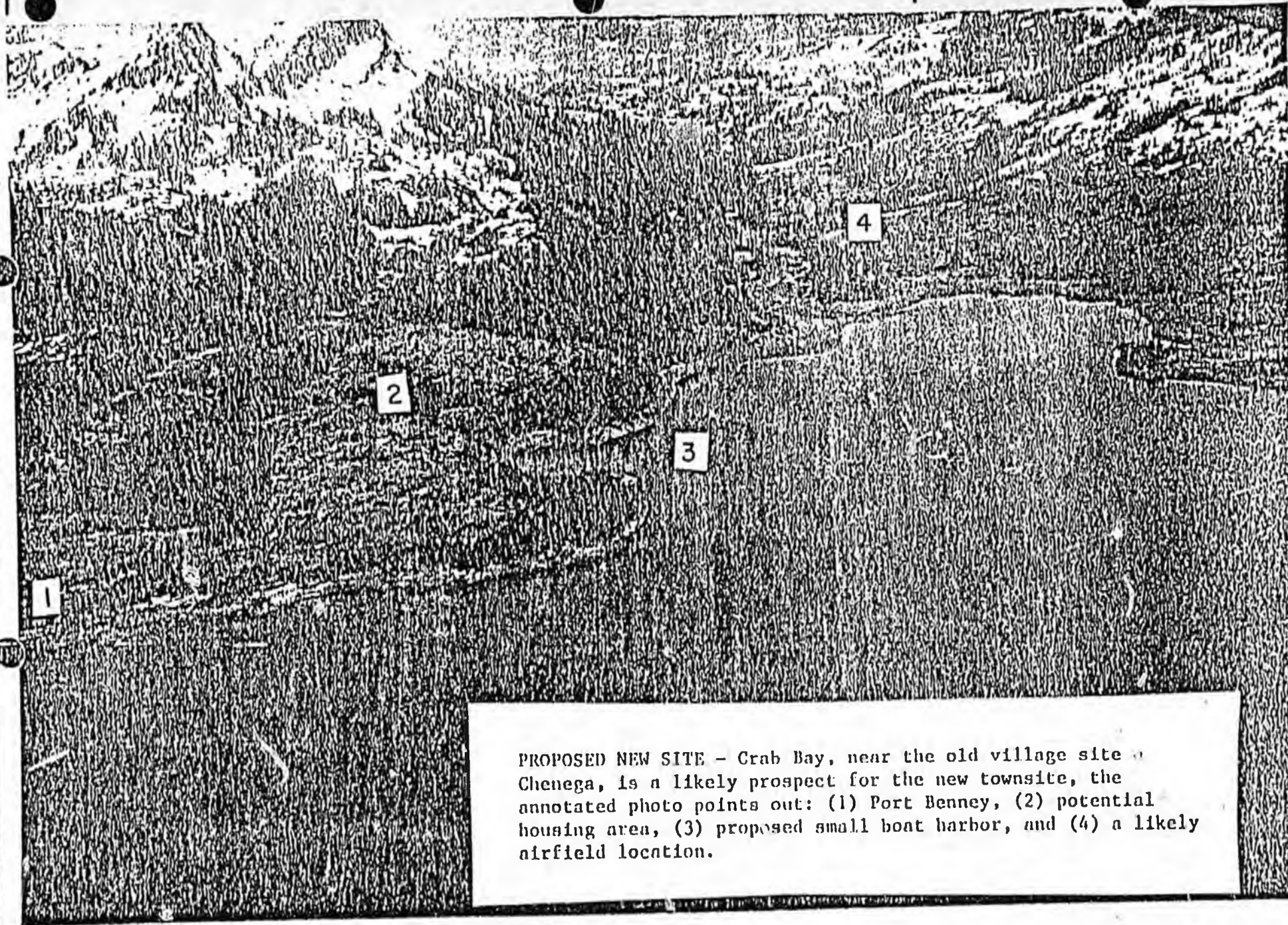
Approximately 70 people would fill the 23 HUD homes. Others among them also emphasize their desire to return. "Oh, we have wanted to go back for so many years," explains John Vlasoff, a Chenega elder. "We have wanted to have our own home there for a long time. I guess since I was a little boy." Vlasoff lives in Cordova.

"I just love village life."

adds Dotry Pavik, also of Cordova. "I want to get out of town. It is so expensive here! I have so many bills. Sure, I will have bills in Chenega but it won't be so bad, where we can support ourselves." And at least you wouldn't have to contend with the booze, bars, and drugs that you have here!" "You better believe it, I will!" Pavik answers when asked if she would be willing to go back this summer even if it means tent living for a while.

Although Evanoff admits that life in New Chenega would not be exactly like it was in the past, perhaps unattended homes could not be left unlocked for long periods of time; he still believes residents will have a strong sense of community, and will help each other. "I want my children to know village life," he stresses.

"We don't want anyone to feel sorry for us," adds his wife. "We feel we deserve to be able to go back. We're not asking something for nothing. We are tax payers too, by golly! We pay our way!"



PROPOSED NEW SITE - Crab Bay, near the old village site of Chenega, is a likely prospect for the new townsite, the annotated photo points out: (1) Port Benney, (2) potential housing area, (3) proposed small boat harbor, and (4) a likely airfield location.

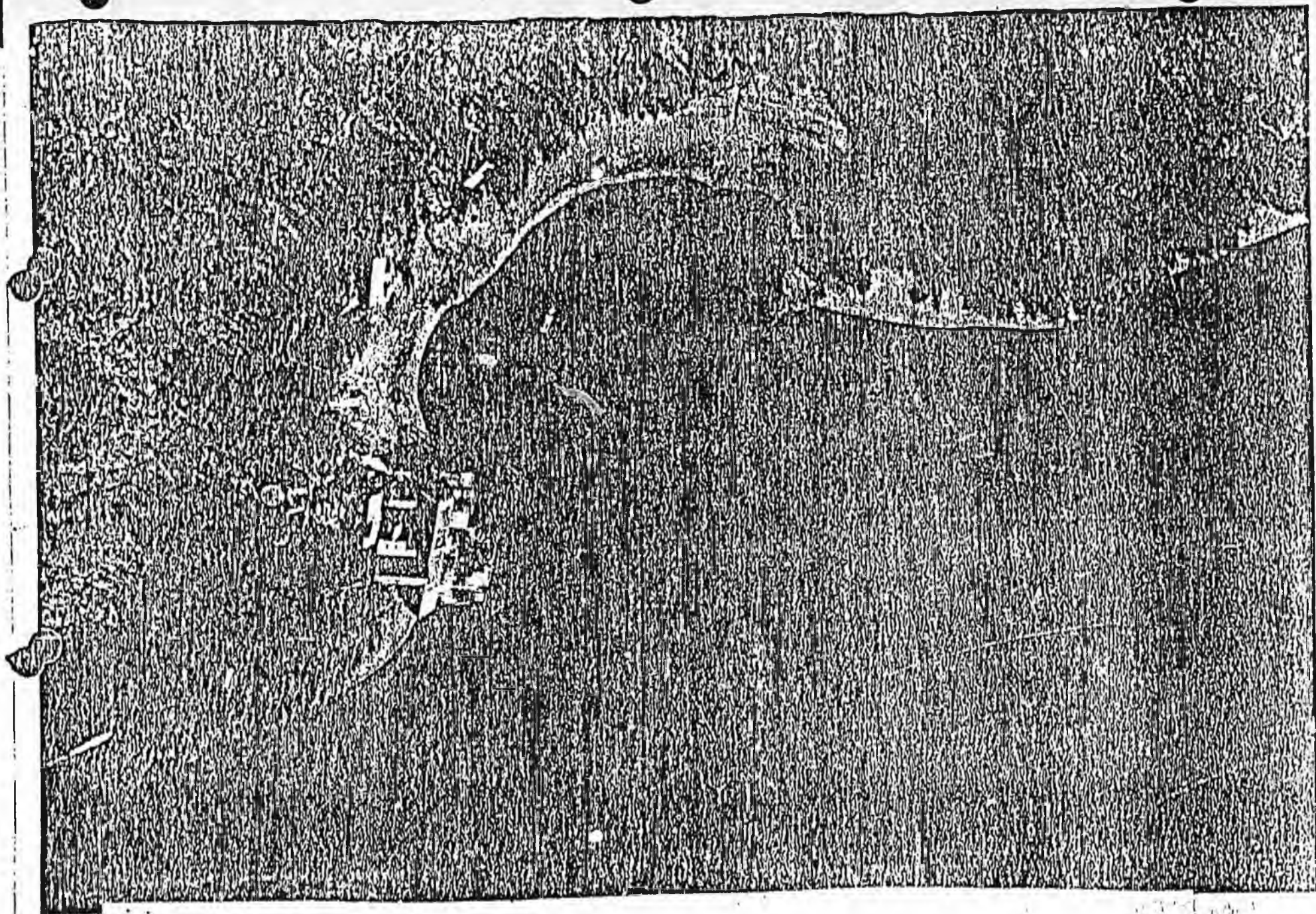


PHOTO #2. Showing one of several potential small boat harbors and abandoned cannery.



PHOTO #3. Cannery damaged during and abandoned after 1964 earthquake (uplift in area 8 to 9 feet).

NEW CHENEGA
DEVELOPMENT PROGRAM

Planning
Work Program
Budget

Prepared by:

CHENEGA VILLAGE COUNCIL
903 W. Northern Lights Blvd., Suite 203
Anchorage, Alaska 99503
Gail Evanoff, President

February 17, 1981

The Chenega Village Council is an IRA Council which is spearheading the development of the New Chenga Village. There are 23 households of Chenega residents who have committed themselves to return to New Chenega.

At first the village considered rebuilding at the village's former location on Chenega Island, and has a plan prepared to guide them on that endeavor. Then, however, the people realized that they would be vulnerable to the same kind of disaster that struck previously. They were also fearful of living at what was now considered a historic place.

Consequently, the Corps of Engineers was asked to assist the village in identifying a suitable site on lands selected by the Village Corporation under the Settlement Act. A Corps of Engineers party, led by Mason Wade and Erv Long visited the area in 1976 and recommended that Crab Bay on Evans Island be considered as the site for the new village. This site is 15 miles south of the former village location. It has a sheltered harbor, a good level area for development, plentiful water supplies and enough protection from all elements to assure that a disaster similar to the one that befell the Chenega people before would never happen again.

