

ALASKA LEGISLATURE COMMITTEE FILES 1963-1966 00/2  
214.2 HCRA DEPT. C&RA COMM. SERV. BLOCK GRANT - LOCAL BOUNDARY



Legislative  
Information and  
Teleconference Networks

SIGN-IN SHEET

Date: 2/4/80

Site/Location: Juneau

Sponsor/Subject: H&C C+RA, Rock Grants

Name/Representing	Address	Phone	Here to Testify	Here to Observe
Chris Papp Goll				
Wallis				
Greenberg				
Phillips				
Jurman				
Marrow				
Witness: Deputy Commissioner	AK Dept of Community & Regional Affairs			
Gordon Stockdale	Director of SEACAP			
Kat Woods -	BM Behrens Bank			
Fay Wallis read a statement				
Gregory Clear	McGowan/Amik			
observers: 12 + staff				

House C+RA  
attn: Rep. Goll  
C-17

TESTIMONY OF GREG O'CLEARY

On The

1986 PROPOSED STATE COMMUNITY SERVICES BLOCK GRANT PLAN

Friday, February 7 1986

MY NAME IS GREG O'CLEARY. I'M FAMILIAR WITH ALASKA'S CAP AGENCIES. I WAS A MEMBER OF RURAL CAP'S BOARD OF DIRECTORS FROM 1970 TO 1980. I KNOW ABOUT SEACAP'S WORK IN SOUTHEASTERN BECAUSE I LIVE AND WORK HERE.

I SUPPORT THE PROPOSED STATE PLAN. CAP AGENCIES HAVE BEEN FIGHTING A "WAR AGAINST POVERTY" FOR THE LAST TWENTY-FIVE YEARS. THE UNHAPPY FACT IS THAT THE MAJOR RESULT OF THE ALL OF OUR EFFORTS IS A LARGE AND GROWING LIST OF POVERTY VICTIMS.

I CAN SYMPATHIZE WITH RURALCAP'S POSITION IN THE PRESENT SITUATION AND I KNOW THAT SEACAP DOES TOO. AN ORGANIZATION MUST BE LOYAL TO ITS EMPLOYEES AND TO ITS CONSTITUENCY, AND IT IS THE ROLE OF THE DIRECTOR TO DO WHATEVER IS NECESSARY TO PRESERVE THE INSTITUTION INTACT.

THERE IS A LARGER ISSUE INVOLVED HERE THOUGH. I HAVE HAD AN OPPORTUNITY TO LOOK AT SEACAP'S PLAN TO ADAPT TO WHAT APPEARS TO BE THE REALITY WE FACE IN THE FUTURE AND I BELIEVE THEY ARE ON TARGET. SEACAP IS LOOKING AT THE VERY BASIC ELEMENTS OF SOUTHEASTERN'S ECONOMY AT PRESENT AND THEY ARE BRINGING MORE COMPONENTS TO BEAR ON OUR PROBLEMS THAN HAS BEEN CUSTOMARY IN THE PAST. THEY ARE ALSO PURSUING A COURSE OF ACTION THAT WILL LEAD TO SELF SUFFICIENCY.

I WOULD LIKE TO SEE THIS ADVERSITY BETWEEN RURALCAP AND SEACAP PUT AWAY ONCE AND FOR ALL AND GET ON WITH THE BUSINESS OF DOING WHAT MUST BE DONE IN A PROFESSIONAL AND PERTINENT MANNER. ALASKA'S TWO COMMUNITY ACTION AGENCIES MUST BEGIN WORKING COOPERATIVELY IF FOR NO OTHER REASON THAN TO PRESERVE THEMSELVES. I DO NOT HEAR THE DEATH KNELL FOR RURALCAP IN THE PROPOSED STATE PLAN FOR CSBG.

TESTIMONY BY PATRICK WONSER, VICE PRESIDENT, B. M. BEHREND'S BANK

On The

PROPOSED 1986 CSRG STATE PLAN

Friday, February 14, 1986

GOOD AFTERNOON, I AM PAT WONSER, VICE PRESIDENT AND MANAGER FOR B.M. BEHREND'S BANK. WE ARE A SOUTHEASTERN ALASKA REGIONAL BANK WITH A VESTED AND SINCERE INTEREST IN THE ECONOMIC FUTURE OF SOUTHEASTERN COMMUNITIES.

I AM PLEASED TO SEE THE KIND OF INITIATIVE THAT SEACAP HAS TAKEN TO DIRECT ITS EFFORTS BEYOND THE VACUUM OF STATE AND FEDERAL PROGRAMS AND INTO THE PRIVATE ECONOMIES OF OUR COMMUNITIES.

BEHREND'S BANK IS COMMITTED TO WORKING CLOSELY WITH ORGANIZATIONS THAT FOSTER APPROPRIATE DEVELOPMENT, NEW ENTERPRISES, AND MORE JOBS IN OUR REGION. WE FURTHERMORE FEEL SEACAP IS CORRECT IN THEIR ASSUMPTION THAT THE CURRENT TREND IN PUBLIC FUNDING REDUCTIONS IS NOT LIKELY TO ABATE.

I HAVE SEEN SEACAP'S PLAN OF DEVELOPMENT AND I CONSIDER IT ONE OF CONSIDERABLE MERIT. I APPLAUD THIS AGENCY'S NEW APPROACH TO PRESERVE ITS CONTINUITY OF SERVICE IN OUR REGION AS IT DEVELOPS ITS OWN MEANS OF FINANCIAL INDEPENDENCE.

**Municipality  
of  
Anchorage**



OFFICE OF THE MAYOR

P.O. BOX 6650  
ANCHORAGE, ALASKA 99502-0650  
(907) 264-4431

TONY KNOWLES  
MAYOR

February 11, 1986

Representative Peter Goll  
Chairman  
House Community and Regional  
Affairs Committee  
Pouch V  
Juneau, Alaska 99811

Dear Representative Goll:

I understand that you will be taking testimony on the draft of the State Plan for distribution of the Community Services Block Grant during a teleconference hearing on February 14th. Unfortunately, other duties will prevent me from testifying at the hearing itself, but I felt it important that I be on record with my support for one of the recipients of those block grant funds -- the Rural Alaska Community Action Program (RurAL CAP)

At first it might seem strange that the Mayor of Anchorage would be testifying on behalf of an organization which is primarily known for its programs which serve low-income people throughout the rest of the state. RurAL CAP's reputation for excellence over the past 20 years of rural programs -- Weatherization, Energy Conservation Workshops, Subsistence, Village Participation, Alcohol and Drug Abuse Prevention, Head Start -- is widely known.

What is not so well known is that RurAL CAP operates Anchorage Head Start, with 5 center-based programs and 4 home-based programs serving approximately 160 low-income families. With more resources, they could serve even more, as each year there are many more qualified applicants than openings in the program. RurAL CAP also serves low-income people in Anchorage through its support of Bean's Cafe, not only through its direct support of the program, but through the matching donations from private sector that RurAL CAP's support generates.

In addition to program services, as one of the largest non-profit organizations in the city, RurAL CAP is a major

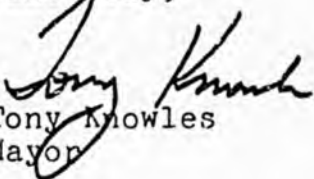
Representative Goll

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As you can see, it's really not so strange that the Mayor of Anchorage would be writing on behalf of RurAL CAP. As you review the draft of the State Plan for distribution of the Community Services Block Grant, I urge you to keep the positive statewide impacts of this organization in mind.

Sincerely,



Tony Knowles  
Mayor

cc: Commissioner Emil Notti  
Representative Kay Wallis  
Representative Niilo Koponen  
Representative Max Gruenberg  
Representative Randy Phillips  
Representative Walt Furnace  
Representative Andre Marrou

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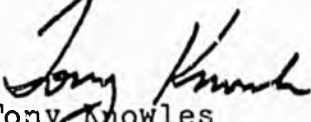
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## OVERVIEW

Community Action Agencies are unique vehicles for addressing rural economic problems. There are two Community Action agencies in Alaska, RURALCAP and SEACAP; there will never be any others. It is imperative that we examine our relevance to the state's mission and begin making the constructive changes required in these times to ensure the survival of the institutions and their valuable services to our community residents.

In the broadest sense, the mission of community action agencies is to provide a wide range of services which will have a direct and measurable effect on the causes of poverty in the state. Faced with the need to adapt, come to terms with diminished funding opportunities, and focus on our specific charge to combat the causes of poverty we at SEACAP have taken the bold and progressive step of addressing the more fundamental problems areas that affect the economic health of our communities.

The general economic health of a community is the single greatest determinant of opportunities for its residents. If we are to wage a war on poverty we must do far more than simply treat the wounded. At SEACAP we have developed a strategy and a specific plan to significantly broaden the scope of our services and activities on behalf of those communities we serve.

We at SEACAP realize that in our adaptation to the new economic realities facing all non-profit organizations we must look to our marketable services and skills for a means to at least partially support the organization's traditional activities for low income and disadvantaged residents. In doing so SEACAP has already begun to identify a number of capabilities of relevance to our anti-poverty mission which are also quite marketable in their own respect.

To date we have identified the following range of services as marketable and have taken the initiative to begin moving cautiously into those markets. I must stress at this point that to date our accomplishments though modest are significant and represent a huge voluntary effort on the part of staff to achieve them.

I. General administrative and management services: Because we are located in the Capital city this is a natural market for us to explore. The services in this category consist at this point of a copying service, graphics layout and production, word processing, and proposal packaging.

II. Fund accounting and project management services: This is a market area we are moving into with particular care. There is a clear need for small communities to have access to an affordable service which will enhance their ability to account for grants and manage community projects. This is a particularly relevant activity when one looks carefully at the chronic lack of job opportunities for small community residents. It is also a measure that directly addresses the local hire problem.

III. Capital city management and liaison services: This will give our small communities a reference point in Juneau to assist in resolving technical problems, provide timely information, and perform specialized services.

IV. Residential energy services: This service will augment our low income weatherization program. By performing a similar but non-subsidized energy related business SEACAP can finance a far broader range of appropriate energy services to our low income residents that are excluded under the present program.

SEACAP has identified its needed structural changes and with our board of director's concurrence we have made the necessary organizational adaptations to operate with the degree of efficiency and accountability these new projects will demand. Furthermore, we have identified our equipment requirements and have obtained private financing for its purchase.

It is of no small significance to note that SEACAP is breaking new ground in having undertaken the kind of reorganization we have and having established a credible relationship with the private financial community. This is certainly unique in the history of Alaska's Community Action Agencies.

SEACAP's approach is to consider as one of our primary goals the overall economic health of our Southeastern communities. In looking at new options for financing our programs we have begun developing the kinds of relationships with other, non-traditional funding sources, the business community, and the private financial community that it will take to bring more resources to bear on the problems of community development, new enterprise opportunities, local job opportunity, and local hire. All of this while we continue to work toward greater financial independence.

## THE WAR ON POVERTY IS NOT WON BY SIMPLY TENDING THE WOUNDED

Community Services Block Grant moneys are intended to support the activities of Community Action Agencies in their mission of alleviating the causes of poverty.

The original concept created CAA's to act as the vanguard force in the war on poverty. This implies that, at least to a significant degree, these organizations should be engaged in activities related to the fostering of lasting economic opportunities in their constituent communities. These opportunities would necessarily be in the form of real jobs and new enterprises.

Lasting opportunities in a community are a direct reflection of the fundamental economic health of the community. This means that efforts directed towards the improvement of community economic health must have some bearing on the private financial components of a local economy.

The practice of many CAA's in the past has shown little, if any, consideration of real private economic factors in their respective communities aside from gathering data to support claims for further entitlements to funding. In effect, the war on poverty has tended to become focused on caring for the wounded and conducting body counts while the real economic battles are left to other forces.

There is not now, if there ever was, an entitlement to program funding. With the increasingly bleak prospect of continued funding for community action agencies there must be some consideration of a given program's relevance to real community needs, the likelihood of its producing positive and demonstrable results, and the likelihood that it can achieve some measure of continuous progress toward independence.

Acknowledging this SEACAP has undertaken a major restructuring to begin operating well beyond the vacuum of traditional publicly funded program formulas. We have taken the initiative to develop a plan which will enable us to focus our efforts on the basic economic health of our communities while we create independent means of financial support for the institution. The following monograph will provide a brief overview of our plan of development and our accomplishments to date.

# Municipality of Anchorage



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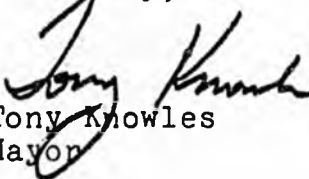
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Representative Max Gruenberg  
Representative Randy Phillips  
Representative Walt Furnace  
Representative Andre Marrou

\* SENT: 02/14/86 TIME: 14:24 \*  
 \* SUBJECT: BLOCK GRANT T/C 3-4:30 2/14 \*  
 \* PRINT DATE: 02/14/86 TIME: 14:46 \*  
 \* \* \* \* \*  
 \* \* \* \* \*

TO: ALL SITES PARTICIPATING IN BOCK GRANTS T/C 3-4:30 THIS  
 AFTERNOON  
 FROM: LISA IN JUNEAU

FIRST, THE NETWORK SITES I HAVE LISTED ARE:

- BARROW
- NOME
- ✓ - BETHEL *HAROLD SPANIL*
- KOTZEBUE
- + DILLINGHAM
- + NAKNEK
- ✓ + FAIRBANKS - *Jim Kawdsky*
- ✓ + ANCHORAGE - *MAX CHICHALWION* 
- + MAT-SU
- SOLDOTNA
- ✓ - HAINES - *Jim Wilson* *JOY "GONANT"*
- 3 ✓ + SITKA -

THE VTS SITES ARE:

- CRAIG
- + HOONAH
- ✓ HYDABURG - *Kelly Ferguson*
- ✓ KAKE - *HENRY SMITH* - *SHIRLEY JACKSON*
- KLAWOCK
- YAKUTAT

THE OFFNET STES WE'RE AWARE OF AT THIS POINT ARE:

- ENGLISH BAY
- SELDOVIA
- ✓ - TOK - *Spoke*
- PORT GRAHMN
- ✓ - FORT YUKON - *Solmann*
- ✓ - MEKORYUK - *SAMUEL SMITH*
- ALAKANUK
- CHEEVAK
- KWETHLUK
- SAVOONGA
- STEBBINS
- UNALAKLEET
- PILOT STATION
- TUNUVAK
- MARSHALL
- SHISHMAREF
- + HOOPER BAY
- CHEFORNAK

*Gordon Stockdale - SEACAP*

✓ **K**ASAAN - *Hike Burnham*  
 ✓ KWETHLUK - ?  
 MEKORYUK

THE BRIDGE IS: (415)896-1609

BACK-UP PHONE WILL BE 586-2528, ONCE THE CONFERENCE IS UNDER WAY  
 EMAIL ADDRESS DURING CONFERENCE IS: LTCJ  
 THANK YOU, LISA

\*\*\*\*\*

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508  
PHONE: (907) 563-1073

January 30, 1986

Dear Interested Party:

The Department of Community and Regional Affairs is pleased to provide you with a copy of the DRAFT Fiscal Year 1986 State Plan governing the Community Services Block Grant (CSBG) program. This federally funded program provides pass through funds to Alaska's two Community Action Program agencies to provide programs and services which impact the causes and conditions of poverty.

The Department will hold a public hearing to solicit public comments on Friday, February 14, 1986, from 3:00 p.m. - 4:00 p.m. The hearing will be conducted over Legislative Teleconference facilities in the following communities: Anchorage, Bethel, Fairbanks, Juneau and Nome. If you would like to offer oral comments at the hearing, it is helpful to contact one of these Legislative Teleconference Offices and let them know. For your convenience, these addresses are listed in the enclosed public notice. You may offer written comments on the State Plan until February 20, 1986.

While this DRAFT FY 86 Plan is very similar in most respects to the current State Plan, the funding formula for the Community Action Program agencies has been revised.

If you have any questions concerning the FY 86 CSBG State Plan, please contact Terry Dale, Block Grants Administrator, at (907) 465-4890 in Juneau.

Sincerely,

*Emil Notti*  
Emil Notti  
Commissioner

Enclosure: CSBG State Plan  
Public Notice

PUBLIC NOTICE

CSBG PUBLIC HEARING

Notice is hereby given that the Community Services Block Grant (CSBG) State Plan for FY 86 is available for public review and comment from the Department of Community and Regional Affairs, Division of Community Development. CSBG funds are allocated to Alaska's two Community Action Program agencies to impact the causes of poverty on low-income Alaskans. Copies of the State Plan can be obtained by visiting or telephoning one of the Division's offices or a Legislative Information office listed below:

Community Building - Central Office  
150 3rd Street, Room 109  
P.O. Box BC  
Juneau, AK 99811  
465-4890

Community Building - Regional Office  
150 3rd Street, Room 103  
P.O. Box BD  
Juneau, AK 99811  
465-4811

Sportsman's Mall  
1514 Cushman, Room 211  
Fairbanks, AK 99701  
456-1505

City Hall Building  
P.O. Box 1068  
Nome, AK 99559  
443-2274

Kuskokwim Office Building  
P.O. Box 348  
Bethel, AK 99559  
543-2885

University Plaza Building  
949 East 36th Avenue, Suite 400  
Anchorage, AK 99508  
563-1955

The Division will hold a public hearing by teleconference on the FY 86 CSBG State Plan on Friday, February 14, 1986, from 3:00 p.m. - 4:00 p.m. Since the Legislature has first priority on the teleconference system, the date and time is subject to change. It is advisable to call the nearest Legislative Information Office the day of the hearing to confirm the time and day. These offices are listed below for your convenience. A written summary of comments presented at the hearing would be appreciated.

Anchorage Information Office  
1024 West 6th Avenue  
279-3668

Bethel Information Office  
Kuskokwim Inn Annex  
543-3541

Fairbanks Information Office  
315 Barnette Street, Suite 101  
452-4448

Juneau Information Office  
Sommers Building  
226 Seward Street  
465-3836

Nome Information Office  
Old New Federal Building  
3rd Floor, Front Street  
443-5555

Written comments must be received at the following address by Thursday, February 20, 1986. Questions concerning the plan can be directed to:

Terry Dale  
Block Grants Administrator  
Division of Community Development  
P.O. Box BC  
Juneau, AK 99811  
Phone: 465-4890

STATE OF ALASKA

COMMUNITY SERVICES BLOCK GRANT  
STATE PLAN FOR FY 1986

**DRAFT**

Prepared by:

Department of Community and Regional Affairs  
Division of Community Development  
P.O. Box BC  
Juneau, Alaska 99811

(Revised 1/28/86)

STATE OF ALASKA  
 FY 86 COMMUNITY SERVICES BLOCK GRANT STATE PLAN  
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## I. SUBMISSION OF THE STATE PLAN

With the submission of this plan the State of Alaska, Department of Community and Regional Affairs, is applying for FY 86 funding for the Community Services Block Grant program [Sec.675(a)] pursuant to the provisions of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35); HJR 599-13, the mechanism for the inclusion of the Grandfather Clause, which assures 90% funding for CAAs; and Public Law which appropriates funds for the Department of Labor, Health and Human Services, and Education for FY 86. This plan describes how the State of Alaska will carry out the assurances contained in Section 675(c) as per Section 675(d)(1), and the proposed uses of funds, as required by Section 1742 of the Act.

## II. INTRODUCTION

### A. The Omnibus Budget Reconciliation Act.

The Omnibus Budget Reconciliation Act of August 13, 1981 (Public Law 97-35) repealed all but Title VIII and Title X of the Economic Opportunity Act of 1964. With this repeal, the Administration also changed the traditional role of the Federal Government of directly funding private non-profit anti-poverty programs at the local level. Instead, this funding is now channeled directly to states in the form of Community Services Block Grants, giving Governors more direct control over the expenditure of such funds at the local level for low-income residents.

### B. State Administration.

The federal Department of Health and Human Services, through its Office of Community Services, administered the CSBG funds for the State during FY 1982 by making grants to the two designated Community Action Agencies in the State: The Rural Alaska Community Action Program, Inc. (Rural CAP) and the Southeastern Alaska Community Action Program (SEACAP). A variety of tribal entities have received direct funding from Washington D.C. during each fiscal year. This amount is deducted from the State's CSBG allocation.

During FY 83, the State of Alaska assumed administration of the Community Services Block Grant. The Governor designated the Alaska Department of Community and Regional Affairs (DCRA) as the State administering agency for this block grant program. In 1983 the CSBG application was developed by the Division of Community Development (DCD). This Division has responsibility for administering the Job Training Partnership Act (JTPA). In addition, State funded Day Care Assistance and Child Care Programs, the Displaced Homemaker's Program, and a number of other State funded capital projects and Legislative Grants are administered by the Division. The federally funded HUD-Community Development Block Grant and Department of Energy Low Income Weatherization and State Energy Conservation Programs are also administered by the Division. The Division is familiar with and has significant experience in operating a variety of complex federal programs.

Set out below is the State of Alaska's plan for the distribution and administration of CSBG funds. The State Plan annotates the required federal assurances to meet the conditions and stipulations contained in Section 675(d)(1) of the Act.

C. The Role of the Community Action Agencies.

At least 90% of the funding received by the State of Alaska will be passed through to the two existing Community Action Agencies. This plan relies largely on the continuation of activities by these agencies to meet the assurances required in Section 675(c) of the Act.

With these funds the rural Alaska Community Action Program (RurAL CAP) and Southeast Alaska Community Action Program (SEACAP) provide a range of services to low-income Alaskans in rural and urban communities which are dispersed over a vast geographic area.

In Southeast Alaska, SEACAP provides regional programs in weatherization, youth employment and advocacy, and referral services to the low-income clients in the region (see Appendix A for a summary of the Agency's FY 85 programs). RurAL CAP serves a large geographical area of the State with services available throughout rural Alaska. RurAL CAP serves its low-income population with Head Start and other child development programs, alcoholism and drug abuse prevention, weatherization and other energy programs designed to lower the fuel bills of poor families, natural resources programs to ensure continued access to fish and game resources by those who depend on them as staples, and citizen participation programs to ensure that the voice of the poor is heard (see Appendix B for a summary of Agency's FY 84 programs). Both agencies use CSBG and non CSBG funds to extend services to rural and urban Alaskans.

CSBG funds are used to help low-income people to secure and retain meaningful employment, an adequate education, make the best use of available income, obtain and maintain adequate housing, obtain emergency assistance for energy related life-sustaining needs, and attain greater self-sufficiency and participation in programs and projects that directly affect their lives and well-being.

III. ROLE OF THE STATE AGENCY

The Governor of the State of Alaska has designated the Department of Community and Regional Affairs, formerly the State Economic Opportunity Office (SEOO), as the administering agency for the Community Services Block Grant Program.

A. Public Review and Hearings.

The State Department of Community and Regional Affairs disseminates the State Plan to the public [as per Sec. 675(d)(2)], in order to facilitate comments from interested local governments, corporations, agencies and persons [Section 1742(b) and (c)]. Copies of the Plan are sent to interested parties, all legislators, appropriate legislative committee, Community Action Agencies, and Regional offices of the Division of Community Development for review and comment.

Public notices are placed in statewide newspapers to inform the public of the availability of the State Plan and to provide for public comments for up to 20 days. The State conducts the legislative and public hearings on the State Plan in accordance with Section 675(b) of the Act.

B. Responsibilities to Subgrantees and Financial Audits.

The State will not expend more than five percent of its allotment for administrative expenses as per Section 675(c)(2)(B). The State will disburse funds, coordinate and monitor the programs operated with Community Services Block Grant Funds, and provide training and technical assistance, where required. The State will assist, where necessary, with program management and compliance, including, but not limited to, financial monitoring and audits [Sec. 675(c)(9)]. Audits of CSBG expenditures will be conducted at least every two years in accordance with 45 CFR Part 96 subpart I paragraph 96.91 and Section 1745(b).

The audits will be conducted in accordance with appropriate federal circulars, and with standards established by the Comptroller General for the audit of governmental organizations, programs, activities and functions. Audits will be conducted in lieu of any other financial and compliance audits of the same funds which the State is required to conduct under any other provision of this Act [Sec. 1745(a), (c) and (d)]. Such audits will be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles [Sec. 675(f)]. The cost of subgrantee audits will be included in the CAA's administrative budget.

C. Subgrantee Application Procedures.

CAA's are required to submit an application for CSBG funds in order to be funded. The application includes a workplan which establishes the CAA's goals and objectives, cites which statutory requirements are being met, identifies project timelines, technical assistance/coordination mechanisms and requirements, and sources of other funds. In addition, the workplan includes a detailed narrative, and a budget prepared by line item with a detailed breakdown for each line item. The application must be approved by the applicant's governing board. The CAA is required to provide the necessary assurances included in the Omnibus Budget Reconciliation Act. The activities to be undertaken by the CAA must be measureable and have a potential impact on the causes of poverty [Section 675(c)(1)(A) (i through viii) and (C)(D) and (E), of the Omnibus Budget Reconciliation Act.

The board must provide assurances that it has adopted and implemented bylaws for itself and agency policies relative to travel, personnel, and other areas as appropriate, consistent with Federal and state laws and regulations. The reimbursement rates for travel and related expenses will be set locally by the boards, but may not exceed State limits. Fiscal management policies and procedures must have been approved and be located in a separate volume. Any weaknesses or inadequacies identified in the latest audit report must have been corrected, with assurances contained in the application.

D. Subgrantee Monitoring.

Monitoring checklists will be utilized for program reviews to assure programmatic fiscal compliance. Through on-site visits staff can identify contract performance/achievements, potential or actual problem areas, and initiate corrective action in cooperation with the local agencies. A written report of the on-site visit will be prepared, copies of which will be provided to the Community Action Agency board chairperson and executive director.

E. Suspension or Termination of Funds.

All grantees, to be eligible for funding under the plan, must use CSBG funds to carry out activities authorized under Section 675(c)(1) of the Omnibus Budget Reconciliation Act of 1981 and must not use them for activities prohibited under Section 675(c)(6) and (7).

Grantees must have internal control and fund accounting procedures to assure the proper disbursement of and accounting for funds provided. If a grantee or a potential grantee fails to meet these program and fiscal requirements, it will be ineligible for funding under the State's CSBG program.

F. Reporting Requirements.

1. Fiscal Reports: Monthly or quarterly financial reports/request for funds will be provided by the subgrantees.

a. A CAA may receive an advance of not more than 25% of that CAA's grant award. The request shall be in writing with a brief explanation of the need for an advance.

2. Quarterly Progress Reports are required from subgrantees specifying the level of work performed during the contract period. The quarterly report shall include an analysis of the activities included in the workplan as compared to actual accomplishments, any variations in the workplan, as well as identification of particular successes or problem areas encountered. In addition, an annual report shall be submitted for the grant period which contains the same level of information. The annual report will require an analysis of the effectiveness of the subgrantee's workplan and discuss proposed activities for the next program year based on public participation, board priorities, and impacts of previous or present funding. The Contractor shall use the format prescribed by the Department.

G. Amendments.

1. To the State Plan: During the program year, in consultation with local grantees, this plan may be amended, as appropriate. OCS will be notified of State Plan amendments.

2. To Local Programs: Proposed program amendments may be submitted during the course of the year. The Department of Community and Regional Affairs reserves the right to approve or disapprove such requests for amendments. Proposed amendments which are reasonable, and which do not significantly change the program benefit will be approved.

#### IV. CRITERIA AND METHOD OF FUND DISTRIBUTION

Alaska, a large state geographically, with a relatively small but diverse population uses not less than 90 percent of the funds to make grants to the two existing Community Action Agencies [Sec. 675(c)(4) and 675(c)(2)(B)].

The State will use not more than the allotted \$55,000.00 of the total Community Services Block Grant funds for administration of the grant [Sec.675(c)(2)(B)]. The Department reserves the right to distribute the remaining Discretionary Funds on a project specific basis, as defined by the Department, for the benefit of low-income Alaskans.

The Department has reviewed the funding available to the two CAP's since the Office of Community Services administered the Community Services Block Grant Program. Prior to the state assuming administration of the program, the available funds were divided between the two CAP's on the basis of approximately 17% for SEACAP and 83% for Rural CAP. When the Department prepared its first plan, the funding ratio was changed dramatically to 8.7% for SEACAP, and 90% for Rural CAP. This ratio was based primarily on poverty population statistics from the 1980 Census. Obviously, this great change was beneficial for one agency and not beneficial for the other. There was no apparent consideration given to the need for a basic amount of funding to maintain an office in addition to providing program funds.

In its review of this situation, the Department acknowledges its oversight in creating this disproportionate distribution based solely on poverty population. The Department recognizes that a certain level of funding is necessary for a program to meet the basic operational requirements of P.L. 97-35. These basic costs include staff, office, supplies, and travel for governing board and staff.

Inherent in its assumption of the CSBG program from OCS, the Department acknowledged the value of maintaining the two eligible organizations in order to support existing programs. In order to accomplish this, the distribution of available funds needs to be as equitable as possible.

To accomplish this the Department will use a two step funding formula.

- 1) The first step recognizes the need for each organization to have a grant for basic operating expenses. Both CAP's will receive a \$50,000.00 grant to meet basic costs.
- 2) The second step recognizes the importance of the poverty population as an element in distributing the available funds. The Department will use the formula in the FY 85 CSBG State Plan to determine the distribution of the balance of the funds after subtracting the basic grant.

The results of the formula for the FY 86 funds is as follows:

Total CSBG Funds to State	\$1,051,504.00
-Tribal Grantees	250,180.00
-Balance DCRA	801,324.00*
-10% State Admin & Discretionary	80,132.00
-90% to CAP's	721,192.00

Funding Available to CAP's

	<u>RURAL CAP</u>	<u>SEACAP</u>
Step I. Basic Grant	\$ 50,000.00	\$ 50,000.00

Step II. Poverty Population

Formula			
\$721,192.00			
<u>-100,000.00</u>			
\$621,192.00			
	x .903=	<u>\$560,936.00</u>	x <del>.869</del> <sup>.0769</sup> = <u>\$ 60,193.00</u>

Total to Each CAP	<del>\$610,936.00</del> 610,998.	\$110,193.00
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These figures assume that the State will receive, for FY 86, the level of funding indicated above. If the state allotment changes, all contracts will be adjusted accordingly.

The factors used in step II to determine the distribution of funds on a population basis are the same as those in the FY 85 CSBG Plan and are derived in the following manner:

1. 1980 Census of Population  
General Social and Economic Characteristics  
Poverty Status in 1979 of Families and Persons for Counties: 1980  
Table 181
2. Alaska Department of Health and Social Services  
Eligibility Information System  
Aid to Families with Dependent Children (AFDC) Payment Summary  
September 1984  
(This information is derived from the reporting system and month that was used in the FY 84 plan.)

To arrive at equitable distribution of CSBG funds, the following process is used.

The statewide number of low-income individuals at 125% of poverty per the 1980 Census from Table 181 is 55,909. The number of low-income persons residing in Southeastern Alaska is 4,677 (this number includes the census districts of Haines, Juneau, Ketchikan Gateway Borough, Prince of Wales/Outer Ketchikan, Skagway/Yakutat/Angoon, Wrangell/Petersburg, and Sitka). 4,677 is then divided by the statewide number of low income, 4,677/55,909 arrive at 8.37%. The balance of state allocation 51,232 (55,909 - 4,677) is divided by 55,909 to arrive at a rate of 91.63%.

Similarly, AFDC cases in Southeastern Alaska are used to arrive at a percentage of AFDC cases relative to the balance of the state. 629 AFDC cases are served in the southeast region versus a total of 5695 statewide. These figures are taken from the report identified in #2 above. The resulting percents for Southeast is 11% and 89% for the balance of the state.