In the spring of 1977 the Soil Conservation Service of the U.S. Department of Agriculture visited the site and performed a soils survey. In 1980 the Anchorage firm of Lounsbury and Associates was selected to draft a design plan for the new village. These alternatives were produced under that agreement, and in October of that year the Chenega people assembled in Cordova and chose their preferred alternative.

Based on that decision, the Chenega Village Council has worked with several consultants to prepare this proposal for funding. It entails the collection of sufficient site information for

survey, engineering and design purposes, so that major construction can get underway in late 1981 and 1982.

The Chenega people were uprooted seventeen years ago by an Act of God. Hopefully, the funds granted under this proposal and the construction activities which are soon to follow will finally provide them with a home to return to.

II. DEVELOPMENT PLAN

The Chenega Council proposes to develop New Chenega in a series of phases. Planning for the site has already begun. Significant effort has gone into site selection and preliminary evaluation. A preliminary layout of lots and roads has been done and approved by the stockholders. Initial location studies have been done for a variety of community facilities, including an airport, a school site, a boat harbor, a sewage treatment plant, electrical power generation source and a water source. Consideration has been given to areas for commercial development and future expansion of the residential uses. A preliminary layout of New Chenega is attached (Attachment C). The Chenega Village Corporation owns all of the land involved in the site, thus there should be no title-related problems.

The overall schedule for the development of New Chenega stretches over several years. The short-term schedule anticipates an intensive effort that will result in initial occupancy by late 1982.

In 1981 the Village Council is ready to begin detailed planning, layout and design studies. The feasibility of the utilities should be verified and the village design needs to be adjusted to fit the exact physical conditions of the site. After that the final stages of engineering, surveying and construction can begin.

Chenega's immediate goal is to complete the planning, layout and surveying during this summer. Engineering would be started with completion of construction documents during the winter of 1981-82. It is anticipated that some preliminary construction activity would begin in 1981. However, the major construction effort would occur in 1982. This would include construction of roads, utilities and some houses. An investigation of the

hydroelectric potential identified in the preliminary planning would be conducted to determine the most efficient source of electric power for the village.

Following initial occupancy in late 1982, the Village Council will continue planning for construction of ancillary community facilities, including the small boat harbor, the airport, electrical system improvements and road extensions.

During the winter of 1982-83 design work would continue. The airport would be designed and construction prepared for. The small boat harbor would also be designed and the necessary permits would be obtained prior to construction. Design of the school and community hall would also be completed.

In the summer of 1983 construction of both the road to the airport and the airport would be completed. The school and community hall would be built. Additional housing would be completed and occupied. Improvements to the water storage system could be made, if needed.

Construction of the small boat harbor could begin in 1983 with completion by 1984. By late 1984 the village would be essentially complete.

At the same time that New Chenega is being built, several entities, including the Chugach Region and the Chenega Village Corporation, are searching for and encouraging the development of new economic enterprises in the village. This will provide a stabilizing economic base that will give New Chenega momentum and added ingredients for a stable and permanent community.

Chenega recognizes that this is an ambitious schedule. It is not, however, one that cannot be met. Since the initial planning decisions have already been made, the most critical factor

affecting scheduling of the project will be availability of funding.

The following work program and budget has been prepared for the purpose of requesting financial assistance for this project. This assistance, combined with the financial and human resources of the Chenega people, will allow the plans for replacing the Chenega Village to come to fruition after 17 years of effort.

III. NEW CHENEGA 1981 WORK PLAN

The following is an expression of the tasks that need to be accomplished within the next year in order to maintain the schedule described above.

Task 1: Soils Investigation

Prior to proceeding with final planning and actual layout of the new village on the site and before any engineering activities can begin, it will be necessary to gain definite soils information. This will be a major planning and design determine. The soils information will be used to help adjust the preliminary site plan to actual conditions on the site, to help develop engineering studies and to develop estimates of construction costs for the village infrastructure and building foundations.

The soils investigation will involve moving a boring rig to the site by barge and taking core samples on a grid pattern. The location of test holes will have to be surveyed. Both onsite and laboratory analysis will be conducted. The final soils report will describe the subsurface conditions in detail and will make engineering and construction recommendations pertaining to the site.

Task 2: Schematic Design and Construction Cost Estimates

This task will utilize the soils information and the preliminary planning that has been done to date to develop a schematic design for utilities and roads. The sewer and water lines will be layed out on a preliminary basis and the treatment facilities will be sited. The roads will also be sited and preliminary design will be done.

This information will then be converted to cost estimates for construction and maintenance of the utilities and roads. After review of these schematic designs and cost estimates by the Village Council and its engineer, any necessary adjustments to the plan and approach to development of the new village will be made. This may involve changes in the site plan and in the method of handling wastewater collection and treatment. After the necessary adjustments and "fine tuning" are complete, the plan can be fitted to the site.

Task 3: Site Validation

This task will involve onsite layout of the village plan to assure that it takes advantage of the soil conditions, topography and other physical features. Changes to accommodate the characteristics of the site will be made and the final layout confirmed. Final location will be determined for the initially required community facilities, including docking facilities, school and town hall, water source and wastewater treatment facilities.

The roads will be staked out and cross-sections will be surveyed in preparation for final engineering. Computations of lot sizes for the final plat will be made so that reconveyance can be planned. This process involves the Village Corporation reconveying all lands necessary for public purposes and community expansion, including residential lots, to the State Municipal Lands Trust Officer, as provided for in Section 14(c)(3) of the Settlement Act, as amended and in Alaska Statute 49.47.150. The trust officer will deed individual lots to the residents as they are ready to move to New Chenega.

Task 4: Final Plat Preparation and Staking

This task will include final subdivision design and computation and staking of each lot. The road system will be surveyed and staked for construction and the above described community facilities will be staked.

The final plat of the village site will be prepared and processed.

Task 5: Engineering Design

This task will begin in the late summer of 1981 and continue into the winter. It will involve final design and preparation of construction documents for the following facilities and utilities:

- Streets and Trails
- Water Source & Storage
- Waterline Extensions
- Sanitary Sewer Laterals
- Sanitary Sewer Treatment Plant
- Initial Dock Facilities
- Hydroelectric Investigation
- Initial Electrical System Design
- Airport Design
- School Design

These designs will be totally complete by the spring of 1982. This will allow the major construction effort to be concentrated in the summer of 1982. Some initial design work will be completed by late summer 1981, which will allow initial construction of the road and trail system to begin in 1981.



PROPOSED HYDRO FACILITY

PROPOSED POWERLINE

PROPOSED ROAD

PROPOSED AIRSTRIP

PROPOSED HARBOR FACILITY

NEW CHENEGA TOWNSITE

PRINCE OF WALES PASSAGE

Sawmill Bay

ELRINGTON PASSAGE

LATONCHE

ASSAGE

Beffles Island

Elrington Island

ELRINGTON

Broon Buttes

Horseshoe Bay

Chicken Island

Lair Hayes

Lake Pulman

Powder Pk

Lair Hayes

Phantom

Fish

Chicken Island

Lair Hayes

Lake Pulman

Broon Buttes

Horseshoe Bay

Miner

Miner

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COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

2/16/84

Date 2 28 84

Mr. President

The Committee on C&TA considered HB 537

~~authorizing municipalities to exempt motor vehicles from taxation, etd.~~

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Wm. Eckert - Do Pass

Wm. Galbraith

MEMBERS HAVING
OTHER RECOMMENDATIONS

Wm. Eckert - Do Pass

Wm. Galbraith - Do Pass

Chairman

Chairman recommendation

Original sponsor: Grussendorf

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IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

SENATE CS FOR HOUSE BILL NO. 537 (C&RA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing municipalities to exempt motor vehicles from taxation; and providing for an effective date."

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

* Section 1. AS 29.53.025(b) is amended to read:

(b) Municipalities may by ordinance

(1) classify boats and vessels for purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage; a tax based upon a tonnage valuation shall not exceed \$5 a year for a boat or vessel of less than five net tons and shall not exceed \$15 a year for a boat or vessel of more than five net tons;

(2) classify and exempt from taxation

(A) the household furniture over \$500 in value and the effects of the head of a family or a householder;

(B) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes, provided that income derived from rental of such property does not exceed the actual cost to the owner of the use by the renter;

(C) historic sites, buildings and monuments; and

(D) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use

1 of the land to agricultural purposes only; rights conveyed to the
2 state under this subparagraph may be conveyed by the state only
3 in accordance with AS 38.05.069(c);

4 (3) exempt business inventories from taxation;

5 (4) classify (as to type) and exempt or partially exempt any
6 or all types of motor vehicles from taxation.

7 * Sec. 2. This Act takes effect January 1, 1985.
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HOUSE BILL 537

ALLOWS MUNICIPALITIES TO EXEMPT MOTOR VEHICLES (AS PERSONAL PROPERTY) FROM THE AD VALOREM TAX THEY IMPOSE ON THEIR RESIDENTS. SITKA DOESN'T WANT TO HAVE TO IMPOSE THE TAX BECAUSE THEY SAY IT COSTS AS MUCH TO TO COLLECT THEY MONEY AS THEY WILL END UP COLLECTING.

SENATE BILL 1 INCLUDES A SIMILAR PROVISION WHICH ALLOWS MUNICIPALITIES TO EXEMPT ALL PERSONAL PROPERTY FROM TAXATION.

FEB 21 1984

HAINES BOROUGH

P.O. BOX H
HAINES, ALASKA 99827
(907) 766-2711

February 16, 1984

Senator Frank Ferguson
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Ferguson:

It is my understanding that House Bill #537, authorizing municipalities to exempt motor vehicles from taxation; and providing for an effective date, is to come before your Committee on Community and Regional Affairs. I believe Representative Grussendorf's bill (and Senator Eliason's identical Senate Bill) is one sorely needed.