The CSBG allocation based on statistical information is:

	<u>RURAL CAP</u>	<u>SEACAP</u>
1980 Poverty Statistics (125% of Poverty level)	91.63	8.37
AFDC cases	<u>89.00%</u>	<u>11.00%</u>
Total	180.63%	19.37%

These figures are divided by two to arrive at a distribution figure for CSBG funds.

<u>RURAL CAP</u>	<u>SEACAP</u>
90.31%	9.69%

#### V. GEOGRAPHIC AREAS AND CHARACTERISTICS OF INDIVIDUALS TO BE SERVED

As mentioned earlier, with RURAL CAP serving the majority of rural Alaska and now acting as a conduit of funds to help assist the urban poor, and with SEACAP serving the low-income population of Southeastern Alaska, the Community Services Block Grant Program can touch, within the limits of funding, all eligible low-income participants, including the elderly poor, on a state-wide basis, with population estimates of 55,909 [Sec.1742(a)(2)] as per the 1980 U.S.Census.

#### VI. GOALS AND OBJECTIVES

##### A. The Overall Goal: Preventing Poverty.

The primary State goal for the CSBG program [Sec. 1742(a)(1)] is to reduce and/or prevent poverty through community-based educational activities which lead to a greater degree of self-sufficiency on the part of low-income people [as per Sec 675(c)(1)(A) and 675(c)(1)(B)(ii), (vi) and (vii)].

##### B. Background of Programs.

Section II of this Plan briefly describes the history of anti-poverty funding and programs in Alaska and the role that CAA's have played. The Plan further provides understanding of specific projects accomplished to date. The attached Appendices describe the projects CAA's have used to meet the goals and objectives of the Community Services Block Grant program for the previous fiscal year [per Sec. 1742(a)].

##### C. Coordination of Resources.

To help meet both the goal and objectives, the State, through its subgrantees, will coordinate all available resources.

D. Program Objective: Impacting Poverty.

One of the State's main objectives with its subgrantees is to continue to provide a wide range of services and activities which have a measurable and major impact on the causes of poverty in the State [as per Sec. 675(c)(1)(A)].

Many of the relevant activities detailed throughout this Plan, are ongoing programs of the existing CAAs which, since 1965, have worked to eradicate the causes of poverty in Alaska. Particular program components which attain this objective include, but are not limited to:

1. Local Control.

A Local Control Component will provide training and technical assistance to interested eligible applicants to help return power and responsibility to the local unit of government. This element is an integral part of both self-sufficiency [Sec. 675(c)(1)(B)(vi)] and self-awareness, which will help to impact the causes of poverty [Sec. 675(c)(1)(A)].

2. Planning and Research.

A planning component enables the programs to research and help provide some of the necessary education and information [Sec. 675(c)(1)(B)(ii)] to both the low-income population who require such knowledge for self-improvement, and to appropriate government agencies to help coordinate and establish linkages between such governmental and other social services programs to assure the effective delivery of services to low-income individuals as per Sec. 675(c)(1)(D).

E. Program Objective: Self-Sufficiency.

Another similar objective of the CSBG funded programs will be to concentrate on removing obstacles to the achievement of self-sufficiency [Sec. 675(c)(1)(B)(vi)], through programs that provide education [Sec. 675(c)(1)(B)(ii)], encourage community involvement and participation [Sec. 675(c)(1)(B)(vii)], and help make more effective use of other related programs [Sec. 675(c)(1)(B)(viii)], in part because of the coordination between government and other social service programs to assure effective delivery [Sec. 675(c)(1)(D)]. Specific activities, programs and concerns designed to meet this objective are:

1. Natural Resources.

A natural resources component concentrates both on resource management and energy conservation with educational activities [Sec. 675(c)(1)(B)(ii)] designed to assist low-income participants make better use of available income [Sec. 675(c)(1)(B)(iii)], and to help obtain and maintain adequate housing and a suitable living environment [Sec. 675(c)(1)(B)(iv)].

2. Urban Programs.

An urban component is coordinated with local municipal agencies to identify priorities that address the needs of the urban poor [Sec. 675(c)(1)(B)(v)], [Sec. 675(c)(1)(C)].

### 3. Citizen Participation.

A citizen participation component [Sec. 675(c)(1)(B)(vii)] is provided to educate low-income people in governmental and other processes [Sec. 675(c)(1)(B)(ii)] as to their significance in these processes in order to gain a measure of control over decisions which affect the overall quality of life.

### 4. Economic Development.

An economic development program helps to provide employment opportunities, some job counseling, and related activities [Sec. 675(c)(1)(B)(i)] as well as using and encouraging the use of the private sector [Sec. 675(c)(1)(E)]. The latter partially through use of the coordinated efforts with other agencies, and through the existing Boards of Directors of the CAAs.

## VII. OTHER ADMINISTRATIVE ASSURANCES

### A. Composition of the Board of Directors.

The Boards of Directors of both CAAs, or of any other non-profit organization receiving CSBG funds, will meet the board composition requirements prior to contract approval [Sec. 675(c)(3)]. The Boards of both RURAL CAP and SEACAP comply with the requirement presently, i.e., one third are elected public officials or their representatives, at least one third are democratically selected representatives of the poor, and the balance are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community or communities.

### B. Transfer of Funds.

1. In the event that the State transfers funds to services under the Older American Act, the Head Start Program, or the Energy Crisis Intervention Program, such transfers shall not exceed five percent of the State's allotment according to Section 674 [Sec. 675(c)(5)].

2. Pursuant to the section 2604 (f) (1) of the Low Income Home Energy Assistance Act (LIHEA) of 1981 the Governor is authorized to transfer up to 10% of the State's allocation from LIHEAP to the Community Services Block Grant (CSBG) program. The purpose of this language is to provide the Governor with the authority to transfer funds should the Governor determine that funds are available and a transfer of funds is consistent with the best interests of the State of Alaska. In the event these funds become available to supplement the CSBG they will be used to assist CAA's in complying with the goals and objectives of the State Plan and deliverables required by the Department of Health and Social Services.

C. Prohibition of Political Activities.

None of Alaska's CSBG allocation will be used to engage in political activities [Sec. 675(c)(6)] in accordance with Chapter 15 of Title 5, United States Code [Sec. 675(c)], nor to assist voters in any way in any election [Sec. 675(c)(7)].

Conditions of the State's contract with the CAAs, or any other non-profit group, will incorporate these conditions.

D. Coordination of Programs.

The State of Alaska will encourage continued coordination of anti-poverty programs with emergency energy crisis intervention programs under Title XXVI of this Act [as per Sec. 675(c)(8)]. Both CAAs have been actively involved in low-income home energy assistance program referrals and advocacy, and emergency energy crisis intervention program activities. The CAAs and any other CSBG subgrantees will be required to coordinate their activities between such programs and existing anti-poverty programs where appropriate.

E. Fiscal Control and Accounting Procedures.

The State establishes fiscal control and fund accounting procedures to assure proper disbursement of and accounting for Federal funds [Sec. 675(-)(9)].

The board provides assurances to ensure that fiscal control and fund accounting procedures are adequate to provide for the proper disbursement of funds. The board provides assurances that accounting procedures are adequate for all funds received pursuant to this application, and that it will ensure the cooperation of staff and availability of all records.

F. Federal Investigations.

The State of Alaska will permit and cooperate with any federal investigations undertaken in accordance with Section 679 of the Act [Sec. 675(c)(10)].

G. Nondiscrimination.

The State shall make part of any contract with a subgrantee receiving CSBG funds a requirement that no person be denied benefits or participation in services, or subject to discrimination on the grounds of race, color, national origin, age, or sex, according to Section 677(a) of the Act.

H. Limitation on Use of Funds for Construction.

The State, or any of its subgrantees, will not use any funds for the purchase or improvement of land, or the purchase, construction, or permanent improvement of any building or other facility [Sec. 680(a)] except as outlined in Section 680(a) and (b).

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Bill Sheffield, Governor

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Date

## Appendix A

### FY 86 CSBG Plan

#### SUMMARY OF COMMUNITY ACTION AGENCY ACTIVITIES FOR FY 85

This information provides a summary of the activities conducted during the past year by Alaska's Community Action Agencies (CAA's), Rural Alaska Community Action Program (Rural CAP), and Southeast Alaska Community Action Program (SEACAP). These activities are conducted to meet the purposes stated in the Community Services Block Grant Act (CSBG), P.L. 97-35, which are to:

(1) use the funds available under this subtitle--

- (A) to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;
- (B) to provide activities designed to assist low-income participants including the elderly poor--
  - (i) to secure and retain meaningful employment;
  - (ii) to attain an adequate education;
  - (iii) to make better use of available income;
  - (iv) to obtain and maintain adequate housing and a suitable living environment;
  - (v) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance;
  - (vi) to remove obstacles and solve problems which block the achievement of self-sufficiency;
  - (vii) to achieve greater participation in the affairs of the community; and
  - (viii) to make more effective use of other programs related to the purposes of this subtitle.

Alaska's CAA's use funds from various sources, in addition to CSBG funds, to provide a wide range of programs and advocacy activities for the benefit of low-income participants. CSBG funds are combined with state and federal funds such as, Low Income Home Energy Assistance Program (LIHEAP), Job Training and Partnership Act (JTPA), ACTION, State Office of Alcoholism and Drug Abuse (SOADA), and Head Start. The following material presents a general picture of activities, and when available, the number of people benefited and funds used. The descriptions are brief and, to the extent possible, are categorized under the program areas listed previously in (i) - (viii).

#### Employment

While this activity area has received modest attention to date, a project to provide training in preemployment/work experience skills for youth was completed with \$48,000.00 in non-CSBG funds.

Another activity was initiated to assist small communities increase employment by using local labor on local construction projects to keep jobs and money in the local economy.

### Education

Head Start is a major activity serving 1,551 children with over \$6 million in state and federal funds and \$27,000.00 in CSBG funds. Other activities were the development of video taped materials to educate all Alaskans on the importance of subsistence living to low-income rural Alaskans, another project was to specify native land allotment problems in order to present recommendations to decision makers, and another project was the Village Participation Conference which brought over 50 villagers together from all over the state to discuss rural problems, as well as to prepare and present recommendations to decision makers. Over \$90,000.00 in CSBG funds were used to conduct this activity.

### Available Income

Activities under in this area include residential energy conservation programs which reduced energy costs in 1985 for some 475 households from approximately \$ million in state and federal funds. Also, technical assistance was provided to communities to plan and implement more efficient ways to use high-cost energy in rural Alaska.

### Adequate Housing and Suitable Living Environment

Activities in this area include advocacy for low-income housing and a project to employ young persons to assist low-income elderly and handicapped persons with home repair projects. Residential energy conservation projects also provide considerable benefit to low-income persons by improving poor quality housing.

### Emergency Assistance

Activity in this area included follow up on assistance to a community that was flooded in the late fall of 1984 by a coastal storm.

### Self Sufficiency

Activity in this area was related to the other program areas as each activity was focused upon assisting low-income persons improve their capacity to determine their own future. Some of the CAA's projects were: to assist unwed, pregnant teenagers to help themselves; monitor state and federal programs that regulate fish and game resources, marine mammals and water quality to ensure that low-income persons interests are considered; and to reduce the problems caused by the consumption of alcohol.

### Effective Use of other Programs

CAA's have consistently advocated effective ways to use program funds to carry out activities that will provide practical benefits to the persons they serve, such as flexibility in weatherization requirements for high-cost areas, transfers for LIHEAP to CSBG for Weatherization in order to make energy saving investments instead of only paying energy bills.

submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe by regulation.

(5) The terms "Indian tribe" and "tribal organization" mean those tribes, bands, or other organized groups of Indians recognized in the State in which they reside or considered by the Secretary of the Interior to be an Indian tribe or an Indian organization for any purpose.

#### APPLICATIONS AND REQUIREMENTS

SEC. 675. (a) Each State desiring to receive an allotment for a fiscal year under this subtitle shall submit an application to the Secretary. Each such application shall be in such form as the Secretary shall require. Each such application shall contain assurances by the chief executive officer of the State that the State will comply with subsection (b) and will meet the conditions enumerated in subsection (c).

(b) After the expiration of the first fiscal year in which a State received funds under this subtitle, no funds shall be allotted to such State for any fiscal year under this subtitle unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under this subtitle for such fiscal year.

(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees to—

(1) use the funds available under this subtitle—

(A) to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;

(B) to provide activities designed to assist low-income participants including the elderly poor—

(i) to secure and retain meaningful employment;

(ii) to attain an adequate education;

(iii) to make better use of available income;

(iv) to obtain and maintain adequate housing and a suitable living environment;

(v) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance;

(vi) to remove obstacles and solve problems which block the achievement of self-sufficiency;

(vii) to achieve greater participation in the affairs of the community; and

(viii) to make more effective use of other programs related to the purposes of this subtitle;

(C) to provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor;

(D) to coordinate and establish linkages between governmental and other social services programs to assure the ef-

fective delivery of such services to low-income individuals; and

(E) to encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community;

(2)(A)(i) use, for fiscal year 1982 only, not less than 90 percent of the funds allotted to the State under section 674 to make grants to use for the purposes described in clause (1) to eligible entities (as defined in section 673(1)) or to organizations serving seasonal or migrant farmworkers; and

(ii) use, for fiscal year 1983 and for each subsequent fiscal year, not less than 90 percent of the funds allotted to the State under section 674 to make grants to political subdivisions of the State for the political subdivisions to use for the purposes described in clause (1) directly or to nonprofit private community organizations which have a board which meets the requirements of clause (3), or to migrant and seasonal farm worker organizations; and

(B) provide assurances that the State will not expend more than 5 percent of its allotment under section 674 for administrative expenses at the State level;

(3) provide assurances that, in the case of a community action agency or nonprofit private organization, each board will be constituted so as to assure that (A) one-third of the members of the board are elected public officials, currently holding office, or their representatives, except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting such one-third requirement; (B) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served; and (C) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community;

(4) give special consideration in the designation of local community action agencies under this subtitle to any community action agency which is receiving funds under any Federal anti-poverty program on the date of the enactment of this Act, except that (A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and (B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, the State shall give special consideration in the designation of community action agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds in the fiscal year preceding the fiscal year for which the determination is made;

(5) provide assurances that the State may transfer funds, but not to exceed 5 percent of its allotment under section 674, for the provisions set forth in this subtitle to services under the Older Americans Act of 1965, the Head Start program under subchapter E of chapter 8 of subtitle A of this title, or the

Bob

Senior Citizen Homeowner Exemption  
From Real Property Taxes  
(FY84)

<u>Boroughs</u>	<u>Population</u>			<u>Assessed Value (\$000)</u>		
	<u>Total</u>	<u>Exemption</u>	<u>%Exempt</u>	<u>Total</u>	<u>Exempt</u>	<u>%Exempt</u>
Anchorage	244,030	2,139	0.88	13,199,355	173,133	1.31
Bristol Bay	1,271	7	0.55	112,215	390	0.35
Fairbanks	69,633	607	0.87	3,627,908	39,658	1.09
Haines	1,847	54	2.92	38,882	2,792	3.14
Juneau	28,941	420	1.45	1,493,919	35,596	2.38
Kenai Peninsula	38,919	522	1.34	3,102,640	37,718	1.21
Ketchikan	14,314	299	2.08	711,341	20,556	2.88
Kodiak Island	13,479	111	0.82	651,444	9,074	1.39
Mat-Su	34,030	464	1.36	1,773,384	38,495	2.17
North Slope	12,359	24	0.19	12,354,883	1,345	0.10
Sitka	8,221	129	1.56	756,351	10,232	1.35
<u>Cities</u>						
Cordova	2,520	36	1.42	121,884	2,161	1.77
Craig	907	7	0.77	28,381	383	1.34
Dillingham	2,026	23	1.13	112,645	2,603	2.31
Nenana	547	18	3.29	11,233	421	3.74
Nome	3,732	52	1.39	207,050	2,093	1.01
Pelican	213	3	1.40	9,143	103	1.12
Petersburg	3,137	94	2.99	161,668	7,254	4.48
Skagway	790	25	3.16	63,333	1,550	2.44
Unalaska	1,922	6	0.31	95,670	400	0.41
Valdez	3,687	22	0.59	1,720,125	1,631	0.09
Whittier	273	6	2.19	18,510	144	0.77
Wrangell	2,376	77	3.24	106,435	3,956	3.71
Yakutat	462	11	2.38	17,949	516	2.87

We are here today to listen to your comments on the FY 86 Draft Community Services Block Grant Plan. It is not the intention of the department to debate issues raised during the hearing though we may choose to respond to issues. Due to the limited amount of time available we ask that you keep your remarks as brief as possible. If someone has made similar comments you may simply make reference to them.

We will try to keep comments to less than 5 minutes though we recognize that representatives from the contracting agencies might wish to make longer statements. For the persons who will make longer statements please confine them to 10 minutes. If there is time we will allow more time at the end of the hearing. To provide as much opportunity for all sites to contribute we will rotate from site to site.



# REGORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

7/25/89  
Date

LOCAL  
BOUNDARY  
COMMISSION  
NORTH  
SLOPE  
BOROUGH

# Alaska State Legislature

## Senate

### Committee on Community and Regional Affairs

Senator Edna DeVries, Chairman

Members:

Senator Ferguson, Vice Chairman

Senator Coghill

Senator Stugulewski

Senator V. Fischer

Pouch V

Juneau, Alaska 99811



Official Business

February 4, 1986  
Joint Senate/House C&RA Committee Meeting  
Report from Local Boundary Commission

Summary of LBC Decisions made during 1985 that require Legislative Review:

- 1) City of Angoon annexation -- requested 87 sq. miles, LBC approved 30 sq miles. Opposed annexation: Shee Atika, Inc.; Alaska Pump; several property owners.
- 2) City of Ketchikan annexations -- BLM-KPU (515.62 acres); Gisse-Furuseth-Spear (58.609 acres); a portion of this annexation was opposed by the Furuseth Estate; the University of Alaska (48.30 acres); and the U. S. Coast Guard (121 acres proposed, 86 acres approved).
- 3) City of North Pole -- requested 730 acres, LBC approved 730 acres; Area #2 of the annexation opposed by the Interior Energy Corp.
- 4) City of St. Paul -- requested 194 sq. miles, LBC approved 194 sq. miles. Opposed annexation: Aleut Community of St. Paul Island (IRA), and the Tanadusix Corporation.
- 5) City of Unalaska -- requested 1294 sq. miles, LBC approved 189 sq. miles. Opposed by Ounalashka Corp.
- 6) Detachment of territory from the North Slope Borough for purposes of forming a Northwest Arctic Borough.

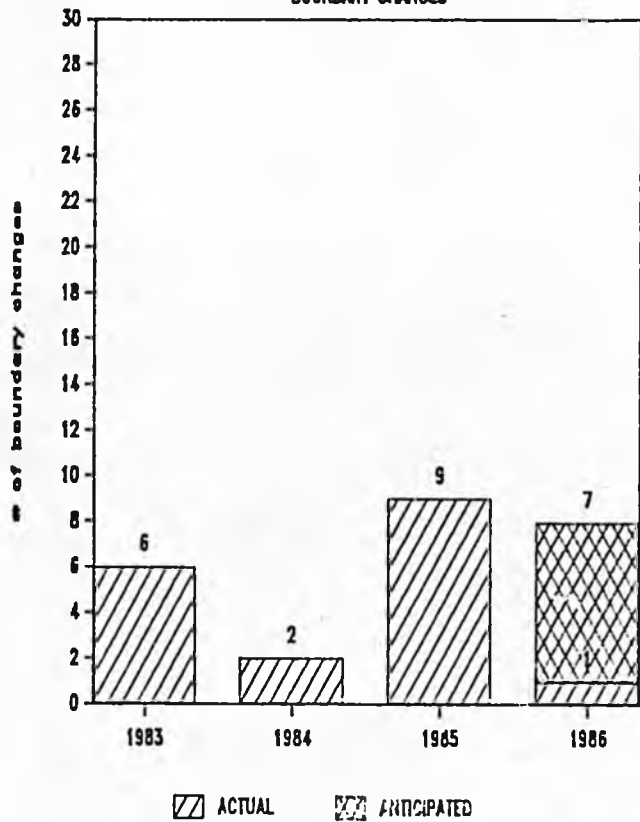
Policy Issues to be Discussed:

- I. Dissolution of organized cities
- II. Impact of Federal Voting Rights Act as it relates to matters which come before the Local Boundary Commission.

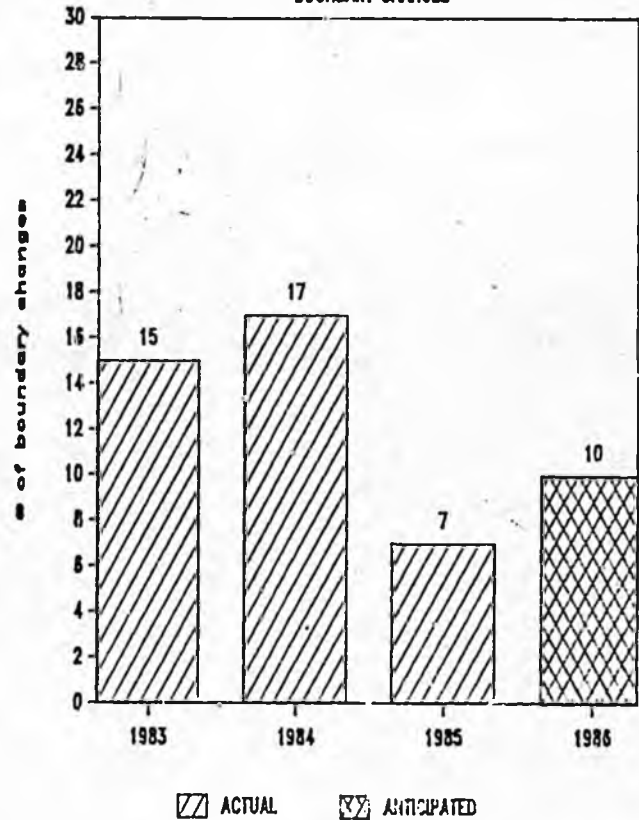
# LOCAL BOUNDARY COMMISSION ACTIVITIES

1983 to 1985 and 1986 PROJECTED

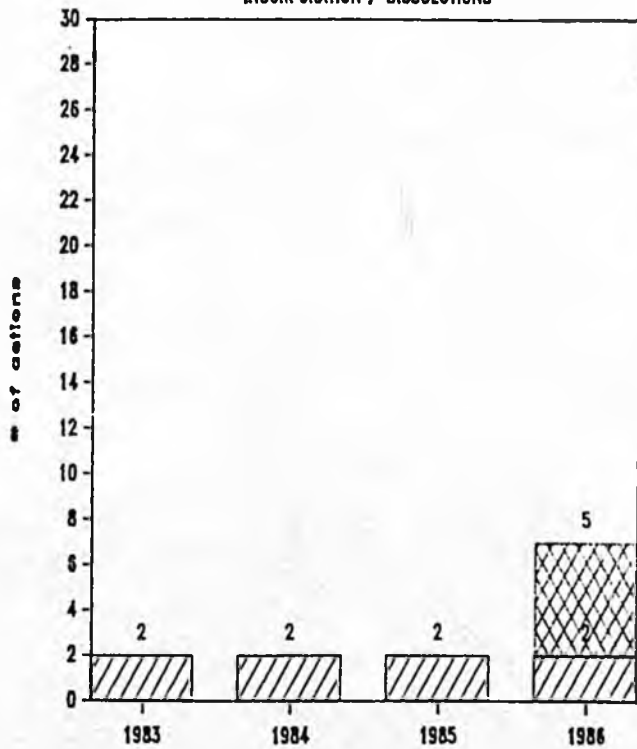
LEGISLATIVE REVIEW  
BOUNDARY CHANGES



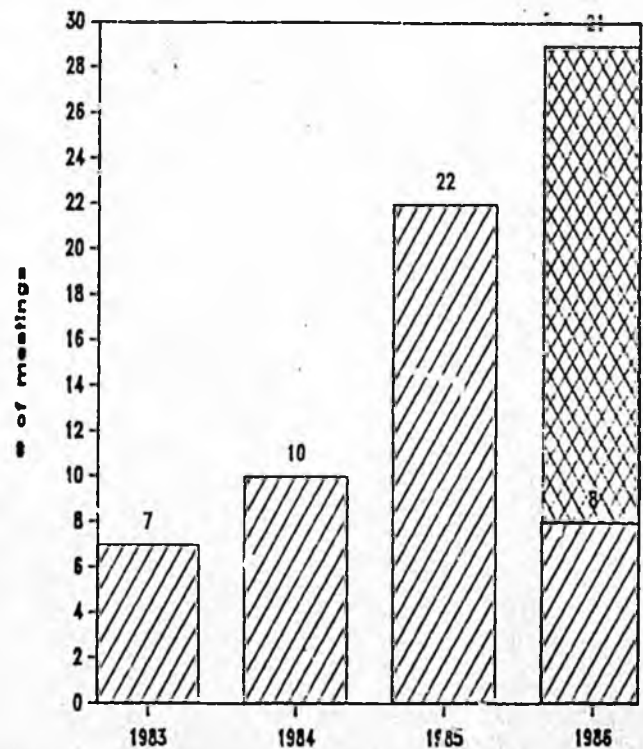
LOCAL ACTION  
BOUNDARY CHANGES



MUNICIPAL  
INCORPORATION / DISSOLUTIONS



MEETINGS



BILL SHEFFIELD, GOVERNOR

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

**LOCAL BOUNDARY COMMISSION**

949 EAST 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508  
PHONE: (907) 561-8586

**Members:**

**Robert Eder**  
Chairman

Josephine Anderson  
First Judicial District

Bert Greist  
Second Judicial District

Dave Hanson  
Third Judicial District

Charles Bettisworth  
Fourth Judicial District

January 22, 1986

The Honorable Ben Grussendorf  
Speaker of the House of Representatives  
Alaska Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

Enclosed is the Report to the Second Session of the Fourteenth Legislature by the Alaska Local Boundary Commission.

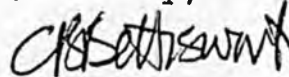
The Report contains recommendations for the annexation of territory to the Cities of Angoon, Ketchikan, North Pole, St. Paul, and Unalaska, as well as a recommendation for detachment of territory from the North Slope Borough. Pursuant to Article X § 12 of the State Constitution, AS 44.47.567(b)(2), and AS 29.06.040, these recommended boundary changes will become effective forty-five days from this date or at the end of the Session, whichever is earlier, unless disapproved by a concurrent resolution of the Legislature.

In addition, the Report provides: 1) a synopsis of the role and function of the Local Boundary Commission, 2) an executive summary of all of the actions taken by the Commission during calendar year 1985 and 3) a statement of issues which the Commission wishes to bring to the attention of the Legislature.

The Honorable Ben Grussendorf  
January 22, 1986  
Page 2

Each year, the Local Boundary Commission attends a joint hearing of the Community and Regional Affairs Committees of the House and Senate to discuss the annual report of the Commission. We look forward to meeting with those Committees at their convenience.

Sincerely,



Robert Eder  
Chairman

for  
Robert Eder

cc with attachment:

The Honorable Bill Sheffield  
Governor

HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

The Honorable Peter Goll, Chairman  
The Honorable Kay Wallis, Vice Chairman  
The Honorable Niilo E. Koponen  
The Honorable Max F Gruenberg, Jr.  
The Honorable Randy E. Phillips  
The Honorable Walt Furnace  
The Honorable Andre Marrou  
Bob Berry, staff (with 2 copies of the Report)

Members of the Local Boundary Commission

The Honorable Emil Notti, Commissioner  
Department of Community and Regional Affairs





Official Business

# Alaska State Legislature

## Senate

### Committee on Community and Regional Affairs

*Goll*

Senator Edna DeVries, Chairman

Members:

Senator Ferguson, Vice Chairman

Senator Coghill

Senator Sturgulewski

Senator V. Fischer

Pouch V

Juneau, Alaska 99811

February 11, 1986 -- Rm 17, Capitol

Joint Senate/House C&RA Committee Meeting, Rep Goll, Chairing

Public Hearing on the North Slope Borough detachment issue

Teleconference sites on line for listening and comment:  
Barrow, Kotzebue, Anaktuvuk Pass, Atkasuk, Nuiqsut, Point  
Hope, Point Lay, Wainwright, Tahatala (?), Fairbanks (at their  
request), Wrangell (for LBC Member Jo Anderson)

---CONFERENCE MODERATOR REQUESTS TIME AT BEGINNING OF MEETING  
TO POLL EACH SITE IN ORDER TO ASCERTAIN NUMBER OF PERSONS  
WISHING TO TESTIFY --- It is hoped that each person wishing  
to testify will be able to---in view of the fact that tele-  
conference bridge will be needed for another teleconference  
at 5:30p; and further, teleconference facilities are not  
available for continuing this hearing tomorrow.

KBRW Radio, Barrow -- will be taping teleconference.

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#### AGENDA

- I. Public Hearing
- II. Committee Discussion/Action

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#### Attached material:

- 1) Data on proposed Chugiak-Eagle River Borough
- 2) Data on petition for detachment from the Matanuska-Susitna  
Borough
- 3) Ltr w/attached Resolution from City of Cordova
- 4) Copy of Petition from North Slope Borough residents
- 5) Ltr from Interior Energy Corp in opposition to North Pole  
annexation

FEBRUARY 10, 1986

BY: HAROLD J. CURRAN  
NORTH SLOPE BOROUGH ATTORNEY

D R A F T

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CHAIRPERSONS EDNA DEVRICE, PETER GOLL AND MEMBERS OF THE SENATE AND HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEES. I AM HAROLD CURRAN, THE NORTH SLOPE BOROUGH ATTORNEY -- THE NORTH SLOPE BOROUGH MAYOR, GEORGE AHMAOGAK, SR. HAS DIRECT ME TO PRESENT THE BOROUGH'S VIEWS AND THE VIEWS OF ITS RESIDENTS TO YOU TODAY.

I HAVE BEEN THE NORTH SLOPE BOROUGH ATTORNEY SINCE 1981, THE SAME YEAR I MOVED FROM ANCHORAGE TO BARROW. I SPEAK TO YOU TODAY NOT ONLY AS THE NORTH SLOPE BOROUGH ATTORNEY, BUT AS A MEMBER OF THE NORTH SLOPE BOROUGH GOVERNMENT AND AS A LONGTIME RESIDENT OF THE NORTH SLOPE.

ON NOVEMBER 22, 1985, THE COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS PETITIONED THE LOCAL BOUNDARY COMMISSION TO DETACH IN EXCESS OF 2 MILLION ACRES FROM THE NORTH SLOPE BOROUGH'S JURISDICTION ON THE CONDITION THAT A NANA REGION BOROUGH BE FORMED, INCLUDING THE DETACHED AREA. THIS IS THE ONLY TIME A PETITION HAS BEEN FILED BY THE OFFICE OF THE COMMISSIONER.

LESS THAN 60 DAYS LATER, ON JANUARY 19, 1985, THE LOCAL BOUNDARY COMMISSION APPROVED THE PETITION WITHOUT MODIFICATION.

DURING THIS EXPEDITED REVIEW THE OFFICIALS AND RESIDENTS OF THE NORTH SLOPE BOROUGH HAVE PROGRESSIVELY FELT CONCERN, DISAPPOINTMENT AND FRUSTRATION.

IN OCTOBER OF LAST YEAR THE NORTH SLOPE BOROUGH RECEIVED NOTICE THAT THE COMMISSIONER WAS CONSIDERING A PETITION THROUGH A NEWSPAPER ARTICLE ON THE SUBJECT. THE COMMISSIONER HAD MET WITH REPRESENTATIVES OF THE NANA REGION WITHOUT NOTICE TO THE NORTH SLOPE BOROUGH OR A REQUEST OF THE NORTH SLOPE BOROUGH FOR ANY INFORMATION CONCERNING THE DECISION.