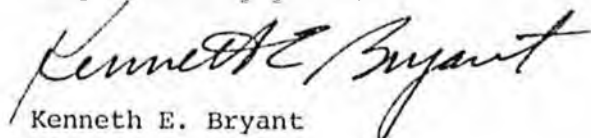
Small communities like Haines, with limited office staff, have had to exert much time and energy levying a tax that barely pays its own way administratively. We are taxing the public because state statutes say we must, even though the people are receiving virtually no benefits to this tax other than employing two office workers. The real property tax is sufficient to fund the school and fire districts. A small increase in real property tax while eliminating personal property tax would be most attractive to our taxpayers.

Several years ago the Haines City and Borough banked on the passage of the Title 29 Revisions and moved to eliminate personal property tax. With the failure of the bills passage, we had to re-establish the tax to conform to the Statutes. I am relieved that the motor vehicle and inventory tax option has emerged on its own rather than being held captive by Title 29 — and I would strongly support passage of House Bill 537.

As the Haines Borough Assessor and a member of the Haines City Council, I can safely say that both the City and Borough governments share my feelings and would welcome the option of eliminating the motor vehicle and inventory tax.

Thank you!

Very sincerely yours;



Kenneth E. Bryant

cc. Haines Borough Assembly
Haines City Council
Representative Ben Grussendorf
Senator Richard Eliason



City and Borough of Sitka

P.O. BOX 79 · SITKA, ALASKA · 99835

January 13, 1984

Senator Richard Eliason
Alaska State Senate
Pouch V M/S 3100
Juneau, Alaska 99811

Rep. Ben Grussendorf
Alaska House of Representatives
Pouch V M/S 3100
Juneau, Alaska 99811

Dear Dick and Ben:

The assembly has asked that I request you to work toward and support a change in Title 29, concerning municipal taxation of motor vehicles.

The taxation provisions of Title 29 are mandatory on all municipalities, including home rule domains like Sitka. Title 29 specifically lists the tax exemptions which we may grant. The problem is that the assembly wishes to exempt motor vehicles from the ad valorem tax, but is not allowed to under the statute.

Some municipalities such as Juneau, do not tax motor vehicles under a grandfather clause in the statute [A.S.29.53.025(d)]. This option is not open to Sitka.

Other municipalities let the state collect a local fee set by statute at the time of vehicle registration [A.S.28.10.431] however, the statutory fee is overall much higher than Sitka's ad valorem rate and the assembly does not wish to burden Sitkans with increased taxes.

With the statute requiring taxation of vehicles, Sitka is forced to comply; however, collection appears to be uneconomic. We have approximately 4,000 cars in Sitka and receive \$25,000 to \$35,000 in taxes on them annually. Most, if not all of that revenue is offset by the cost of collection and enforcement. A tax which did not produce any net revenue, but only paid the

Senator Richard Eliason & Rep. Ben Grussendorf
TAXATION OF MOTOR VEHICLES
January 13, 1984
Page two

salary of the tax collector might be considered by some to be a significant comment on modern government. We just don't want that comment to be made about Sitka.

In the past we coupled tax collection with a vehicle safety inspection, but the safety inspection ordinance has been repealed leaving us with only the tax gathering function.

I would suggest that A.S. 29.53.025 be amended by adding a subsection (h) to read as follows, "municipalities may by ordinance classify and exempt or partially exempt from taxation motor vehicles".

Such an enactment would save Sitkans much time and effort if it could go into effect by January 1, 1985. Since we don't know what the fate of the proposed new Title 29 will be this year, perhaps you could not only try to get this idea into the new 29 draft, but simultaneously attempt to amend the existing statute.

The assembly would greatly appreciate your efforts and comments on this matter.

Sincerely,



Peter S. Hallgren
Municipal Attorney

cc: Administrator
Anderson



City and Borough of Sitka

P.O. BOX 79 · SITKA, ALASKA · 99835

January 13, 1984

Senator Richard Eliason
Alaska State Senate
Pouch V M/S 3100
Juneau, Alaska 99811

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Sincerely,



Peter S. Hallgren
Municipal Attorney

cc: Administrator
Anderson

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WHY INDIRECT COSTS?

by: Carl Lake, Controller

Rural Alaska Community Action Program

Indirect costs have been called a number of things over the years: "administrative costs/charges," "overhead," "allowable costs" and "rip-off." Simply speaking, indirect costs are those costs of an organization that cannot be directly charged to any one grant or contract administered by that organization.

Nonprofit organizations are unique in that each and every piece of funding they receive must be accounted for separately and must have its own full set of accounting records. Expenditures under each grant or contract must be reported separately and funding agencies often require different financial and auditing restrictions. This requires the organization to develop complex and sometimes even cumbersome accounting systems to properly account for those dollars in a fiscally responsible fashion.

Some nonprofits are very simple units and, even though they may be very large in dollar volume, administer only one or two grants. Usually these "single-purpose" agencies do not require an indirect rate even though, like all organizations, they do have administrative costs. Since these administrative costs can be readily identified with the programs administered, they are normally charged directly to those program funds.

Other nonprofits are "multi-purpose" organizations which administer a multitude of diverse programs from a number of funding sources. They operate under the theory that it is more efficient in both economic and practical programmatic terms, for one agency to administer a number of programs than for each program to be operated by a separate entity. For example, while it may take \$600,000 to administer a \$7.5 million agency with 25 different grants or contracts, it is demonstrable that, if each grant or contract were provided to

a separate organization, the actual aggregate administrative costs could exceed well over one million dollars.

Because the multi-purpose agency administers a wide variety of grants and the administrative costs cannot be readily identified as applicable to each of the grants or contracts, the agency requires some type of cost allocation plan to allocate the administrative costs to the appropriate funds. Over the course of the last ten years, the Federal government has recognized that non-governmental agencies needed a simplified and unified method to allocate these costs. Therefore, it developed the rules outlined in OMB Circular A-122 (along with other governmental publications) to provide the procedures and principles for establishing and operating an indirect cost rate. Major Federal funding agencies have departments that are responsible for reviewing, negotiating, approving and monitoring indirect cost rates with nonprofit organizations. When an organization receives funding from more than one Federal agency, one of them (normally the one providing the most funding) is designated as the lead ("cognizant") agency. It is the responsibility of that agency to negotiate with the nonprofit to establish an indirect cost rate. The process for establishing an indirect cost rate is very simple in theory: one isolates all of the costs that cannot be charged directly to a grant, divides these costs by the total dollars available to the agency and the resulting figure should be the indirect rate. However, many factors have to be taken into consideration before a final determination is made. Some of the program funds may require demonstrably less administrative attention or management support than others and therefore should be excluded from the base of program dollars and treated as "pass-through" funds with a separate rate. Other funds may be handled at a different location from the main office and require separate treatment with an "off-site" rate. Still other costs, including capital equipment purchases, must be excluded from the program dollar base prior to any rate calculation. Also, the Federal government in its infinite wisdom, may place statutory restrictions on certain programs (eg., CETA, some Aging programs and Weatherization), limiting more than a certain percentage of total funds for administrative costs. This practice places

a greater burden on other funding sources, requiring them to pay more than their "fair share" of administrative costs. There are also grants (eg., some State grants and contracts) that refuse to pay any administrative costs, again adding a disproportionate burden to those funds that do participate in the payment of administrative costs. When these extreme limitations are placed on a program, the administering nonprofit is faced with the decision to simply refuse the program or to accept it and face consequences which, in the extreme, could mean bankruptcy.

There are also a variety of methods used in determining the types of costs that are to be included in the administrative or indirect costs pool. Some agencies, such as RurAL CAP, charge the various programs directly for costs such as rent, telephone (local and toll calls) utilities, janitorial services and copier costs. Since these costs are charged directly to individual grants (with the exception of those portions related directly to the administrative unit) they do not show up in the indirect pool. Consequently, all other things being equal, RurAL CAP would have a much lower indirect rate than other similar agencies. RurAL CAP makes the considerable effort to make these direct charges because some of its funding sources will not permit any allocation of indirect costs and this is the only way these funds can be utilized to pay their appropriate share of these proper administrative expenses.

Other nonprofits pool all of the above charges (with the possible exception of telephone toll charges and, sometimes, rent) into the indirect pool and charge each program its share through an indirect rate charge. This approach is based on the premise that all of the funds are paying proportionately the same share of the costs while receiving the same general benefits.

Another variance in the application of an indirect rate is the base against which one applies the rate. Some agencies simply apply the indirect rate against total program dollars expended while others apply the rate against another figure, such as direct program salaries. Therefore, an agency with an indirect rate of 56% against a direct salary base may not have an actual

rate higher than one with a 26% rate against all available program dollars.

All of the above variations must be taken into account when trying to compare one agency's indirect rate with another. One must also consider that an agency's administrative budget is relatively fixed over a rather wide range of dollar volume. If, for example, an agency's administrative costs are budgeted at \$800,000 with available program dollars of \$6.5 million, the administrative costs will probably stay the same if there is a three to four million dollar fluctuation in program dollars. In this (admittedly over-simplified) example, the indirect rate (if all exclusions and restrictions have been considered) would be 12.3%. If the agency lost \$3 million of funding, the effective indirect rate would be 22.9%. If funding increased by \$3 million, the indirect rate would be 8.4%. This is an over-simplification to be sure but it is important to note that a variety of factors are involved that affect the indirect rate.

There are also a number of factors involved to make sure that the agency does not receive more indirect dollars than it was entitled to for the fiscal year. In the above example, the agency would probably have negotiated a provisional rate of 12.3% from its primary (cognizant) funding source based on projections of costs prior to the beginning of its fiscal year. If additional funds were received during the year and these funds would drastically affect the provisional indirect rate, the agency would probably re-negotiate its rate with its cognizant agency, resulting in a lower rate for all affected funds. In any event, the provisional rate is reviewed by the agency's own auditors and, after audit, by the funding agency itself. If the nonprofit received more indirect funds than it was entitled to, it is required to repay these funds, usually in the form of a reduction in the following year's indirect rate. If the nonprofit received less than it was entitled to, it is obligated to bill each of its funding sources for their share of the difference.

At no time does the organization "profit" from the indirect rate process. The entire procedure is fully monitored both by independent auditors, by officials of the cognizant agency, and by the organization's board of directors and senior management staff. If the nonprofit has under budgeted for necessary administrative costs or overestimated projected funding levels, it will operate in a cash deficient position for a considerable length of time. Renegotiation, recalculation, and reallocation of funds is eventually required (frequently post-facto) in order to bring the books into alignment with reality.