THE NORTH SLOPE BOROUGH REQUESTED THE COMMISSIONER TO OPEN UP HIS DECISION MAKING PROCESS AND MAKE IT PUBLIC. HE PERSONALLY MET WITH NSB OFFICIALS AND CONSIDERED THE BOROUGH'S INPUT, BUT DID NOT PUBLICLY NOTICE MEETINGS OR HIS DECISIONS.

DURING NOVEMBER AND DECEMBER THE LOCAL BOUNDARY COMMISSION ADDRESSED THE ISSUE OF AN EXPEDITED REVIEW OF THE PETITION. THE NORTH SLOPE BOROUGH OPPOSED AN ACCELERATED SCHEDULE BECAUSE IT UNDERMINES ADEQUATE TIME FOR BRIEFING AND CONSIDERING ALL ISSUES. THE COMMISSION RECOGNIZES THESE CONCERNS IN ITS REQUIREMENT THAT IF A MUNICIPALITY REQUESTS THAT ITS BOUNDARIES BE ALTERED, SUCH A PETITION BE SUBMITTED BY JULY 1 OF THE YEAR IN WHICH THE PETITION IS TO BE DECIDED. THE PURPOSE OF THE REGULATION IS TO ALLOW ADEQUATE TIME TO CONSIDER A PETITION BEFORE IT IS SUBMITTED TO THE LEGISLATURE. THE LOCAL BOUNDARY COMMISSION IGNORED THE

REASONING SUPPORTING ITS RULE AND ALLOWED THE REVIEW TO BE ACCELERATED.

DURING THE SAME TIME PERIOD THE NORTH SLOPE BOROUGH STRENUOUSLY OBJECTED TO THE THE CONFLICT OF INTEREST OF LOCAL BOUNDARY COMMISSIONER BERT GRIEST WHO IS A SHAREHOLDER, EMPLOYEE AND BOARDMEMBER OF NANA. IT ALSO OPPOSED ASSISTANT ATTORNEY GENERAL JOHN RUBINI'S REPRESENTATION OF BOTH THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS AS PETITIONER AND THE LOCAL BOUNDARY COMMISSION AS A SUPPOSEDLY IMPARTIAL TRIBUNAL. THE LOCAL BOUNDARY COMMISSION, AFTER NOVEMBER 22 AND DECEMBER 9 HEARINGS, REFUSED TO ELIMINATE THESE CONFLICTS.

DUE TO THE COMMISSION'S REFUSAL TO RESPOND TO THE OBVIOUS CONFLICT OF INTEREST OF COMMISSIONER BERT GRIEST AND OF ASSISTANT ATTORNEY JOHN RUBINI, THE NORTH SLOPE BOROUGH FILED A LAWSUIT ON JANUARY 30, 1986.

UPON FILING, BERT GRIEST EXCUSED HIMSELF. AFTER HEARING, ON JANUARY 10, 1986, JUDGE PAUL JONES, WHO SITS IN KOTZEBUE, ENJOINED JOHN RUBINI FROM CONTINUING HIS OBVIOUS CONFLICT OF INTEREST AND DUAL REPRESENTATION.

ALL OF US TAKE PRIDE IN A FUNDAMENTAL PREMISE OF AMERICAN GOVERNMENT CALLED DUE PROCESS WHICH GUARANTEES FAIR PLAY AND PROHIBITS THE OBVIOUS COMPROMISE OF THAT FAIRNESS. THE ACTIONS OF

THE BOUNDARY COMMISSION FORCED THE NORTH SLOPE BOROUGH TO SEEK RELIEF IN COURT TO GUARANTEE IT RECEIVE MINIMAL IMPARTIALITY.

THE FACT THAT THE NORTH SLOPE BOROUGH WAS FORCED TO SEEK JUDICIAL RELIEF FOR THIS OBVIOUS WRONG SUPPORTS A NORTH SLOPE CONVICTION THAT THE LOCAL BOUNDARY COMMISSION'S DECISION WAS PREDETERMINED.

IN FURTHER SUPPORT OF THAT CONVICTION I OFFER THE FOLLOWING FACTS.

NANA APPROACHED THE NORTH SLOPE BOROUGH AS EARLY AS 1983, ASKING THE NORTH SLOPE BOROUGH TO PETITION THE BOUNDARY COMMISSION FOR DETACHMENT OF UP TO 488,000 ACRES OF LAND INCLUDING RED DOG MINE. NANA ALSO ASKED THAT THE NORTH SLOPE BOROUGH SUSPEND ITS TAXING AND ZONING AUTHORITY UNTIL THE AREA WAS DETACHED. INITIALLY, THERE WAS NO REQUEST THAT THE DETACHMENT BE CONDITIONED ON THE FORMATION OF A NANA REGION BOROUGH. THE NORTH SLOPE BOROUGH WAS ALSO INFORMED THAT IF IT DID NOT PETITION THE LOCAL BOUNDARY COMMISSION FOR DETACHMENT THAT NANA WOULD GET THE STATE TO PETITION AND DETACH IN EXCESS OF 2 MILLION ACRES OF AREA.

SUCH A DETACHMENT ONLY BENEFITS NANA AS OWNER OF RED DOG MINE AND ITS SELECTED DEVELOPER COMINCO BECAUSE IT WOULD REMOVE THE COST OF BOROUGH REGULATION AND TAXATION. IT WOULD ALSO

NEGATIVELY IMPACT SUBSISTENCE RESOURCES AND THEIR USERS IN BOTH THE NANA REGION AND THE NORTH SLOPE BOROUGH. NANA OFFERED NO VIABLE SUBSTITUTE FOR THESE CONCERNS, AND TO DATE HAS NOT PROPOSED A BOROUGH EXERCISING THE FULL RANGE OF SERVICES PROVIDED BY THE NORTH SLOPE BOROUGH.

FOR THESE REASONS, NANA'S REPRESENTATIONS TO THE LOCAL BOUNDARY COMMISSION THAT THE PURPOSE OF THE DETACHMENT IS TO ESTABLISH A LOCAL GOVERNMENT, AND TO PROTECT SUBSISTENCE DOES NOT RING TRUE. ALSO, THE SUCCESS OF NANA TO GET OVER TWO MILLION ACRES DETACHED, ON AN EXPEDITED SCHEDULE, AS THREATENED DEMONSTRATES NANA'S POLITICAL POWER IN THE STATE, AND IN ITS OWN REGION. IT IS USING THIS POWER TO BENEFIT THE DEVELOPMENT.

THE LBC'S DECISION FURTHER DEMONSTRATED BIAS. I WILL NOT ATTEMPT TO LIST ALL THE INCONSISTENCIES OF THE DECISION BUT THE FOLLOWING IS AN ILLUSTRATIVE HIGHLIGHT.

THE LBC DETERMINED THAT THE TAX BASE IN THE AREA TO BE DETACHED (PRESENTLY RED DOG MINE) IS ESSENTIAL TO THE FORMATION OF A NANA AREA BOROUGH BECAUSE IT WILL PROVIDE A POSITIVE FLOW OF TAX REVENUE.

WHEN LOOKING AT THE LOSS OF THE TAX REVENUES TO THE NORTH SLOPE BOROUGH, THE LBC STATED, THE LOSS OF A SMALL PORTION OF THE TAX BASE MAY BE SUBSTANTIALLY IF NOT TOTALLY NEUTRALIZED BY THE AVOIDED COSTS OF BEING RELIEVED FROM THE OBLIGATIONS TO

PROVIDE EXTENSIVE SERVICES IN AND TO THE DETACHED TERRITORY." I ASK YOU, HOW CAN RED DOG MINE BE A TAX BASE FOR A NEW BOROUGH AND ON THE SAME FACTS BE A TAX LIABILITY FOR THE NSB?

YOU HAVE THE AUTHORITY TO INTRODUCE A JOINT RESOLUTION THAT, UPON PASSAGE, VETOES THE LOCAL BOUNDARY COMMISSION'S DECISION. THIS ACTION WOULD FORCE A NEW HEARING AND POSSIBLY GUARANTEE A FAIR HEARING.

I SAY A NEW HEARING BECAUSE I BELIEVE THAT THE LOCAL BOUNDARY COMMISSION, AFTER A FAIR HEARING, COULD RENDER A DECISION THAT IS EQUITABLE AND DEFENSIBLE IN COURT. PASSAGE OF THE RESOLUTION WILL NOT STOP THE DRIVE FOR A NANA BOROUGH. FINALLY, THE NORTH SLOPE BOROUGH SUPPORTS THE FORMATION OF A NANA BOROUGH AFTER A FAIR HEARING AND DECISION. FOR THESE REASONS THE NORTH SLOPE BOROUGH URGES THE INTRODUCTION AND PASSAGE OF SUCH A JOINT RESOLUTION.

WHILE I URGE PASSAGE, IF THAT IS NOT POSSIBLE, AT A MINIMUM THE LEGISLATURE SHOULD PROVIDE THE NSB WITH COMPENSATION FOR ITS LOST TAX REVENUES. SUCH ACTION WILL BENEFIT THE STATE, THE NSB AND THE PROPOSED NANA BOROUGH.

THE ONLY SECURITY TO HOLDERS OF MUNICIPAL BONDS IS THE MUNICIPALITY'S TAX BASE. THE LBC'S DECISION TO REDUCE THE NORTH SLOPE BOROUGH'S TAX BASE WITHOUT PROVIDING COMPENSATION SETS A PRECEDENT THAT ALLOWS UNILATERAL REDUCTION OF THE BOND HOLDERS

SECURITY. THIS LOGICALLY IMPACTS THE MARKET VALUE OF ALL ALASKAN MUNICIPAL BONDS. THE STATE'S PAYMENT OF A PROPORTIONATE SHARE OF THE NORTH SLOPE BOROUGH'S BONDED INDEBTEDNESS DUE TO ITS LOST TAX REVENUES WILL REDUCE THIS IMPACT ON THE ALASKAN MUNICIPAL BOND MARKET. THIS SERVES THE BOROUGH AND STATEWIDE INTEREST OF MAINTAINING THE INTEGRITY OF THE MUNICIPAL BOND MARKET.

OVER THE NEXT TEN YEARS THE PROJECTED REVENUE LOSS TO THE NORTH SLOPE BOROUGH RESULTING FROM DETACHMENT IS IN EXCESS OF \$33,000,000. A STATE APPROPRIATION TO MAY A PROPORTIONATE SHARE OF THE NSB'S BONDED INDEBTEDNESS WILL NOT APPROACH THIS FIGURE.

WITH THE PRESENT PRICE OF OIL, A NORTH SLOPE BOROUGH REQUEST FOR \$33,000,000 FROM THE STATE IS NOT REALISTIC. AS A RESULT, MAYOR AHMAOGAK HAS ASKED THAT I RAISE A SEPARATE ISSUE -- MUNICIPAL LANDS ENTITLEMENT. THE NORTH SLOPE BOROUGH HAS RECEIVED NO MUNICIPAL LANDS AND IS PRESENTLY PROHIBITED FROM SELECTING ANY MUNICIPAL LANDS. LEGISLATION ALLOWING NORTH SLOPE BOROUGH SELECTION OF SUCH LANDS WILL ADDRESS THE NORTH SLOPE BOROUGH'S LOSS WITHOUT DIRECTLY COMPENSATING IT.

A LEGISLATIVE SOLUTION THAT PROVIDES ADEQUATE COMPENSATION WILL, IN EFFECT, AMEND THE LBC'S DECISION, REMOVING MUCH OF ITS SUBSTANTIVE UNFAIRNESS. THIS WILL ELIMINATE MANY OF THE REASONS FOR THE BOROUGH'S PURSUIT OF A LEGAL REMEDY.

IT WILL ALSO ENABLE MAYOR AHMAOGAK TO GO TO HIS ELECTORATE AND RESTORE THEIR CONFIDENCE IN THE MUNICIPAL BOUNDARY PROCESS.

I APPRECIATE THE OPPORTUNITY TO ADDRESS YOU TODAY. I HAVE NOT INTENDED TO OFFEND ANY INDIVIDUAL OR BODY, BUT HAVE MERELY TRIED TO INFORM YOU OF THE NORTH SLOPE BOROUGH'S POSITION, WITH ILLUSTRATIVE EXAMPLES.

I WILL BE GLAD TO ANSWER ANY QUESTIONS WHICH YOU MAY HAVE.



February 10, 1986

The Honorable Edna DeVries  
Chairperson  
Senate Community and Regional  
Affairs Committee  
Pouch V  
Juneau, AK 99811

Dear Ms. DeVries:

Because we were not given an opportunity to testify during your February 6th teleconference hearing, we ask that you consider the following written testimony regarding the proposed annexation to the City of North Pole.

For your reference, Interior Energy Corporation (IEC) owns approximately five acres of land within Are #2. On that property we have developed a shopping mall, grocery store, service station, liquor store and bulk fuel storage facility. We respectfully request you amend the boundaries of the annexation to exclude Area #2 from the proposal for the following reasons:

- 1 - We specifically located outside the city limits of the small town of North Pole in order not to subject our customers to municipal sales tax, for which they receive no services.
- 2 - In the responding brief, the City of North Pole acknowledges declining oil revenues and federal shared revenue but states that it is "willing and able to provide municipal services to all annexed areas" after an annexation that will increase the size of the City by 40 per cent. The City also states that "sales tax revenue will replace revenue lost from other sources" because "the residents of North Pole are strongly opposed to increased property taxes".

Of the three areas to be annexed, Area #2 is the only area that will provide sales tax revenue to the City of North Pole at this time.

- 3 - The Boundary Commission states that all areas are in need of municipal services. We disagree. Our fire protection is presently provided by the nearby North Star Fire Department. In the unlikely event of a fire in our bulk fuel storage facility, the City of North Pole is not equipped to handle a fire of that nature.

The City, in its responding brief, expresses a concern for IEC's fire insurance premiums. With all due respect, what we pay for fire insurance should not be a concern of the City of North Pole.

Regarding sewer and water, IEC has gone to considerable expense to provide its own water and septic systems and does not require these services from the City of North Pole.

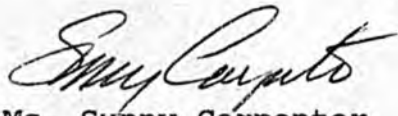
Regarding road maintenance services, we are located at the intersection of two State-maintained roads. Unless the City is proposing to plow our parking lot, this is not a service we will require.

- 4 - The Boundary Commission in its Findings of Fact states that "the City can provide (municipal services) more efficiently than another municipality." We would like to see the data which supports this claim. With a reported population of just over 1000 the 1985 budget for North Pole is over \$5,000,000.00.
- 5 - The Commission states that "the fuel handling facility in area #2 poses a potential public danger." How will incorporation into the City of North Pole change this? What does the Boundary Commission foresee occurring after annexation?
- 6 - Finally, as non-resident property owners (we live in Fairbanks) we are ineligible to vote in North Pole elections, have no representation on the City Council and have absolutely no say in any future bonded indebtedness the City may incur. We will, however, be forced to support the City through property and sales taxes.

We (and the 1300 individuals who signed an opposition petition) do not feel it is equitable to expect us to support a 40 per cent expansion of the City of North Pole and feel we were included in the annexation solely for the purpose of broadening the City's tax base. The only property owner in Area #2 to agree to the annexation is an Anchorage owner apparently concerned with subdividing into smaller parcels for sales.

If this area is annexed, who will represent us and our customers in exchange for the taxes we will provide for the City of North Pole? If the Legislature cannot insure against the proposed taxation without representation, then it behooves you to honor our request for exclusion from this annexation.

Sincerely  
INTERIOR ENERGY CORPORATION

A handwritten signature in cursive script, appearing to read "Sunny Carpenter".

Ms. Sunny Carpenter  
Senior Vice President

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

February 10, 1986

*Rec'd 4:15 p.m.  
2/10/86 JJA*

The Honorable Edna DeVries  
Chairman  
Senate Community and Regional Affairs Committee  
Pouch V  
Juneau, AK 99811

Dear Senator DeVries:

At the Joint House-Senate Community and Regional Affairs Committees on February 4, certain members of the Committees expressed an interest in the previous efforts to detach territory from the former Greater Anchorage Area Borough to create the Chugiak-Eagle River Borough. Interest was also expressed in the proposed detachment of Lake Louise from the Matanuska-Susitna Borough.