Most multi-purpose nonprofit organizations operate in a functional fashion with a mandated community-based board of directors and an administrative unit consisting of executive management, accounting/data processing, and clerical staff. Costs for these functions are normally considered indirect. The program departments are responsible for one or more grants or contracts and/or share the responsibility for some funds with other departments. To a large degree, the organizational structure is very similar to that of the State government, albeit on a smaller scale. The administrative unit of a nonprofit organization could be equated to the executive branch of State government while the board of directors is similar to the legislative branch. Within the State government at least a large portion of the costs of both the administrative and legislative branches could be considered indirect or administrative costs when related to the programs actually providing services to the citizens of Alaska.

Whatever name one applies, the functions of supervision and oversight are indirect costs, whether the costs are incurred by the State or a nonprofit organization. Skilled management personnel are necessary to administer the variety of funds which are the responsibility of an organization and an impartial body with power and authority to control the actions of that entity is likewise necessary. Like the old football argument concerning the relative importance of the line versus the back-field, you cannot have program operations without some type of policy direction and administrative support. It is recognized

by all nonprofit organizations that every effort must be made to keep administrative costs as low as possible so that as many of the agency's limited funds as possible are available for necessary programs and services. However, if administrative funds are reduced to a level that cannot support the retention of viable policy-making structures with skilled management and accounting personnel, the organization will eventually be unable to operate any program in a responsible and fiscally sound fashion.

If nonprofits were not available to administer programs designed to serve the needs of many of Alaska's citizens, the State would be required to operate these programs. This eventuality would not only increase the size of government (a trend that the current legislature is seeking to reverse), it would also increase its costs. Clearly, it is in the State's interest to use existing service delivery networks that are directly responsive and responsible to the people they serve. The acceptance of the necessity for indirect costs to support these structures, and the implementation of comprehensive and uniform policies for contracting with the nonprofit sector will increase the efficient use of State funds.

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ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

LABOR AND COMMERCE COMMITTEE, CHAIRMAN
RESOURCES COMMITTEE
JUDICIARY COMMITTEE
FISHERIES SUB-COMMITTEE



P.O. BOX 143
SITKA, ALASKA 99835
POUCH V
JUNEAU, ALASKA 99811
(907) 463-4916

February 6, 1984

Senator Eliason Reports on the Haines Annexation Issue

Now that the proposed Haines Annexation has entered the Legislative arena it is important that everyone understand where things stand and how and why we are where we are.

As you know, the boundary change question has had much debate at the local level but the Legislature also has an oversight role mandated by state law in boundary changes. The statutes require the Local Boundary Commission (which is under the Department of Community & Regional Affairs) to submit a report of its proposed changes in local boundaries to the Legislature during the first 10 days of the session. The Haines annexation was submitted this session and referred to the Community & Regional Affairs Committees of each house. The Legislature then reviews these reports and can 1) take no action which then results in the change taking place as proposed or 2) within 45 days of receiving the report, pass a resolution disapproving the change which effectively kills it. Generally the chairpersons of the C & RA Committees will follow the lead of the representatives and senators of the district wherein the boundary changes are proposed. This is where my involvement and that of Rep. Goll come in.

I respect the autonomy of individual communities and am very careful not to interfere with issues best left for resolution at the local level. But in this instance I fear that Haines has already suffered some interference by the state in its efforts to manage its own affairs.

I see my role as one of making sure that everyone understands the process and their rights, and that any annexation that takes place is done properly. Rep. Goll and I held the teleconference last week to discuss the whole issue with the people of the area and get a feel for the questions and concerns. I thank everyone who attended and participated in the teleconference. It was constructive and informative. I know many of you traveled some distance to be there.

Several major concerns have convinced me to take action to insure that the issue and the options remain alive. My main concerns include: (1) The Local Boundary Commission initiated this annexation. While not illegal it seems unwise and a dangerous loss of local autonomy. The Legislature has an obligation to see that the state bureaucracy doesn't get out of hand and begin usurping local initiative. (2) The local vote was against this annexation. We don't want to risk undermining the people's trust in the public input process which becomes a charade if it is ignored and powerless. (3) The clause calling for annexation to kick-in in two years unless unification takes place first. The Attorney General says the delayed effective date is okay but the Legislature's Legal Staff says it is not. But the ringer is the most recent legal opinion, obtained since the teleconference, which says that if the two-year clause were thrown out by a court, the rest of the annexation proposal would stand, meaning the annexation would be immediately in effect. That circumvents the intent to allow time to consider unification and abolishes the compromise which made the proposal palatable to the parties who did sign off on it. (4) I am worried about the precedent set by holding a hatchet over a community's head to "unify or else". Annexation and unification ought to each be weighed and decided on their own merits. Also the big plus in any possible decision to unify is the "custom-built" charter which could, if given enough time and consideration, be drawn up to respond to the variety of special needs and goals of different areas within a unified city and borough. Such a charter could allay many of the objections and fears and allow the community to enter into a unification willingly and comfortably.

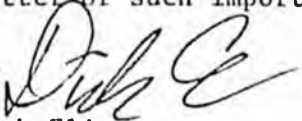
Few annexations go through without some objections. Certainly no one would expect 100% consensus on this in Haines where feelings have been strong on these matters for years. But I believe there needs to be more discussion and so I introduced Senate Joint Resolution 34 in the Senate (and Rep. Goll introduced the same one in the House) to disapprove of the proposed annexation.

Now the matter is in the two C& RA Committees which plan to hold hearings and a teleconference. If the Legislature passes the resolution within the 45 days allowed, the annexation as proposed would die and the matter goes back to the drawing board.

So that's where we are right now. I believe we are being fair and sensible in our consideration and action on this matter and hope the people of Haines will agree. I urge your continued involvement in this process and your efforts to make the C& RA Committee members aware of your opinions and concerns as they deliberate on whether to pass the resolutions of disapproval.

I thank the Lynn Canal News for the opportunity to present my viewpoint on this matter of such importance to its readers.

Sincerely,


Senator Dick Eliason

STATE OF ALASKA THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1984

SUBJECT: Annexation of territory
to Haines (W.O. 13-1776)

TO: Senator Richard I. Eliason

FROM: Tamara Brandt Cook *TBC*
Deputy Director
Division of Legal Services

You have asked whether the annexation of territory to the City of Haines will take place within the time required by the constitution or whether the entire annexation is invalid if the delayed effective date provided in the Local Boundary Commission's Recommendation Number One is invalid.

Recommendation Number One contains two parts. The first part of the recommendation states in part the annexation ". . . will become effective two years from the date of the Legislature's approval of the commission's recommendation and then only if the City of Haines and the Haines Borough have not unified. . ." The second part of the recommendation provides for the actual annexation of territory. The question of what happens to the second part of the recommendation if the first part is invalid is essentially a separability question. In the area of statutory construction the general rule is that separability questions are to be determined according to either the will of the legislature or its manifested meaning. (Sutherland Statutory Construction, section 44.03) While the recommendation at issue here is not a statute, it seems likely that a court faced with determining the validity of the recommendation will use those principals of statutory construction that it commonly relies on.

It is clear that the Local Boundary Commission possesses the authority to recommend a boundary change to the legislature, (Art. X, sec. 12, Constitution of the State of Alaska). In this particular case, it is also clear from the letter of recommendation itself that the commission intended to

Senator Eliason
Page 2
February 2, 1984

approve the annexation and only added the delayed effective date later at the request of the municipalities concerned. (See paragraphs 4 and 5 of "Recommendation Number One to the Second Session of the Thirteenth Legislature", Senate and House Joint Journal Supplement No. 16). This appears to be an indication that the Local Boundary Commission's primary intent was to recommend annexation rather than to recommend the delayed effective date. While it is a very close question, I believe that a court would be more likely to find the annexation valid and effective within the time required by the constitution in order to carry out the will of the commission rather than finding the annexation invalid and, thus, thwarting the constitutional power of the commission to recommend boundary changes.

However, this question cannot be resolved with certainty until the issue is presented and decided by the court. The entire problem will, of course, be avoided if the legislature acts to disapprove the annexation.

TBC:csh
C2/134

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 31, 1984

SUBJECT: Haines Annexation Recommendation
TO: Representative Peter Goll
FROM: Billy G. Berrier *BGB*
Director
Division Legal Services

You have asked several questions concerning the Recommendation for the Annexation of Territory to the City of Haines by the Local Boundary Commission which is Recommendation No. 1 to the Second Session of the Thirteenth Legislature dated January 17, 1984.

You have asked whether this recommendation essentially ordered unification and whether the commission has the power to order unification.

A local boundary commission is mandated by the Constitution of the State of Alaska and is constitutionally given broad power over local government boundary changes.

Section 12 of Article X provides:

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

Representative Peter Goll
Page 2
January 31, 1984

The Commission was established by law (AS 44.47.565) and is generally regulated by AS 29.18.011 - 150. It has regulations at 19 AAC 10.

Our Supreme Court has had questions before it concerning the Local Boundary Commission several times. It has stated the purpose for the commission saying, for example, in Oesau v. City of Dillingham 439 P.2d 180 (Alaska 1968):

The basic purpose for creating the boundary commission and conferring upon it the powers that it possesses was to obviate the type of situation that existed here where there was a controversy over municipal boundaries which apparently could not be settled at the local level. As we pointed out in the Fairview case, the concept that was in mind when the local boundary commission section of the Constitution was being considered by the constitutional convention was that local political decisions do not usually create proper boundaries and that boundaries should be established at the state level. The purpose of the boundary change effected in this case by the boundary commission and the legislature was to establish boundaries at a state level, and resolve a conflict that could not be properly solved at the local level, by doing away with two separate governments in a single community and avoiding multiplication of facilities and services, duplication of tax burdens, and inevitable jurisdictional conflict and chaos.

The Commission does not have authority to itself unify local governments. That procedure is established in AS 29.68.240 - 440 and requires approval at an election.

However, the commission does have broad power and, even though a boundary changed its purposes would result in dissolution of a municipality without following the dissolution procedure, that is within its power. In the case cited above the commission extended the boundaries of the City of Dillingham to encompass all of the City of Wood River. The court held this valid stating:

When the boundary change became effective, the city of Wood River was extinguished as a municipal corporation and its property, powers and duties were then vested in the City of Dillingham.