As requested, I have enclosed copies of relevant documents relating to these two actions. The documents consist of the following:

- ° The April 15, 1975 State Supreme Court Opinion determining that the formation of the Chugiak-Eagle River Borough through a special act of the legislature is not valid because it was a special and local act prohibited by Article 2, Section 19 of the Constitution.
- ° The subsequent Petition for the Detachment of the Greater Chugiak-Eagle River Area from the Greater Anchorage Area Borough and the Petition for the Incorporation of the Proposed Chugiak-Eagle River Borough.
- ° The Report of the Department of Community and Regional Affairs on the proposed detachment and incorporation of the Chugiak-Eagle River Borough.
- ° The March, 1976 Statement of Decision of the Local Boundary Commission rejecting the petition for detachment of the Chugiak-Eagle River Area.
- ° The June 7, 1982 Petition for the Detachment of the Lake Louise Area from the Matanuska-Susitna Borough.

- POUCH BH  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4707
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508  
PHONE: (907) 561-8586
- P.O. BOX 348  
BETHEL, ALASKA 99559  
PHONE: (907) 543-3475
- P.O. BOX 41  
NOME, ALASKA 99762  
PHONE: (907) 443-5457
- P.O. BOX 280  
KOTZEBUE, ALASKA 99752  
PHONE: (907) 442-3675
- 1514 CUSHMAN STREET, ROOM 201  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-7126
- P.O. BOX 10041  
DILLINGHAM, ALASKA 99576  
PHONE: (907) 842-2245

The Honorable Ed. a DeVries  
February 10, 1986  
Page Two

- The September 9, 1982 initial report and the November 1, 1982 supplemental report of the Department of Community and Regional Affairs on the petition for the detachment of Lake Louise.
- The January 9, 1983 Statement of Decision of the Local Boundary Commission rejecting the petition for detachment of Lake Louise.

If you desire additional information, please advise me.

Sincerely,

*Tom Lane for*

Marty Rutherford  
Director

Enclosure

REPORT TO THE LOCAL BOUNDARY COMMISSION

PROPOSED DETACHMENT AND BOROUGH INCORPORATION OF THE CHUGIAK-EAGLE RIVER AREA

FROM

THE MUNICIPALITY OF ANCHORAGE

The Local Boundary Commission has before it the question of whether the detachment of the Chugiak Eagle-River area from Anchorage, and subsequent incorporation as a second class borough, is in the best interest of the citizens who reside in the area which is proposing detachment and incorporation, in the best interest of the population of the remainder of Anchorage, and in the best interest of the State.

The report to the Commission is based on the following standards, as cited from the Alaska Constitution, Alaska Statutes, and the Alaska Administrative Code.

Alaska Constitution, Article X, Local Government

Section 1. The purpose of this article is to provide for maximum local self-government with a minimum of local governmental units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units.

Section 2. All local government powers shall be vested in boroughs and cities. The State may delegate taxing powers to organized boroughs and cities only.

Section 3. The entire State shall be divided into boroughs, organized or unorganized. They shall be established in a manner and according to standards provided by law. The standards shall include population, geography, economy, transportation, and other factors. Each borough shall embrace an area and population with common interests to the maximum degree possible. The legislature shall classify boroughs and prescribe their powers and functions. Methods by which boroughs may be organized, incorporated, merged, consolidated, reclassified, or dissolved shall be prescribed by law.

Alaska Statutes, Title 29, Section 29.18.030, Organized Boroughs

An area may incorporate as an organized borough if it conforms to the following standards:

- (1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support organized borough government.
- (2) the boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of local services;
- (3) the economy of the area includes the human and financial resources capable of providing local services; evaluation of an area's economy includes land use, property valuations, total economic base, total personal income, resource and commercial development, anticipated functions, expenses, and income of the proposed boroughs;
- (4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated local government.

Alaska Administrative Code, Title 19, Section 15.230

REVIEW BY LOCAL BOUNDARY COMMISSION. (a) The Local Boundary Commission shall review the petition, all exhibits thereto, the resolution and other pertinent data. Such review shall be limited to the following factors:

(1) whether the detachment would be inimical to the interests of the state or any municipality from which detachment of the territory is sought;

(2) whether the territory proposed for detachment is grossly disproportionate in size to the population residing therein, provided, however, that this provision shall not prohibit a detachment merely because the area to be detached consists of or contains uninhabited territory.

The major factors to be considered by the Commission, as spelled out in the Constitution, Statutes, and Code, are as follows:

1. maximum local self-government with a minimum of local government units
2. prevention of duplication of tax-levying jurisdictions
3. interrelation and integration of an area's social, cultural, and economic activities based on standards of population, geography, economy, transportation, and any other relevant factors
4. contiguity of an area, or areas
5. health and safety, and the delivery of services
6. total impact on the proposed new borough and on the remaining borough

All of these factors must be considered within the framework of what will be in the best interests of the State, and the communities involved in the detachment. The detachment of the Eagle River-Chugiak community from Anchorage cannot

be considered as a single, isolated incident in the State. Consideration should be given to the question of whether a precedent will be set by the decision made by the Commission. What total effect will the Commission's decision have on local government in the State?

The Constitution calls for a "minimum of local government units". The major question then is whether the interests and needs of the Eagle River-Chugiak area are so basically different from those of the rest of the Anchorage Borough that creation of two boroughs, where one now exists, justifies maximizing "local government units". The same question must be asked in contemplating the creation of two tax-levying jurisdictions in an area where only one now exists. Is this a "duplication of tax-levying jurisdiction" which it is the intent of the Constitution to avoid in the State's planning for local governments?

The next factor to be considered is whether the detachment of the Eagle River-Chugiak community is justifiable because it is an area which is interrelated and integrated socially, culturally, and economically within its proposed boundaries. Or is the interrelationship and integration, as required in the statutes, existent between the Eagle River-Chugiak area and the remainder of Anchorage?

The basis for determination of the two factors of interrelationship and intergration are population, geography, economy, transportation, and any other relevant factors. The following data and discussion focus on these criteria.

#### Population

Population estimates as of April 1975

Present total of Anchorage	173,768
Proposed new borough	8,402

Comparison of the proposed new borough's population with the rest of the boroughs in the State shows that the new borough would be larger in population than five of the existing boroughs, and smaller than six of the existing boroughs. A comparison with the Anchorage population is obvious, the proposed new borough being a relatively small fraction of the total Anchorage population.

#### Geography

Using the Eagle River shopping center as the population center of the proposed new borough, and downtown Anchorage as the nucleus of the entire area, there is a distance of 15 miles between the two. The two areas are separated by military land, but are not separated by any natural barriers such as unspanned rivers or mountains. Therefore, in one sense the proposed new borough might be considered non-contiguous to the rest of Anchorage because of the military land lying between the two areas. On the other hand, the lack of natural barriers, plus the Glenn Highway which joins the two areas, is an argument in favor of contiguity of the total municipality as it presently exists.

Although there are not other areas in Anchorage which are exactly comparable in character to the Eagle River-Chugiak area, there are areas where distance from the population center of Anchorage would be a stronger argument for non-contiguity. The City of Girdwood is approximately 40 miles from downtown Anchorage, and the community of Portage is approximately 50 miles from downtown Anchorage. However, both of these communities are far smaller in population than the Eagle River-Chugiak community.

Transportation

As has been mentioned, the Glenn Highway joins the proposed new borough and Anchorage. The State Highway Department is in the process of widening this highway to four lanes, the entire distance between Eagle River-Chugiak and Anchorage, because of the increasing volumes of traffic using the highway. The following average daily traffic counts for 1974 have been obtained from the State Department of Highways.

Glenn Highway weigh station (between Eagle River and the military base)

19,400 average daily trips

Muldoon Road and Glenn Highway (between the military base and Anchorage)

18,100 average daily trips

Mirror Lake on the Glenn Highway (between Eagle River-Chugiak and Palmer)

4,374 average daily trips

The last figure was obtained to ascertain how many of the average daily trips between Eagle River-Chugiak and Anchorage might be attributable to traffic coming from beyond the Eagle River-Chugiak area. There was no way of determining how many of the 4,374 average daily trips terminated in the Eagle River-Chugiak area, and how many passed through into Anchorage. However, the traffic counts taken at the other two points indicate a considerable amount of traffic between Eagle River-Chugiak and Anchorage.

The other mode of transportation between the two areas, in addition to vehicles, is by bus. The Anchorage Borough bus system includes a route between Eagle River and Anchorage. During the weeks of April 14 through April 26, 1975, Anchorage counted the number of passengers using the bus system. Following is the total bus ridership during that two-week period.

Eagle River-Anchorage route 1,158

Total of all routes in Anchorage 33,392

While bus ridership figures are not as indicative of intercourse between the two areas as is the traffic counts; the figures do demonstrate that ridership between Eagle River and Anchorage is fairly proportionate in relation to population. The population of Eagle River-Chugiak is about 5% of the total Anchorage population. Bus ridership between Eagle River and downtown Anchorage is approximately 3½ % of the total bus ridership for the Anchorage Borough. When it is taken into account that the bus route does not extend beyond Eagle River to serve the Chugiak area, and the fact that the Eagle River-Anchorage route is the longest bus route in the Anchorage Borough, the relative closeness of the two percentages is surprising.

### Economy

The assessed property evaluations for the 1975-1976 tax year are as follows:

Total present municipality of Anchorage	\$ 2,785,686,960
Chugiak Service Area	53,049,995
Eagle River Service Area	70,648,490
Eagle River Landfill*	10,399,585

\* The Eagle River landfill includes all the area outside the Chugiak Service area and the Eagle River Service Area using the sanitary landfill.

The figures on assessed property evaluation show that the total evaluation for the Eagle River-Chugiak area, which is \$134,598,035, is a relatively small portion of the total tax base of Anchorage. The tax base of Anchorage is large enough so that it will not feel the loss of that portion based on the property evaluations of the proposed new borough. The crucial question is whether the Eagle River-Chugiak tax base is large enough to support necessary services without the support of the larger tax base of the entire Anchorage area as it presently exists.

In addition to assessed property evaluations, consideration should be given to where present and future monies which supply tax dollars are spent. A look at the relatively undeveloped business community in Eagle River-Chugiak, the relatively highly developed business community in the Anchorage area, and the transportation between the two areas as shown by the traffic counts on the Glenn Highway, would indicate that a large portion of the dollars earned and spent by Eagle River-Chugiak residents are now, and will be for some time in the future, flowing into the Anchorage bowl area.

In turn, the larger tax base of Anchorage has helped provide bond monies for construction of schools in the proposed new borough, and supplies a wide range of services available to all Anchorage residents. In fact, according to information gathered on the provision of various services, a higher level of some services is being provided to Eagle River-Chugiak residents than to other outlying areas in Anchorage.

Eagle River is the only area lying outside the major population center of Anchorage which has a health center for the residents of that area. The health center provides a full range of services, including immunization, family planning, and well baby clinics on a regular basis. The clinic is part of the areawide health department, and is completely supported by areawide taxes.

Eagle River also has a library which is part of the non-areawide library power of the Anchorage Borough, and is also completely supported by the entire non-areawide tax base.

In contrast, the Rabbit Creek area, which is also a growing population center outside of central Anchorage, has neither a health clinic nor a library.

Other services provided to the Eagle River-Chugiak area, under the areawide powers of Anchorage, are the three basic services of schools, planning and zoning, and assessment and collection of taxes, as well as transportation, dog control, solid waste management, and environmental protection.

Sewers and a treatment facility exist in the population center of Eagle River under a sewer assessment district. The treatment facility is a lagoon which has the capacity of serving 1,200 people. There are about 1,100 people now being served, so the facility is operating almost at capacity.

In the last legislative session \$100,000 was appropriated for planning and design to expand the system. The Anchorage Department of Public Works is, at this writing, interviewing consultants to perform the planning and design work.

Water in Eagle River-Chugiak is supplied from individual wells, and several small, private water systems, as it is in all areas of Anchorage outside of the major population center.

Two fire service areas provide fire protection to the population centers of Eagle River and Chugiak, respectively.

Formation of a service area for the provision of police protection was defeated at the polls in 1974. The residents have been able to work out an agreement with the Alaska State Troopers to provide "a level of service to the Eagle River-Chugiak area which is more concentrated than that afforded other areas of the State." (Coopers and Lybrand, Profiles of Alternative Municipalities for the Eagle River-Chugiak Area - P.26)

In summary, the basic services which are areawide, or non-areawide powers of Anchorage, are now being provided to the Eagle River-Chugiak area. Additional services are being provided, as in the case of fire protection and sewers, when the residents are willing to increase their taxes in order to pay for them.

Summary of Eagle River-Chugiak Service Area Elections

October 4, 1966--fire protection, Eagle River and Chugiak--failed

July 30, 1968--fire protection, Chugiak--passed

January 28, 1969 fire protection, Eagle River--passed

October 5, 1971--roads and drainage, Eagle River--failed

October 2, 1973--parks and recreation, Eagle River and Chugiak--failed

March 12, 1974--police protection, Eagle River and Chugiak--failed

The question of delivery of services is directly tied to an area's economy, and its willingness to support necessary services. Consideration of this question rests on the Commission's judgment as to whether the Eagle River-Chugiak area tax base will be able to support mandatory functions (schools, planning and zoning, assessment and taxation). Further, consideration must be given to whether the new borough will be able to support additional municipal services and functions such as health services and facilities, public safety, street and road maintenance, libraries, and other areawide, or non-areawide, functions.

OTHER FACTORS

Other factors to be considered include the status of land and water resources. Patented trust land, belonging to Anchorage, totalling 2,328 acres will lie within the boundaries of the proposed new borough. Most of this land is being used for parks and recreation, with the exception of 192 acres at Fire Lake which is also being used for gravel extraction and sanitary landfill. The loss of these lands by Anchorage serves to reduce considerably the municipality's total patented land. Anchorage's total patented acreage, at this point, is 3,745. This figure includes the 2,328 acres which will lie within the boundaries of the new borough, thus reducing Anchorage's total patented acreage to 1,417 acres if the new borough is formed.

The implications of the loss of this acreage is that Anchorage will need to look for other lands to meet its park and recreational needs. This is going to be difficult because of the shortage of available and useable lands now available in the Anchorage Bowl.

A similar situation exists regarding future need in the Anchorage area for additional water supplies. A report prepared by Tryck, Nyman, Hayes for The City of Anchorage Water Utility and Central Alaska Utility, pinpoints the Eagle River as the most economical source to meet future water requirements for the Anchorage area. The Federal Power Commission has withdrawn most of the Eagle River, and surrounding lands, for use as a future water resource. In the future, when this water resource will be needed, application will be made to the Federal Power Commission for its use. The problem as stated by Frank Nyman of Tryck, Nyman and Hayes regarding the proposed formation of another local government, will be that two local governments will be competing for permits to control the Eagle River water source.

A further complication concerning water sources occurs between two local governments if agreement cannot be reached relative to water uses. Title 29 addresses this question as follows:

29.48.037 (b) A municipality may adopt ordinances to protect its water supply and watershed and may enforce them outside its boundaries. Before this power may be exercised within the boundaries of another municipality, the approval of that municipality must be given by ordinance. This section applies to general law and home rule municipalities.

A hypothetical case in point might be a situation where Anchorage applies to the Federal Power Commission for a permit to divert water from the Eagle River for use in the Anchorage area. The Federal Power Commission issues the permit to Anchorage. The Eagle River lies within the boundaries of the Eagle

River-Chugiak Borough, thereby making it impossible for Anchorage to proceed with the permitted use unless allowed to do so, by ordinance, by the Eagle River-Chugiak Borough.

Considering the above mentioned facts concerning land and water resources, and their implications for Anchorage, it is respectfully proposed that if the Commission makes the determination in favor of detachment, and borough incorporation, the following be required.

1. passage of an ordinance by the new borough giving approval to Anchorage for use of the Eagle River as a future water resource
2. a requirement that all park lands presently belong to Anchorage and lying within the boundaries of the new borough, be held in perpetuity as park land.