Representative Peter Goll
Page 3
January 31, 1984

Therefore in my opinion the boundary change is within the power of the Commission even if it were to include all the borough territory and effectively dissolve the borough. It should be noted that the result is not the result reached by unification under AS 29.68.240 - 440 since the result is not one home rule unit of local government.

You have also asked whether the part of the recommendation which reads:

1. The annexation of territory to the City of Haines, as herein described, will become effective two years from the date of the Legislature's approval of the Commission's recommendation and then only if the City of Haines and the Haines Borough have not unified pursuant to the provisions of AS 29.68.240 - 580; and

is valid in our opinion.

In my opinion it is clearly invalid.

The constitution itself clearly states the effective date of a proposed change. In Sec. 12 of Article IX the constitution states:

The commission or board may consider any proposed local government boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. (emphasis added)

There is no ambiguity. The change becomes effective at the time stated and that phrase clearly refers to "any proposed local government boundary change." The annexation is the boundary change, not the recommendation, and the Commission is not empowered to vary the constitution by providing a different effective date for that change.

BGB:ojb
J3/019

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

January 11, 1984

SUBJECT: Local boundary commission recommendations
TO: Senator Richard Eliason
FROM: Richard A. Bradley **B**
Legislative Counsel

Rocky Plotnick has asked whether the effective date of the recommendations of the local boundary commission may be delayed for a year or more.

It seems that they may not.

The Alaska Constitution provides at art. X, sec. 12 (in part):

It (the commission) may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

While I have not seen the particular recommendation that is of concern (because it has not been presented), at this time I do not see how a recommendation with delayed effectiveness can be squared with art. X, sec. 12.

If I may be of further assistance, please advise.

RAB:lmb
L3/086

MEMORANDUM

State of Alaska

TO: Jim Sanders
Local Boundary Commission

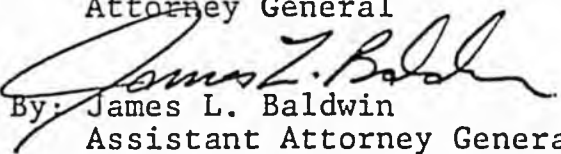
DATE: January 17, 1984

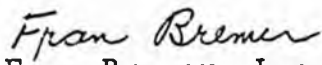
FILE NO:

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Delaying effective
date of boundary
change


By: James L. Baldwin
Assistant Attorney General
Governmental Affairs-Juneau


By: Fran Bremer, Legal Intern
Governmental Affairs-Juneau

You have asked us whether the local boundary commission can validly delay the effective date of a boundary change for two years, contingent on the holding of an election for the unification of the Borough and City of Haines. The answer is yes.

Article X, section 12 of the Alaska Constitution provides for the establishment of a local boundary commission, which may present a proposed boundary change to the legislature within the first 10 days of the session. Section 12 provides, "[t]he change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house." AS 47.47.583 repeats essentially the same language: "the change becomes effective 45 days after the presentation"

An examination of the minutes of the constitutional convention shows that the wording of section 12 was not intended to set a definite date on which the boundary change was to physically occur. 4 Proceedings of the Alaska Constitutional Convention 2750-2753 (Jan. 20, 1956). Rather, the language was intended as a limit on the legislature's power to disapprove a proposed boundary change.

At the convention, an amendment was introduced which required active legislative approval of a proposed boundary change. The delegates discussed the merits of permitting the proposed change to occur without legislative intervention, and rejected the amendment. 4 Proceedings at 2751. It is clear from comments made during floor debate that the delegates' main concern was the potential for delay caused by conditioning a boundary change on legislative approval. A delegate noted that a boundary change could be "difficult to get through if it is going

to affect somebody's constituents." Id. Others noted that changes must be submitted to the legislature "but in the press of business ... they may not get around to consider such little things as a minor boundary change ..." and that "this little boundary adjustment will go from session to session ... because they won't have time to make it approved." Id. The 45-day limit on the legislature's power to disapprove avoided the possibility that the boundary change could go "from session to session" without being decided. See also A.L.I.V.E. Voluntary, 606 P.2d 769 (Alaska 1980)(discussion of article X, section 12 in terms of the power of the legislature to veto executive action).

We believe the provisions of section 12 do not restrict the power of the local boundary commission to delay the operative date of the boundary change. Alaska courts have recognized that annexation decisions involve policy choices that are incapable of judicial resolution. Port Valdez Co., Inc. v. City of Valdez, 522 P.2d 1147 (Alaska 1974); U.S. Smelting, Refining & Mining Co. v. Local Boundary Comm'n, 489 P.2d 140 (Alaska 1971). The local boundary commission was created to provide an expert and experienced agency to make these policy choices within the guidelines set out by law and regulation. See Town of Stillwater v. Minn. Municipal Comm'n, 219 N.W.2d 82, 87 (Minn. 1974)(commenting on the Minnesota Municipal Commission, whose structure and function is similar to that of the local boundary commission). Accordingly, the statutory scheme grants the commission broad power in matters affecting local boundaries. AS 44.47.565 -- 44.47.583. There is no express provision in either the statute or the regulations dictating the time that a boundary change is to become operative. Therefore, the only restraint on the agency's choice of annexation method is the requirement that there be no abuse of discretion. Port Valdez, 522 P.2d at 1151. The commission's decision to allow a two-year delay was a reasoned choice between the competing objectives of encouraging cooperation between the city and borough, and that of settling boundary questions promptly to facilitate planning and assure responsiveness to current conditions. The commission's choice of method -- to delay the operative date -- is analagous to an agency's power to delay the effective date of a regulation under AS 44.62.180(4). We, therefore, conclude that the commission has the power to delay the operative date of the annexation for two years.

HAINES BOROUGH

P.O. BOX H
HAINES, ALASKA 99827
(907) 766-2711

February 6, 1984

The Honorable Don Gilman
Alaska Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Gilman:

I am writing you because you have been interested in the Haines Borough and I have a great respect for your integrity.

I am requesting your support for a resolution that Senator Eliason (Goll) will introduce against the annexation of some 7 square miles by the City of Haines.

The proposed annexation will pull into the City some 500 citizens now living outside the city. This will give the City of Haines a population of some 1500, while only 300 would remain outside. Since municipal assistance is based on population of a borough outside of a city, the borough would have just 300 citizens and our State funds would be reduced to a very low level. Furthermore, the city has 3 members on the current Assembly, the outside area 2 members and 1 member-at-large who now comes from the outside area. If annexation occurred, only 1 member would come from outside and five from the new city. This would not give outside citizens much representation on our Assembly.

In the October election 382 citizens voted against annexation and 255 citizens favored annexation (66% favored).

Both City and Borough have been trying to work out our problems. We feel that a unified government would solve our problem. At a joint meeting of the Council and Assembly, we agreed to request the Local Boundary Commission to delay the effective date of the annexation petition for two years or until the City and Borough have completed the unification process.

Unfortunately, the Local Boundary Commission delayed the annexation for two years, only. Thus on March 3, 1986, if the unification process is not completed, annexation will occur. I do not feel that a Charter Commission, to do the best job, should have to meet deadlines. We have a diversity of people and it is going to take a long time to get a charter that the majority can approve.

Senator Don Gilman
February 6, 1984

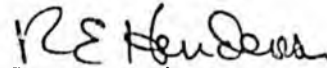
Page 2

Furthermore, there seems to be a question of legality as to whether the Local Boundary Commission can set a date (other than 45 days of legislature after the petition is introduced), as well as specify the kind of government that must be formed. Some legal opinions also tell us that if the present petition is approved by the Legislature and it is challenged in court and found at fault, then annexation would occur immediately.

Because of all these questions, I believe that the Local Boundary Commission recommendation should be rejected. This would allow the City and Borough of Haines to work out our differences and hopefully come up with a unified government that we can all live with that would benefit us all and thereby solve the annexation problem that disrupts our community every few years.

I sincerely hope that you will help us in any way you can to resolve this issue.

Sincerely,



R. E. Henderson
Mayor

REH:AMJ

BILL SHEFFIELD, GOVERNOR

REPLY TO:

LOCAL BOUNDARY COMMISSION

March 3rd

REPORT OF CALENDAR YEAR 1983
ACTIVITIES OF THE LOCAL BOUNDARY COMMISSION
AND RECOMMENDATIONS TO THE SECOND SESSION
OF THE THIRTEENTH LEGISLATURE
FOR CERTAIN MUNICIPAL BOUNDARY CHANGES

Submitted by:

Sheila Gallagher

Sheila Gallagher
Chairman

January 17, 1984

INTRODUCTION

This document contains a report of the activities of the State Local Boundary Commission during 1983. More importantly, it contains recommendations to the Second Session of the Thirteenth Legislature for changes to the boundaries of five municipalities, pursuant to Article X, Section 12 of the State Constitution and AS 29.68.010. These recommended boundary changes become effective forty-five days after presentation or at the end of the Session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

The Local Boundary Commission consists of five members, one from each of the four Judicial Districts of the State, plus one member at large. The Commission members serve without compensation at the pleasure of the Governor. The current members of the Commission are:

SHEILA GALLAGHER, Chairman, serving at large until January 31, 1987;
JOSEPHINE ANDERSON, serving from the First Judicial District until January 31, 1986;
BERT GREIST, serving from the Second Judicial District until January 31, 1984;
Position Vacant, member from the Third Judicial District; and
CHARLES BETTISWORTH, serving from the Fourth Judicial District until January 31, 1985.

Staff support for the Local Boundary Commission is provided by the Department of Community and Regional Affairs, Municipal and Regional Assistance Division.

The Local Boundary Commission was established pursuant to Article X Section 12 of the State Constitution and Section 44.47.565 of the Alaska Statutes for the purposes of considering municipal incorporations, boundary changes and dissolutions.

Municipal incorporations are effected under the provisions of State laws and administrative regulations. It is the responsibility of the Local Boundary Commission to review and act on all petitions for municipal incorporations in accordance with AS 29.18.011-150, 19 AAC 10.010-030, 19 AAC 10.160-180 and 19 AAC 10.325-440. Unlike municipal boundary changes and dissolutions, the Legislature plays no role in municipal incorporations.