#### Assets and Liabilities

In addition to the above proposals, a discussion, and recommendations, concerning the division of assets and liabilities is offered for Commission consideration in the event a decision is made favoring detachment and incorporation.

In the event of detachment Commission responsibility is fixed upon (1) an allocation of the assets and liabilities of Anchorage which may be due the Chugiak-Eagle River Borough on the basis of powers assumed and exercised by the latter, and (2) the division of the assets and liabilities of the respective areas during the transitional year, that is, an allocation of the assets and liabilities during adjustment proceedings.

Involvement of the Local Boundary Commission in such an equitable settlement is without precedent in the State of Alaska. No regulations have been

adopted by the Commission describing a method by which to undertake the division of assets and liabilities.

In the absence of Commission-adopted regulations, a body of state law and lack of precedent within the State, the Department has endeavored to review asset and liability apportionment schemes in other state jurisdictions. Our research was conducted primarily to determine whether there is some form of commonality in the allocation schemes adopted by other states. We believe the identification of such schemes might serve to identify a comprehensive scheme for adjustment and assignment of assets and liabilities in Alaska.

Boundary adjustment poses a most critical question - "What is to be done with the indebtedness and property of the entity which is losing territory in order to adjust for its loss?" Citing the Harvard Law Review: Four general approaches have been tried in other legislation.

(1) No indebtedness changes are effected and the financial status quo is maintained. This solution is common in incorporation legislation. California and North Carolina, for example, require no changes. But it can also be found occasionally in annexation and detachment. This is a highly unrealistic approach which will have two possible results. Whether great unfairness will result from the decreased tax base and continued indebtedness, or needed boundary adjustments will not be effected because undue financial burdens are likely to result.

(2) The second approach is to base allocations of indebtedness upon a formula which can be applied unswervingly in each case. For example, in Indiana the municipality shall be liable upon annexation or incorporation for "so much of such indebtedness of such civil townships in proportion that the assessed valuation of property in such...territory is to the valuation of all property in such townships...prior to the (boundary adjustment)....The approach is a perfect

solution in the normal case; but too often extraneous factors arise, such as the degree of amortization, the ability of the territory's residents to continue to use the facilities for which the indebtedness was incurred, the provisions of bonds limiting assignments, the existence of presently-contracted future obligations, and the degree to which the facility for which the indebtedness was incurred is revenue-producing. (Factors such as inflation impact, depreciation, facility acquisition cost and a multitude of variables could be contended with.) Such occurrences make a formula unattractive since it will too often produce inequities which can be avoided by a more flexible system. Further, the addition of variables into some formula incorporating such variables may well be so costly as to negate the benefit of adopting such formula.

(3) The third method is to require the territory to continue to be liable for all prior indebtedness and to be subject to municipal indebtedness only if it is incurred in the period after the boundary adjustment. Such a system is usual in detachment legislation, but it can be found in other contexts. It has not been widely adopted probably because of the administrative difficulties which would tend to result when different parts of the municipality are taxed at different rates by different entities. Further, political, and perhaps debt ceiling, problems might arise whenever the municipality wished to impose higher tax rates for new improvements since various areas would have different tax rates. Differing assessment practices might further complicate the situation. In addition, a problem might arise as to whether land should be assessed for the purpose of the old township tax on the basis of improvements made after the territory became part of the municipality, or on the value at the time of the boundary adjustment. Thus if a scheme can be established to eliminate overlapping tax jurisdiction, it would be impossible not to overlap tax jurisdictions in the case at hand. (This method may violate the State's Constitutional provision under Article X Section I "duplication of tax-levying jurisdictions" as cited on Pg. 2.)

(4) The fourth method seems to be the most acceptable. A general standard is prescribed as to how the allocation should be carried out and some board or court is empowered to adjust indebtedness in light of that standard. In this case the Local Boundary Commission is assigned a role similar to other Commissions, committees or bodies in other states. For example, in Virginia on incorporation the standard for the court's allocation is "just." In Ohio, upon incorporation the county probate court must make a "proper" allocation of indebtedness and funds. In Minnesota, the Municipal Commission apportions indebtedness upon incorporation, annexation, and detachment on the basis of what is "just and equitable."

This draft adopts this fourth method and uses "fairness and equity" as its basic standard, but is more specific in that it requires consideration of the interests of the groups most directly affected. The determination is made in light of the burdens and benefits resulting from the boundary adjustments as a whole and not just in light of the financial considerations. Thus the detriments of the other allocation methods—unfairness, bars to boundary adjustment, inability to adjust to situations outside the norm, and multiplicity of governments taxing in the territory—are all avoided. Without exception where other state laws address the question of dividing assets and liabilities between public concerns, in an attempt to be "fair and equitable," those state legislatures have adopted statutory criteria based on the concept of "a just proportion of existing debt and assets."

The formula for determining the pro rata share in division of liabilities and non-fixed assets are many and vary with specific circumstances. However, in general, the "just" proportion of existing debt to be assumed by a municipality is the ratio the assessed taxable value in the entire district prior to separation. The percentage figure so obtained is then applied to the total amount of existing debt for which the new municipality shares responsibility in the provision of services.

In addition to pro rata debt assumption and non-fixed assets assumption, in some jurisdictions a new municipality would also pay for a share of the value of public improvements contained within the new area. However, in the absence of state law requiring payment for public improvements from the new municipality to the former municipality, payment would not likely be upheld in a judicial proceeding. As challenged (Norfolk County v. City of Portsmouth 124 Va. 639, 659, 98 SE. 755, 761-762.)

Whenever compensation for existing public improvements has been allowed, (always by legislative action) the basis for compensation has been the valuation of the improvement.

In the State of Minnesota, state law proscribes that public improvements and/or real property are jointly owned between municipalities after detachment. Each municipality's interest in properties is proportional to their assessed valuation at the time of separation.

In the State of New Jersey, state law proscribes that any public improvements and/or real property shall be and remain the property of the municipality in whose limits the property lies after separation, and any indebtedness then existing which has been incurred for or on account of the property shall become the indebtedness of the municipality within whose limits the property lies.

The Department would recommend that the Division of fixed assets and assignable liabilities (public improvements, and real property) be effected by using the method proscribed under New Jersey law.

The overriding advantage of adopting a method such as proscribed in New Jersey for fixed property division is that no fixed assets and incidental debt remain in mutual contest between municipalities and the question is forever settled.

The Department recommends for Boundary Commission consideration that:

1. The "just and equitable" formula most frequently used in other state jurisdictions be used. i.e.

$$\frac{\text{Total assessed taxable value of Chugiak-Eagle River}}{\text{Total assessed taxable value of the Anchorage Area}} \dots$$

equals

Pro rata share of Chugiak-Eagle River debt and non-fixed assets

- a) The percentage figure so obtained would be applied to all fund balances of Anchorage for which Chugiak-Eagle River has vested financial interest. The percentage attributable to Chugiak-Eagle River of the fund balance would become payable to Chugiak-Eagle River from Anchorage.
- b) Funds held by Anchorage that are the funds of a service area that will lie within the boundaries of Chugiak-Eagle River become the assets of Chugiak-Eagle River.
- c) Chugiak-Eagle River shall receive from Anchorage a cash payment equal to the pro rata percentage of value of all non-fixed assets owned by Anchorage on the date of detachment for which Chugiak-Eagle River has vested interest. The determination of value of non-fixed assets may be made by an appraisal of non-fixed properties.

- d) Chugiak-Eagle River Borough accepts a pro rata share of all incidental debt of Anchorage not associated with fixed or real property for which Chugiak-Eagle River has vested interest. The amount of the debt associated therewith and assignable to Chugiak-Eagle River shall be paid by cash from Chugiak-Eagle River to the Anchorage Area.
- e) All fixed assets (public improvements on real property) shall become and remain the property of the borough in which they lie. All debts associated with fixed assets shall become the debt of the borough in whose territory the fixed assets lie.
- 1.) The new borough would be ordered to pass an ordinance giving approval and permission to the Anchorage area to use Eagle River as a possible future water resource.
  - 2.) All lands designated park lands presently belonging to Anchorage, lying within the boundaries of the proposed new borough, would be restricted to the status of park lands

On the basis of the foregoing Anchorage area and petitioners in the Chugiak-Eagle River Area would place before the Commission their respective claims to assets and liabilities. The Commission would be required to arbitrate settlement based on respective argument.

The Commission would need to determine a possible date for which detachment would be effected, so that the formula proposed could be uniformly applied.

Harold S. ABRAMS et al., Appellants,  
v.

STATE of Alaska et al., Appellees,  
v.

Lee B. JORDAN, Mayor of the Second Class  
Borough in the Eagle River-Chugiak  
Area, et al., Appellees.

Lee B. JORDAN, Mayor of the Second Class  
Borough in the Eagle River-Chugiak  
Area, et al., Cross-Appellants,

v.

Harold S. ABRAMS et al., Cross-Appellees.  
Nos. 2407, 2418.

Supreme Court of Alaska.  
April 15, 1975.

Action was instituted to determine validity of formation of the Eagle River-Chugiak Borough. The Superior Court, Third Judicial District, Anchorage District, Eben H. Lewis, J., upheld validity of the borough and appeal was taken. The Supreme Court, Connor, J., held that statute pertaining to the organization of the Eagle River-Chugiak Borough was special and local in nature; that nothing in nature of the Eagle River-Chugiak area justified departure from general law scheme of incorporating new boroughs and, therefore, the statute pertaining to creation of the borough contravened constitutional prohibition against passage of local or special acts when a general act can be made applicable; and that constitutional provision requiring division of state into boroughs did not grant power to enact special and local laws creating boroughs notwithstanding the prohibition against passage of local or special acts.

Reversed and remanded.

Erwin and Fitzgerald, JJ., did not participate.

1. Statutes  $\Rightarrow$ 77(1)

Legislative act may affect only one of a few areas and yet relate to a matter of statewide concern and common interest

and, thus, not constitute a local or special act within constitutional prohibition against such acts. Const. art. 2, § 19.

2. Statutes  $\Rightarrow$ 77(1)

In determining whether a legislative act is a local or special act within constitutional prohibition against such acts, ultimate question is whether the act is reasonably related to a matter of common interest to the whole state. Const. art. 2, § 19.

3. Statutes  $\Rightarrow$ 76(2)

Statute pertaining to organization of Eagle River-Chugiak Borough constituted both special and local legislation within constitutional prohibition against passage of local or special acts if a general act can be made applicable. Laws 1974, c. 145; AS 29.18.030 et seq.; Const. art. 2, § 19.

4. Statutes  $\Rightarrow$ 76(2)

Nothing in nature of Eagle River-Chugiak area justified departure from general law scheme of incorporating new boroughs; thus, special and local legislation pertaining to organization of the Eagle River-Chugiak Borough violated constitutional prohibition against passage of a local or special act when a general act can be made applicable. Laws 1974, c. 145; AS 29.18.030 et seq.; Const. art. 2, § 19.

5. Statutes  $\Rightarrow$ 76(2)

Constitutional provision requiring division of state into boroughs and giving legislature broad power over methods by which boroughs may be organized, incorporated or dissolved did not empower legislature to enact special or local laws pertaining to organization of boroughs despite constitutional prohibition against passage of local and special acts when general acts can be made applicable. Laws 1974, c. 145; AS 29.18.030 et seq.; Const. art. 2, § 19; art. 10, § 3.

6. Statutes  $\Rightarrow$ 76(1)

Constitutional prohibition against enactment of a local or special act if a general act can be made applicable governs exercise of all legislative powers expressly granted by other portions of the Constitution. Const. art. 2, § 19.

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West

## 7. Constitutional Law — 15

Different provisions of Constitution should be read so as to avoid conflict whenever possible.

George A. Dickson & John Hedland, David Engles of Rice, Hoppner, Blair & Hedland, Anchorage, for appellants in 2407.

Gerald L. Sharp, City-Borough Atty., Juneau, amicus curiae for appellants in No. 2407.

William F. Tull, Palmer, amicus curiae on behalf of Mat-Su Borough.

John Ken Norman & Gary Thurlow, Anchorage, amicus curiae on behalf of Greater Anchorage Area Borough.

Charles Cranston & Vernon L. Snow, of Gallagher, Snow & Cranston, Anchorage, for appellees in 2407; Cross-Appellants in 2418.

Peter Argetsinger, Asst. Atty. Gen., Anchorage, Avrum Gross, Atty. Gen., Juneau, for State of Alaska.

## OPINION

Before RABINOWITZ, C. J., CONNOR and BOOCHEVER, JJ., and DIMOND, J. Pro Tem.

CONNOR, Justice.

This appeal and cross-appeal present the question of whether the formation of the Eagle River-Chugiak Borough was validly accomplished under the Alaska Constitution. At the center of the conflict are two constitutional provisions:

"The legislature shall pass no local or special act if a general act can be made applicable. Whether a general act can be made applicable shall be subject to judicial determination. Local acts necessitating appropriations by a political subdivision may not become effective unless approved by a majority of the qualified voters voting thereon in the subdivision affected." Alaska Const., art. II, § 19.

"The entire State shall be divided into boroughs, organized or unorganized.

They shall be established in a manner and according to standards provided by law. The standards shall include population, geography, economy, transportation, and other factors. Each borough shall embrace an area and population with common interests to the maximum degree possible. The legislature shall classify boroughs and prescribe their powers and functions. Methods by which boroughs may be organized, incorporated, merged, consolidated, reclassified, or dissolved shall be prescribed by law." Alaska Const., art. X, § 3.

Appellants assert that the prohibition against local or special acts renders invalid Ch. 145 SLA 1974 by which the Eagle River-Chugiak Borough was organized. They argue that the legislature created a borough by a local or special law when a general law could have been made applicable, and that the "general law" constitutional provision controls the operation of legislative power under art. X, § 3, of the Alaska Constitution. They conclude, therefore, that Ch. 145 SLA 1974 is unconstitutional and that the borough created by the legislature is invalid.

Appellees support the validity of the borough by arguing that the legislative act was not local or special legislation, that even if it was local or special legislation the constitutional prohibition does not apply because a general law cannot be made applicable to the particular subject matter of the legislative act, and that the legislature possesses independent power under art. X, § 3, of the Alaska Constitution, apart from the provisions of art. II, § 19, to create the Eagle River-Chugiak Borough.

## I.

The Eagle River-Chugiak area extends from the northeast limits of the City of Anchorage to the Knik River Bridge, and comprises about 738 square miles, slightly less than one-half of the total area of the Greater Anchorage Area Borough as it previously existed. It is located wholly within what was the Greater Anchorage

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tion, transportation,  
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the Alaska Constitution,  
provisions of art. II, § 19,  
Eagle River-Chugiak Bor-

Chugiak area extends  
beyond the City of  
Anchorage River Bridge, and  
is approximately three  
miles, slightly  
less than the total area of the  
Greater Anchorage Area  
Borough as it  
is located wholly  
within the Greater Anchorage

Area Borough. The area has a population  
of about 8,500 persons, about 2,500 of  
whom live in what is regarded as the com-  
munity of Eagle River. There are no cit-  
izens of Eagle River lies about 3.7 miles from the  
limits of any statutory class within the area.  
The corporate limits of the City of Anchorage  
and about 13 miles from downtown An-  
chorage. The area is largely residential in  
land use and most of its work force is em-  
ployed within what has been the Greater  
Anchorage Area Borough.

In 1974 the legislature passed Ch. 145  
SLA 1974, which became law without the  
governor's approval. The act provided for  
an election concurrent with the next state-  
wide election following its passage, to be  
conducted solely within the Eagle River-  
Chugiak area, on the question of whether  
the area should be incorporated as a sec-  
ond class borough. If a majority voted  
"no" in the first election, the act provided  
for a subsequent election in which the vot-  
ers would decide whether the area should  
be incorporated as a second class city.  
The election on borough incorporation took  
place on August 27, 1974, and the proposi-  
tion passed by a vote of 1,233 to 979. Un-  
der the terms of the act, the area then be-  
came incorporated.