MUNICIPAL BOUNDARY CHANGES: Annexations and detachments may be effected by Local Boundary Commission action through either of two general procedures:

- A. Legislative Review - The legislative review boundary change procedure assures an objective examination of the merits of a proposed municipal boundary change. In that the decision on such matters rests with the Local Boundary Commission and the Legislature, this process assures that decisions will be made with the greatest consideration given to the application of regulatory standards concerning such matters.

This process is typically initiated by municipalities in situations where there is a compelling need for the proposed boundary change, but where a majority of the residents in the territory involved in the proposed boundary change oppose it.

Under this process the Local Boundary Commission may accept and review any proposed local government boundary change. Once the Local Boundary Commission has accepted a petition proposing a local government boundary change, the Commission conducts a public hearing in the municipality proposing the boundary change. If, after the public hearing is completed, the proposed boundary change is approved by the Local Boundary Commission, the Commission presents a recommendation for the change to the Legislature during the first 10 days of any regular session. The recommended change becomes effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution receiving concurrent approval from a majority of the members of each house.

- B. Local Action - Municipal boundary changes subjected to this process gain final approval at the local level. The following discussion examines the three types of local action boundary change procedures:

1. An area adjoining a municipality may be annexed or detached by municipal ordinance without an election, provided all property owners and voters within the area petition the assembly or council. The annexation becomes effective with the consent of a majority of the Local Boundary Commission members.
2. Municipally owned property adjoining the municipality may be annexed by ordinance without voter approval. The annexation becomes effective with the consent of a majority of the Local Boundary Commission members.

3. A proposition for the annexation or detachment of territory may be submitted to the voters residing within the area of the proposed boundary change. To become effective the proposed boundary change must be approved by a majority of such voters. Before the proposition is submitted to the voters, the Local Boundary Commission must approve a petition for the proposed boundary change.

DISSOLUTIONS: Current activities related to the issue of sovereignty of Alaska Native villages has alerted the Commission to the need to prepare for a potentially significant number of rural city governments which might seek dissolution.

In August of 1983, the second class City of Akiachak notified the Department of Community and Regional Affairs that it wanted to consider dissolution of its municipal government. Department staff met with representatives of the City Council and the IRA Council to discuss the dissolution process.

Subsequently, but contrary to the Department's explanation of the dissolution process, the Akiachak City Council resigned and the IRA Council passed a resolution notifying the Department that the IRA Council had become the representative government for the community of Akiachak. The Department notified the IRA Council that the dissolution of the City government has not been accomplished, as the City had not followed the statutory procedures for dissolution. The Department notified the IRA Council that the Department was willing to assist the City with the preparation of a correct dissolution petition. The IRA council indicated that it did not recognize the State's authority in the dissolution process and considered the City government dissolved. To date, there has been no resolution to this issue.

The following explanation reviews the procedures for the dissolution of a municipality. The dissolution of a municipal government, in accordance with Sec. 29.68.500-580, can be effected by Local Boundary Commission action through either of two procedures:

- A. Legislative Review - The legislative review procedure assures an objective examination of the merits of a proposed dissolution. The decision for a dissolution rests with the Local Boundary Commission and the Legislature, which ensures that decisions will be made with the greatest consideration given to the application of regulatory standards concerning such matters.

This process is typically initiated through a petition by the community where the municipal government has ceased to function or by the Commissioner of the Department of Community and Regional Affairs.

Once the Department has received and approved a petition for the dissolution of a municipal government, the petition is forwarded to the Local Boundary Commission which must then hold a public hearing in the community proposing the dissolution.

In reviewing the dissolution action, the Commission will apply the standards for dissolution of cities.

These standards require that: 1.) the city has ceased, for two or more consecutive years, to exercise any of the municipal powers set forth in AS 29.48.030 - 29.48.035; 2.) the city has failed to conduct two or more consecutive regular elections in the manner provided by law; and 3.) the city no longer meets the standards for incorporation as provided by law and regulation.

If, after the public hearing is completed, the proposed dissolution is approved by the Local Boundary Commission, the Commission presents a recommendation for the action to the Legislature during the first 10 days of any regular session. The recommended dissolution becomes effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution receiving concurrent approval from a majority of the members of each house.

- B Local Action - A municipal dissolution subjected to this process gains final approval at the local level. The process is initiated by municipal residents filing a dissolution petition. The petition must be signed by at least 25 percent of the number of voters who voted in the last regular municipal election.

Once the Department has received and accepted the petition, it is forward to the Local Boundary Commission. The Commission would then conduct a public hearing in the community proposing the action to determine if the standards for a local action dissolution have been met.

The standards for a local action dissolution require that: 1.) the municipality to be free of debt, or if in debt, that each of its creditors is satisfied with a method of repayment, and 2.) either it no longer meets the minimum standards prescribed for incorporation by AS. 29.18.011, or it ceases to use each and every one of its mandatory powers.

If the Commission finds that the dissolution petition meets the standards it will accept the petition and immediately notify the lieutenant governor. Within 30 days after notification, the lieutenant governor will order an election with the municipality to determine whether the voters desire dissolution.

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION

RECOMMENDATION NUMBER ONE TO THE
SECOND SESSION OF THE THIRTEENTH LEGISLATURE

RECOMMENDATION FOR THE ANNEXATION OF TERRITORY
TO THE CITY OF HAINES

On September 22, 1982 the City of Haines submitted a petition to the Local Boundary Commission (hereinafter "Commission") through the Department of Community and Regional Affairs (hereinafter "Department") in accordance with the applicable laws and regulations of the State of Alaska. The petition proposed the annexation of territory comprising approximately 3.5 square miles of territory extending north from the current City boundaries to and including the City-owned port facilities on Lutak Inlet. On October 6, 1982 the Department determined the petition to be acceptable as to form and content.

On December 12, 1982 the Commission held a public hearing in Haines on the petition for annexation which was prematurely concluded due to a power outage. On January 14, 1983 the Commission rendered its decision amending the City of Haines' proposed annexation to include only the noncontiguous Lutak Port facility. Subsequently, the First Session of the Thirteenth Legislature approved the annexation of the Lutak Harbor facility.

The Commission notified the City of Haines and the Haines Borough that it was going to consider the annexation of additional territory to the City (hereinafter referred to as the "Greater Haines Area") during 1983. On February 19, 1983 the Commission conducted a public hearing in Haines on the annexation of additional territory to the City making the Lutak Port facility contiguous and extending the City's boundaries to include Haines Borough residents receiving City services but not paying commensurate property taxes.

On March 26, 1983 the Commission conducted a decisional meeting on the proposed annexation of additional territory to the City of Haines and did approve the annexation;

On January 7, 1984 the Commission, at the request of the Haines Borough and the City of Haines, conducted a decisional meeting on proposed changes to the Commission's Statement of Decision on the annexation of territory to the City of Haines. These

changes would set an effective date for the annexation two years from the date of legislative approval of the Commission's recommendation. The annexation would not occur if the City of Haines and the Haines Borough unified during the two year period following legislative approval of the annexation. The Commission approved the requested changes to the Statement of Decision.

NOW, THEREFORE, based upon the extensive briefing of the petitioner, the investigation of and report on the petition by the Department, and the information obtained from the public hearing conducted on the matter, the Commission made the following findings of fact and entered its decision pursuant thereto:

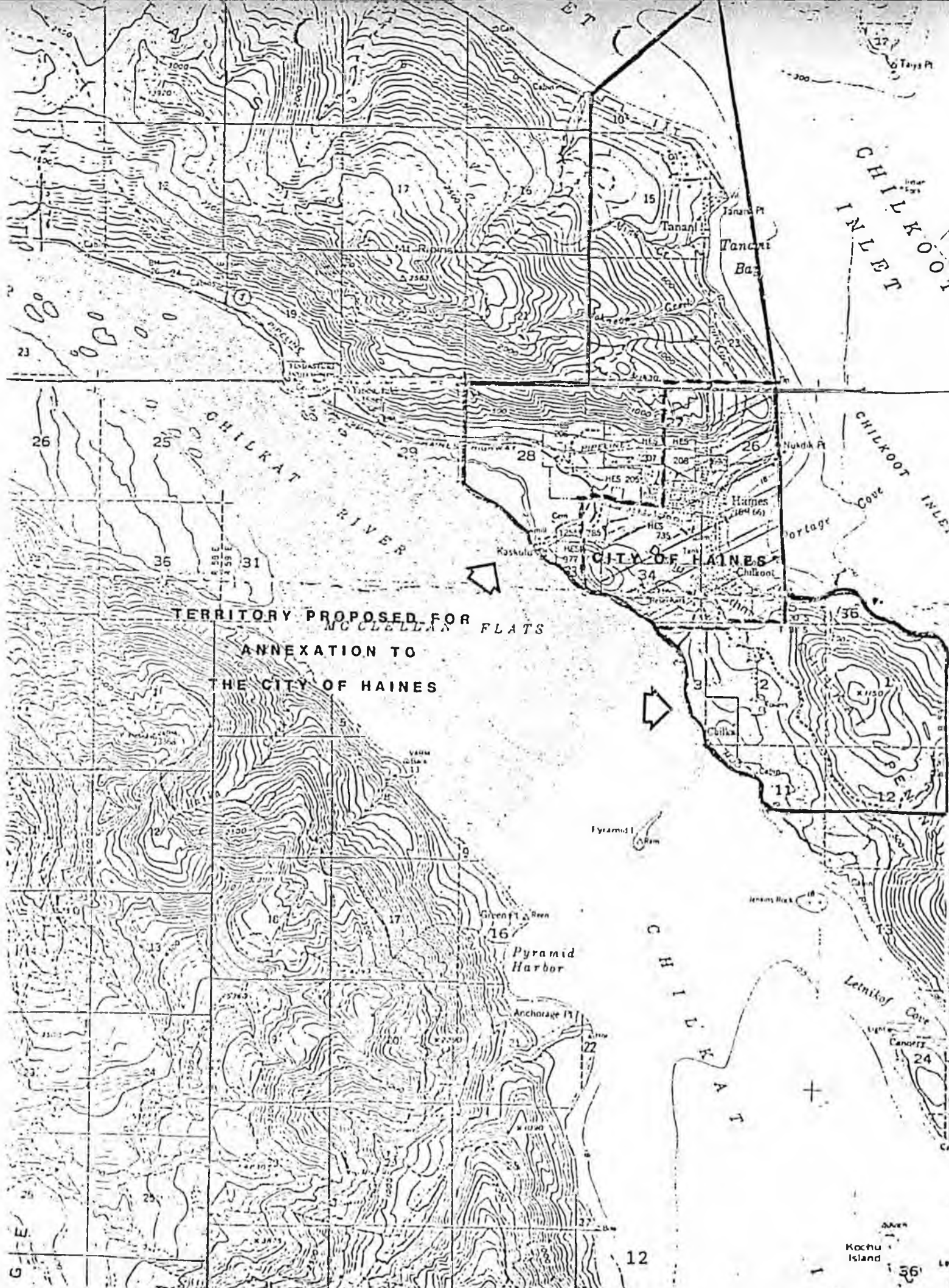
1. The Greater Haines Area is urban in character. The population density of this area is greater than the population density standard used by the Department to determine whether a group of people living in a geographically defined area constitutes a community.
2. The Greater Haines Area is currently receiving municipal services which at this time only the City is capable of providing.
3. There is a reasonable likelihood that growth and development will occur within the Greater Haines Area. There is a need for the provision of planning and zoning in the territory.
4. There are conditions existing within the Greater Haines Area which endanger the health, welfare and safety of City residents. Of particular concern is the sewage contamination found within the Piedad Road area.
5. The residents and property owners within the Greater Haines Area receive direct and indirect benefits of City government without commensurate property tax contributions.

The Commission amended and subsequently approved the City of Haines' petition for annexation dated September 15, 1982 to provide for the annexation of territory which would result in the boundaries herein described for the City of Haines.

THEREFORE, the Commission hereby makes the following recommendations to the Second Session of the Thirteenth Legislature of the State of Alaska:

1. The annexation of territory to the City of Haines, as herein described, will become effective two years from the date of the Legislature's approval of the Commission's recommendation and then only if the City of Haines and the Haines Borough have not unified pursuant to the provisions of AS 29.68.240-580; and
2. Annexation of territory to the City of Haines will result in the following legal description for the City of Haines:

Beginning at the NW corner of protracted Section 28, T30S, R59E, Copper River Meridian (C.R.M.); thence east to the NW corner of protracted Section 27, T30S, R59E, C.R.M.; thence north to the line of mean high tide of Lutak Inlet; thence northeasterly along a line of sight to the U.S.C.G.S. monument named "Sanka" which is located on the north shore at the mouth of Lutak Inlet within Section 2, T30S, R59E, C.R.M.; thence southeasterly along a line of sight to the point where the common line between Sections 23 and 26, T30S, R59E, C.R.M. intersects with the line of mean high tide of Chilkoot Inlet; thence meandering said line of mean high tide in a southerly direction to a point identical with the southeasterly meander corner of Lot 2, protracted Section 26, T30S, R59E, C.R.M.; thence southerly across Portage Cove to the point where the line of mean high tide of Portage Cove intersects with the northerly extension of the easterly side lines of Lots 16 and 5, Section 35, T30S, R59E, C.R.M.; thence meandering easterly along the mean high tide line of Portage Cove and Chilkoot Inlet to the intersection with the east boundary of protracted Section 1, T31S, R59E, C.R.M.; thence south to the southeast corner of the N1/2 of protracted Section 12, T31S, R59E, C.R.M.; thence west to the intersection with the line of mean high tide of Chilkat Inlet; thence meandering northwesterly along the line of mean high tide of Chilkat Inlet and the line of mean high water of the Chilkat River to the intersection with the west boundary of Section 28, T30S, R59E, C.R.M.; thence north to the NW corner of protracted Section 28, T30S, R59E, C.R.M., the true point of beginning, containing 10.79 square miles more or less, all in the First Judicial District of the State of Alaska.



TERRITORY PROPOSED FOR
ANNEXATION TO
THE CITY OF HAINES

January 19, 1984

Dear Representative Goll:

Hopefully the question of annexation of Haines Borough lands by the City of Haines will come before the legislature this coming session. Please vote AGAINST this annexation.

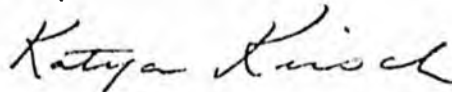
As you are probably aware, the state Boundary Commission voted to allow the Haines City to annex many square miles of Haines Borough lands last year. This is wrong and strange, as the majority of the people in the Haines Borough are against annexation. In a recent vote 64.4% of the population voted against annexation. At a Boundary Commission hearing in Haines an overwhelming number of citizens spoke out against annexation (approximately 45 to 4).

The City of Haines cannot supply all of its present residents with basic services like sewer, water, and roads. So we can't expect them to properly service newly annexed areas. Notwithstanding its inability to render such services, the city would be happy to collect more tax money from newly annexed areas. This would be wrong!

Haines Borough residents have a different lifestyle and values than City residents. Please respect our wishes and vote against the Boundary Commission's recommendation to the legislature to annex Haines Borough lands into the City of Haines.

Thank you,

Katya Kirsch



Box 521
Haines, AK 99827

12/15/83

P.O. Box 124

Haines 99827

Rep. Peter Goll
Pouch V
Juneau 99811


Dear Peter -

I'm sure you are aware of the events relating to annexation in Haines.

A significant majority of our voting citizens — 64.4% — are against the proposed annexation, as we indicated at the polls last October.

Please vote against the Boundary Commission's recommendation to the legislature for annexation to the City of Haines.

Thank you!

Yours truly

Carol R Gilliam

November 27-1983
Box 602
Haines, Alaska 99827

Representative Peter Goll
Pouch V.
State Capital
Juneau, Alaska.

Dear Representative Goll:

It has been brought to our attention, that the Boundary Commission is still considering annexation of areas outside Haines City limits, as you are aware we do not wish to be annexed, as we will not benefit in any way, and it will only bring about an increase in property taxes.

Representative Goll, please vote against the Boundary Commission's recommendation which is to annex the out lying area of Haines.

Thank you.

Sincerely,
Gregory Koehler.
John M. Koehler

December 1, 1983
B.&D. Lumber Co.
P.O. Box 441
Haines, Alaska
99827

Representative Peter Goll
Pouch V
State Capital
Juneau Alaska

Sir,

Please vote against the Boundry Comissions recomendation to
the Legislature of lands for Annexation to the city of Haines
Alaska.

The Annexation will take in my Sawmill that I have operated in
this area since 1977. I beleive this will create a hardship on
me and the people I sell Lumber.

This proposal has been voted down by the people twice but they
keep pushing it on us. Thank you very much.

Yours Truly

LeRoy Buster Benson

LeRoy (Buster) Benson

B. & D. Lumber Co.

P.O. Box 441

Haines, Alaska

99827

766-2236

P.O. Box 297
Haines, AK 99827
December 16, 1983

The Honorable Peter Goll
Representative, State of Alaska
P.O. Box 581
Haines, Alaska 99827

Subject: ANNEXATION OF LANDS
BY THE CITY OF
HAINES, ALASKA

Dear Representative Goll:

In 1977 the City of Haines and the State of Alaska negotiated a purchase for the City of Haines of the Lutak Dock. Later the City of Haines claimed that they asked the State of Alaska Attorney General for a decision on this dock to see if it was legal to operate. The decision was handed down that it was illegal in that it was not adjacent to the City of Haines.

The City of Haines also owns another dock at about five mile on Mud Bay Road. This dock brings in revenue for the City, and the State or the City does not claim that this dock is illegal.

In October, 1979, the City of Haines attempted to annex an area about three times the size that it is now, and an area-wide vote was taken which shows 63% were against annexation. The voters protested to the City, and the annexation proposal was withdrawn.

In September, 1981, the City again passed a resolution asking the Department of Regional Affairs to let them annex an area to Lutak Dock.

Regional Affairs again in 1982 proposed that the City annex an area about seven times its size as they did in 1979. The Boundary Commission promised two hearings, and they came the first time in early January of 1983 and the City officials and one local real estate company asked to have the proposed area annexed.

Another hearing was held in Haines, and there were the same few that stood up and asked to have the annexation go through. Many, many people stood up and asked for the annexation NOT to go through.

It is quite apparent that this did not make any impression on the Boundary Commission, as on March 26, 1983, they had a meeting in Anchorage to decide on the annexation. (They had promised to do it in Haines after the last meeting.)

The Boundary Commission allowed two people from Haines to be at the final decision meeting. These two people were for annexation as they had some acreage to sell that was located near the City of Haines, and the annexation would bring it into the City limits and therefore make it more valuable to sell.

These two people not doubt put pressure on the Boundary Commission to pass on full annexation. If the Commission allowed this, which they did, they should have invited people against the annexation also from Haines. This was

Subject: ANNEXATION OF LANDS BY THE CITY OF HAINES, ALASKA

Page 2

very unfair, unwise, and it has caused much distrust of the Boundary Commission by the people of the Haines Valley.

IN OCTOBER, 1983, AN AREA-WIDE VOTE WAS TAKEN BY THE BOROUGH, AND 64.4% OF THE VOTERS VOTED AGAINST THE PROPOSED ANNEXATION.

These proposed areas for annexation have fire protection, and this past October 4, the people of the Haines Valley voted in by majority to have planning, platting, and zoning in any service area that wishes to have another vote, etc., so most of these people have or can have all the services they wish without the extra taxes that would be imposed if they are annexed.

At the present time, there are many families living in the city limits of Haines who have lived here for several years. Many do not have any sewers, one has no road to their property, nor sewer, nor water.

If the City cannot deliver the services these many families are paying maximum city taxes for, how can the City of Haines give the people they propose to annex any more services?

It is quite clear that this annexation is strictly a scheme to get more taxes for the City of Haines without any concern for most of the residents outside of the present City limits.

Most of the people that would be annexed by the present proposal have water, sewer, electricity, etc. The annexation would give them absolutely no benefits. Their taxes would go up, and rules and regulations would be imposed that they do not need or want.

The few people that do need or want sewers outside of the present City limits can get these services by a Local Improvement District (L.I.D.).

The Boundary Commission in their March 26, 1983, report states on Page 3 the following:

5. The residents and property owners within the Greater Haines Area receive direct and indirect benefits of City government without commensurate tax contributions.

THE FACTS ARE: In 1982 the City of Haines mill rate was 6.0. The total city property tax was \$150,756.00. The area to be annexed paid into the City for fire service 2.6 mills outside of the City of Haines, totaling \$27,366.00. Each user of city water pays for it.

Sales tax collected on everything sold within the City of Haines is 4%, totaling \$471,455.57. This tax is paid by everyone in the valley.

Beyond this, the Borough completely supports the Haines Library, museum, swimming pool, Chilkat Center for the Arts, and the Haines Public Schools, all of which are within the City of Haines.

The Haines museum, library, and arts center are financed by funds from municipal assistance and revenue sharing. The funding depends upon the number of citizens

Subject: ANNEXATION OF LANDS BY THE CITY OF HAINES, ALASKA

Page 3

who live outside the City of Haines. In other words, City of Haines citizens do not contribute to any of these facilities.

We ask you , as an understanding representative, to vote NO on this annexation proposal. We believe in a democratic system, and if this annexation goes through, these people will be forced into rules and regulations they do not want nor need.

May the holiday season be pleasant and peaceful for you and yours.

Sincerely yours,

HAINES BOROUGH CITIZENS AGAINST ANNEXATION



Louis O. Nelson, President

P.S. FOR FURTHER INFORMATION AND OUR ATTORNEY'S BRIEF, PLEASE FEEL FREE TO WRITE R.E. HENDERSON, P.O. BOX 105, HAINES, AK 99827.

December 5, 1983

Representative Peter Goll
Pouch V
State Capitol
Juneau, Ak. 99811

Dear Mr. Goll:

I am writing to urge you to vote against the Local Boundary Commission's recommendation to the Legislature for annexation of lands to the City of Haines. Please consider the following points.

When the Local Boundary Commission held public hearings in Haines, an overwhelming majority of the citizens testifying, opposed annexation. This opposition was further emphasized when sixty four percent (64%) of the entire borough (including the City of Haines), voted against annexation on the advisory ballot question in the October 4, 1983 Municipal election. Eighty percent (80%) of the borough residents residing outside the City of Haines voted against annexation in the same election.

The Local Boundary Commission is recommending that the city annex an area about three times the city's present size. This includes far removed areas such as the Haines Cannery and the airport. The city cannot possibly provide services such as water and sewer to many of these areas, however, they would raise taxes from the present 1.6 mills to 7.6 mills. There are already many residents in the present city boundaries who do not receive these services, but still pay the higher tax rate.

The Local Boundary Commission cited the lack of planning and zoning powers by the borough as one of the reasons for the city to annex such a large area. In the October 4, 1983 Municipal Election, the citizens of the Haines Borough voted in favor of planning, platting and zoning by service area, which enables each service area to make its own decisions on these matters, if the people of that area vote to enact such powers. All of the service areas in the proposed annexation currently have fire protection, which was voted on by each service area, and are taxed an additional rate of 1.0 to 2.2 mills, depending on the area.

Most of us who live outside the city made the choice to live beyond the services and higher taxes. I urge you to consider the above concerns and vote AGAINST the Local Boundary Commission's recommendation to the Legislature for annexation of lands to the City of Haines.

Sincerely,

Therese Gemmie

December 5, 1983

Representative Peter Goll
Pouch V
State Capitol
Juneau, Ak. 99811

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Most of us who live outside the city made the choice to live beyond the services and higher taxes. I urge you to consider the above concerns and vote AGAINST the Local Boundary Commission's recommendation to the Legislature for annexation of lands to the City of Haines.

Sincerely,

*You can count on us can we
Please count on you
Mrs Diana M. Benson
Cache Inn Lodge
P.O. Box 4111*

LODGE

Located on
beautiful Chilkat Inlet



- ★ Individual Cabins
- ★ Fishing & Beachcombing
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- ★ Maid Service
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- ★ Prices You Can Afford

P.O. BOX 441
HAINES, ALASKA 99827
(907) 766-2236

OPEN MARCH - NOVEMBER
(or upon request)

To
We have private cabins, no car
Build But City will stop
over will clear

Thank you
Dennis M. Bremer

Dear Pete,
I would take all day working but I
am now to the point that what we
want doesn't count. I have all the 1.40.
on this for the last 5 yrs. If you can
understand that call and will go it to
you.
Please Peter help. I promise we will
sell out if Tom and the city get their
way.

Judy K. Bolander
P.O. Box 509
Haines, Alaska
99827-0509

November 28, 2983

Representative Peter Goll
Pouch V
State Capital
Juneau, Ak. 99811

Dear Representative Goll,

I'm sure you have heard many versions of the annexation proposal for the Haines area.

At present the Borough and City are trying to come to some kind of an agreement but it is difficult. It remains unclear where the annexation issue now is, even though the City has agreed to give the Borough two years before they go for the annexation, that is now proposed. At this point the City is using the annexation issue to force the Haines Borough into a unified municipality. They refer to the annexation as a hammer to get unification.

This is typical of the operation of the Haines City Government. The entire annexation issue came up over trying to operate their new dock. They did annex it into the City and may now operate it legally. In the mean time, the Boundary Commission suggested they annex an area three times the size of Haines. Haines City Council agreed and that is how we got started. There is little to be known other than the Boundary Commission has chosen to listen to City officials only. There were residents of the City of Haines who testified about the services they do not receive and pay taxes for, questions were asked about how Haines could provide services for the new residents, no answers were given.

There is a definite break in the Borough, City relations. The City is quick to reply that they are stepping in because the Borough is a third class Borough. They continually become involved in issues stirring people up and creating an atmosphere of division. Regardless of the people's desires.

Please vote against the Boundary Commissions recommendation for annexation to the City of Haines. As the votes of the people have clearly shown their opposition to annexation and also to unification.

Sincerely

Judy K. Bolander
Borough Assembly Member

*P.S. I have delayed sending this pending the outcome of any tangible results between the City & Borough. No date there have been no formal actions.
Judy Bolander
11/2/84*

George Figdor
Box 612
Haines, Alaska 99827

Rep. Peter Goll
Alaska State Legislature
Juneau, Alaska

Dear Representative Goll,

I am opposed to the proposed annexation of
lands outside city limits by the city of Haines.

Please vote against the Boundary Commission
recommendations and urge your colleagues to do
likewise.

Sincerely,

George Figdor

Box 438
Haines, Alaska 99827

Dec. 29, 83

Rep. Peter Goll:
District 2
Alaska State Legislature
Pouch 2
Juneau, Alaska 99811

This is to urge you to introduce a bill
against annexation of additional area at
Haines, Alaska, for the following reasons.

1. Much of the proposed annexed area is in
five acre parcels. If these parcels were to
be taxed at the same rate (by area) as the
present city lots, the taxes would be so
high that many people would be forced
to either sell part of their land or sell
all & relocate.
2. To sell part means to subdivide &
the cost is enormous. Also there are
State laws concerning on lot water &
sewers on parcels smaller than 5 acres.
3. Those on fixed incomes, as we are,
(we are retired) can not meet the added
expense of more taxes.
4. By vote the people have shown
that they do not want to be annexed.
5. Many of those living on the land
to be annexed built the home with
their own hands. It is a way of life
to live on a larger parcel instead of
a smaller city lot. In Alaska some

(over)

such rights should be preserved.

The people presently outside the city already pay the same school tax and the same sales tax. All of the stores are in the city limits. Also the fire districts are paying towards fire protection.

7. More Police services would be required, at city expense. Therefore we might be in jeopardy of losing our State Patrolman.

There are other reasons as well, I'm sure you are aware of.

I thank you.

Sincerely,

Edna J. Hatch
James J. Hatch

MRS. A. W. JURGELEIT

BOX 292
HAINES, ALASKA 99827
December 21, 1983

Representative Peter Goll
P. O. Box 581
Haines, Alaska 99827

Dear Peter -

This letter is to ask you to vote against the Local Boundary Commission's recommendation to the Legislature concerning the annexation of lands to the City of Haines.

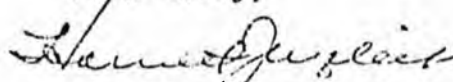
There are many reasons why the annexation should not take place but uppermost in my opinion is that the people involved have spoken, written, and voted against it repeatedly. At the last hearing held here at least thirty spoke against the annexation and four were in favor of it. The results of a straw vote showed 80% of the voters living outside the city limits voting against annexation. The total area-wide vote showed 64.4% of the voters as being against the annexation.

As I understand it, the Boundary Commission felt planning and zoning were necessary in the area affected and would come with the annexation. However, at the last election, held October 4, 1983, residents of the Borough voted in favor of the powers by service areas. So - that need is no longer existent.

Those of us who live outside the city limits do so by choice. We can see no benefit to be derived from living inside the city limits except the questionable one of paying higher taxes. At the present time the City of Haines cannot - or does not - furnish the usual city services to many residents already within their limits. I can see no way they could take on greater responsibilities and honor them.

Again, I urge you to please vote against the Local Boundary Commission recommendation to the Legislature for annexation of lands to the City of Haines.

Yours truly,



Harriett I. Jurgeleit (Mrs. A. W.)

December 27, 1983
Box 447
Haines, Ak. 99827

The Honorable Peter Goll
Representative, State of Alaska
Pouch V
Juneau, Ak. 99811

SUBJECT: ANNEXATION OF LANDS
BY THE CITY OF
HAINES, ALASKA

Dear Representative Goll:

We have been living on Small Tract Road for many years and things in general have been good to us.

We voted against the advisory vote this past fall regarding annexation.

The vote for the area was 64.4% of the voters against annexation.

We hope that you might help stop this annexation as it will impose more taxes upon us, and the services the city promises we do not need, nor want.

We have fire protection and we pay for that.

Most of the people on Small Tract Road and Mud Bay Road that we know are against this annexation proposal.

Thank you for your cooperation on this matter and may the year of 1984 be good for you and your peers.

Respectfully yours,

Mr. and Mrs. Fritz Katzenmeyer

*Albusta Katzenmeyer
Fritz Katzenmeyer*

Sir:
We the under-sined
do not wish any land near
Haines annexated. We wish
to remain a third-class
borough.

Sincerely

Letta Roth

Helen Edwards.

John Hattie