The act required the Local Boundary  
Commission to hold a public hearing before  
the election, and to review the boundaries  
set forth in the act after the election. Ad-  
ditionally, the Commission was required to  
promulgate a plan of apportionment, after  
which the Lieutenant Governor was re-  
quired to, and did, on December 3, 1974,  
conduct an election for municipal officers.<sup>1</sup>

1. Other transitional steps include a determi-  
nation by the Local Boundary Commission,  
subject to judicial review, of the allocation  
of debts and assets between the new borough  
and the Greater Anchorage Area Borough,  
and written notice by the new borough of  
its intention to assume its powers. These  
steps have not been taken, but the act re-  
quires that the new borough assume its  
powers no later than the end of the current  
fiscal year, i. e., June 30, 1975. In the mean-  
time the Greater Anchorage Area Borough

Prior to the enactment of Ch. 145 SLA  
1974 there existed, and still exists, a com-  
prehensive statutory system for the incor-  
poration of boroughs, including those to be  
established within the boundaries of bor-  
oughs already in existence.<sup>2</sup> The general  
law scheme for organizing a borough con-  
sists of a petition to the Department of  
Community and Regional Affairs, a review  
of that petition for form by the Depart-  
ment, public hearings by the Local Bound-  
ary Commission, and a decision by the  
Commission as to whether the standards  
set out in the statutes have been met. In  
the event of favorable Commission action,  
an election can be held within the area  
proposed for incorporation. When a new  
borough is to be created within an existing  
one, both a new incorporation and a  
change in existing boundaries must occur,  
and the action must be approved at an  
election within the new borough. The ac-  
tion may also be conditioned upon electoral  
approval within the existing borough, and  
it must be submitted to the legislature.

Appellants brought an action on October  
30, 1974, seeking to have Ch. 145 SLA  
1974 declared unconstitutional and void  
and seeking to have enforcement of that  
statute enjoined. On November 22, 1974,  
appellants sought a preliminary injunction  
against conducting the election for munic-  
ipal officers which was scheduled for De-  
cember 3, 1974. On November 27, 1974,  
the superior court entered a temporary re-  
straining order which allowed the election  
to proceed but prohibited certification of  
the results pending a further hearing.  
That further hearing was held on Decem-

ber 12, 1974, and the court ruled that ap-  
pellants must continue to assess and collect taxes in  
the new borough until that date, and allo-  
cate to the new borough an amount to be  
determined by the Local Boundary Com-  
mission, subject to judicial review. Under the  
act the Greater Anchorage Area Borough  
has been prohibited from transferring assets  
or authorizing bonded indebtedness in the  
new borough since September 12, 1974.

2. See AS 20.18.030 et seq.

her 20, 1974. On December 20, 1974, oral argument was presented to the superior court, and that court entered a declaratory judgment to the effect that Ch. 145 SLA 1974 was local and special legislation, but was not violative of art. II, § 19, of the Alaska Constitution. Appellants filed this appeal on December 23, 1974, and were granted a stay pending the decision of the appeal. This court also entered an order expediting the appeal because the questions presented obviously should be decided promptly for the benefit of the affected governmental entities and the public.

## II.

[1] The first question is whether Ch. 145 SLA 1974 is a local or special act. Our previous opinions in *Boucher v. Engstrom*, 528 P.2d 456 (Alaska 1974), and *Walters v. Cease*, 394 P.2d 670 (Alaska 1964), provide background for the resolution of this question. In *Walters v. Cease*, we held that the Mandatory Borough Act, Ch. 52 SLA 1963, was local and special legislation, and that it could not constitutionally be submitted to the voters for adoption by referendum.<sup>3</sup> In *Boucher v. Engstrom*, we held that an initiative to relocate the state capital did not amount to special or local legislation, and thus could be placed upon the ballot. We observed that legislation does not become "local" merely because it operates only on a limited number of geographical areas rather than on a statewide geographical basis. A legislative act may affect only one of a few areas and yet relate to a matter of statewide concern or common interest. *Boucher v. Engstrom*, *supra*, 528 P.2d at 461-62.

[2] *Boucher v. Engstrom* does represent a retrenchment on the definition of

3. Alaska Constitution, art. XI, § 7, provides: "The initiative shall not be used to dedicate revenues, make or repeal appropriations, create courts, define the jurisdiction of courts or prescribe their rules, or enact local or special legislation. The referendum shall not be applied to dedications

"local" found in *Walters v. Cease*. But the ultimate question is whether a legislative act, attacked as "local" or "special", is reasonably related to a matter of common interest to the whole state.<sup>4</sup>

[3] In the case at bar it appears that Ch. 145 SLA 1974 is both special and local legislation. The act provides a method of creating a new borough which is peculiar to the locality where it is applicable. The subject matter can hardly be said to be of statewide interest or impact.

Specifically, the operation and scope of the act are limited to the Greater Anchorage Area Borough. The act creates law which affects only the governmental structure of the Greater Anchorage Area Borough and the Eagle River-Chugiak area lying within it. It can have no effect upon any other part of the state. It purports to create a new local government, and does so without regard to the general statutory provisions that prescribe the method that otherwise governs the creation of new local governmental entities from existing ones. In our opinion the legislation is clearly special and local in nature.

## III.

[4] This brings us to the next question. Appellees argue that even if Ch. 145 SLA 1974 is a local or special act, it is permissible legislation. The Alaska Constitution forbids local or special acts only "if a general act can be made applicable." Whether a general act can be made applicable is subject to judicial determination. We find AS 29.18.030 et seq. to be an applicable general law.

Appellees argue that the Eagle River-Chugiak area is unique and that this justifies the special treatment given to it by the legislature. The trial court found that the

of revenue, to appropriations, to local or special legislation, or to laws necessary for the immediate preservation of the public peace, health, or safety."

4. *Boucher v. Engstrom*, 528 P.2d 456, 463 (Alaska 1974).

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5. *Accord*,  
328 P.2d  
querque v.  
v. Swinb  
(1964).

6. *Accord*,  
Cal.2d 62

Eagle River area has a separate identity, that it has been a distinct community in the Anchorage bowl, and that it is the only large "exurban" community in Alaska. Appellees point out additionally that the area is separated from the rest of the Greater Anchorage Area Borough by the Chugach Mountains, the Chugach State Park, and by military reservations. A majority of the electorate of the area has voted against a unified Greater Anchorage Area Borough and against extension of areawide power by the borough over the area.

We do not find this justification persuasive. Numerous other localities within organized boroughs can also claim to be unique in certain respects. Examples come readily to mind.

Douglas, with a 1970 population of 1,243, located on an island across from the state capital, can claim to be distinct, providing a largely residential community for persons working in the capital city. Historically Douglas was a city proudly separate from Juneau. Similarly, it could be claimed that College, with a 1970 population of 3,434, is the only community surrounding the central state university. Nearly every neighborhood or locality within an existing borough can assert some peculiarity or characteristic which distinguishes it from the rest of the borough. If this is all that is needed to justify a departure from general law, then the legislature could, by special act, create many new boroughs out of old ones on an ad hoc basis. We do not think this is what the framers of our constitution intended.<sup>5</sup>

We find nothing in the nature of the Eagle River-Chugiak area which justifies a departure from the general law scheme of

incorporating a new borough. Those unusual aspects which appellees have ascribed to the area present no insurmountable barriers to creating a new borough by following the procedures set forth in AS 29.18.030 et seq. Therefore, we hold that Ch. 145 SLA 1974 contravenes the provisions of art. II, § 19, of the Alaska Constitution.

#### IV.

[5] Finally, appellees urge that under Art. X, § 3, of the Alaska Constitution the legislature is given broad power over the methods by which boroughs may be organized, incorporated, or dissolved. From this, it is argued, the legislature derives power to enact such laws as Ch. 145 SLA 1974 despite the prohibition of art. II, § 19, of the Alaska Constitution.

[6] But Art. II, § 19, governs the exercise of all legislative powers expressly granted by other portions of the constitution. There is no intimation in its language or in the articles concerning local government which would create an exception to this prohibition against local or special laws.

[7] It is an undisputed maxim of constitutional construction that different provisions of the document shall be read so as to avoid conflict whenever possible. Thus, "[w]henver possible, all provisions should be given effect, and each interpreted in light of the others, so as to reconcile them, if possible, and to render none nugatory." *Lemon v. Bossier Parish School Board*, 240 F.Supp. 743, 744 (W.D.La.1965).<sup>6</sup> We have carefully read the debates and discussions during Alaska's constitutional convention as they relate to the import of art.

5. *Accord*, *State v. Hodgson*, 183 Kan. 272, 326 P.2d 752, 762 (1958); *see also* *Albuquerque Met. Arroyo Flood Control Authority v. Swinburne*, 74 N.M. 487, 394 P.2d 908 (1964).

6. *Accord*, *People v. Western Air Lines*, 42 Cal.2d 621, 268 P.2d 723, 732 (1954), appeal

dismissed, 348 U.S. 859, 75 S.Ct. 87, 99 L.Ed. 677; *Cooper Motors v. Board of County Commissioners*, 131 Colo. 78, 279 P.2d 685, 688 (1955); *Latting v. Cordell*, 197 Okl. 309, 172 P.2d 397, 390 (1946).

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II, § 19, and art. X.<sup>7</sup> We find nothing in these discussions which would indicate that art. X, § 3, was intended to operate as an exception to the "general law" rule of art. II, § 19. Indeed, if every grant of power were read as an exception to the "general law" provision, that provision would be rendered wholly nugatory in its effect.

We conclude that nothing in the local government articles of the Alaska Constitution overrides the prohibition of art. II, § 19.

Having found the questioned act invalid, we reverse the judgment below and remand for the entry of a judgment in favor of appellants.

7. See Const.Conv.Min. pp. 1760-70, 1774, 1824-27, 2768-71 (Jan. 10-25, 1956).

LOCAL BOUNDARY COMMISSION

In re the petition for detachment )  
of the Chugiak-Eagle River area )  
from the Greater Anchorage Area )  
Borough, and the petition for )  
incorporation of a second class )  
borough in the Chugiak-Eagle River )  
area. )

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STATEMENT OF DECISION

Whereas, in July, 1975, petitions requesting detachment from the Greater Anchorage Area Borough and subsequent incorporation of a second class Chugiak-Eagle River Borough were submitted to the Department of Community and Regional Affairs in accordance with Title 29 of the Alaska Statutes; and

Whereas, the Department in September, 1975, found the petitions in the proper form with the requisite content and accompanying exhibits; and

Whereas, upon receipt of the sufficient petition the Local Boundary Commission scheduled a public hearing with notice as prescribed by law; and

Whereas, the Local Boundary Commission held a public hearing at the Chugiak High School on October 29, 1975; and

Whereas, the Local Boundary Commission held a public decisional meeting in Anchorage on December 11, 1975, to review the record of the Chugiak-Eagle River petitions;

Now, therefore, the Local Boundary Commission makes the following findings of fact and enters its decision pursuant thereto:

(1) The proposed petition fails to meet statutory and regulatory standards for detachment and incorporation contained in AS 29.18.030 and AAC 19.15.230 in that the area is an integral part of the municipality of Anchorage culturally, socially and economically.

- (a) The Glenn Highway, which will ultimately be four-lane between Anchorage and Eagle River joins the two areas. Traffic counts obtained from the State Department of Highways were submitted to the Commission and reflect that between Eagle River and the Glenn Highway entrances to the Fort Richardson military installation there were 19,400 average daily trips, and between Muldoon Road and Anchorage there were 18,100 average daily trips. These figures indicate a great deal of traffic between Anchorage and Eagle River-Chugiak.
- (b) In addition to private transportation, figures from the Anchorage Municipal transit system regarding the Eagle River-Anchorage route indicate that in two weeks in 1975, 1158 persons rode the bus between Eagle River and Anchorage. Testimony was introduced at the hearing which indicates that many persons in the Eagle River area work and shop in Anchorage. The traffic figures bear this out. The area is in fact an 'exurban' area or a 'bedroom community' of Anchorage.
- (c) The proposed borough further reflects its bedroom status in that there are almost no social or cultural activity centers in the area. The testimony on record reflects that many residents of Eagle River-Chugiak come to Anchorage for movies, theatre, music and other activities of a like nature. This further reinforces the integration of the area with Anchorage.

(2) There are no natural boundaries separating the area from the remainder of the Anchorage municipality. There is a distance of 15 miles between the downtown Anchorage area and the population center of the proposed borough. The only barrier is one of land use, the military

military reservation is not a barrier. In addition, the Glenn highway runs through the military reservation joining the two areas, furthering the fact of contiguity of the two areas.

(3) The detachment will be inimical to the interest of the State in that the constitutional mandate of a minimum of local government units and tax levying jurisdictions would be violated. The Commission finds that the entire Anchorage area is an integrated area and that the existing borough embraces an area and population with common interests to the maximum degree possible as required by the Constitution.

The record does not reflect that the interests and needs of the Eagle River-Chugiak area differ sufficiently from metropolitan Anchorage to create a separate borough.

(4) The area is not stable enough to support organized borough government in that the Eagle River-Chugiak tax base is not large enough to support necessary services without the support of the larger tax base of the entire Anchorage area. This is based upon the following facts submitted to the Commission.

(a) The assessed valuation for the 1975-6 tax year is \$134,598,035. The population is 8,402. As previously held, the area is a bedroom community of Anchorage with little business development in the Eagle River-Chugiak area. The Eagle River area receives schools, planning and zoning, tax assessment and collection, animal control, sewers, health protection and transportation services from the Anchorage Municipality. The larger tax base of Anchorage has helped provide bond monies for schools in the area. Higher levels of some services are being provided to Eagle River-Chugiak residents than to other areas of Anchorage, i.e., health center and library.

(b) Under the budgets prepared by the then Chugiak-Eagle River Borough, the tax rates would have been 18.96 mills

(Eagle River) and 17.20 mills (Chugiak) as compared to the current rates of 12.61 mills and 11.40 mills. Many residents of the area testified to their belief that the area could not afford a separate government.

(c) A review of Chugiak-Eagle River Service Areas elections since 1966 reflects that only 2 issues passed, fire protection for Eagle River and Chugiak, whereas, the residents turned down an earlier fire issue, roads and drainage, parks and recreation, and as late as March 1974, police protection. The Commission construes these facts as indicating an unwillingness and/or inability to support needed municipal functions.

(5) The Eagle River-Chugiak area is guaranteed representation on the assembly of the Municipality of Anchorage and the charter of the new unified government provides for the creation of Community Councils.

(6) The Service Area concept provided for in Alaska Statutes is retained in the new charter and affords the residents of the Eagle River-Chugiak area an opportunity to request the addition of new services or to increase the level of existing services in the area.

(7) There have been no significant changes other than increase in population in the area since incorporation under the provisions of Chapter 52 SLA 1963, and accordingly, the Commission finds there is no justification for modifying the original boundaries of the Greater Anchorage Area Borough set by the Legislature.

The Commission is aware of the Goat Creek Detachment, the conformance of the Greater Anchorage Area Borough boundaries to metes and bounds description and the correction to the southern boundary description of the Greater Anchorage Area Borough.

In accordance with the above findings, the Local Boundary Commission rejects the detachment petition and therefore does not consider the petition for incorporation of the proposed borough as that issue is moot.

Dated at Anchorage, Alaska, this 15th day of March, 1976.

LOCAL BOUNDARY COMMISSION

Approved:

s/ Sigvald J. Strandberg  
Sigvald J. Strandberg, Chairman

s/ Sheila G. Jones  
Sheila G. Jones

s/ \_\_\_\_\_  
Josephine Anderson

s/ \_\_\_\_\_  
Oliver Leavitt

Dissent:

s/ \_\_\_\_\_  
Gary Ackerman

BEFORE THE DEPARTMENT OF COMMUNITY  
AND REGIONAL AFFAIRS OF THE STATE OF ALASKA

IN RE THE INCORPORATION OF )  
THE PROPOSED NEW CHUGIAK - EAGLE )  
RIVER BOROUGH WHICH INCORPORATES )  
THE GREATER CHUGIAK - EAGLE RIVER )  
AREA DETACHED FROM THE GREATER )  
ANCHORAGE AREA BOROUGH. )

PETITION FOR INCORPORATION AS A BOROUGH OF THE SECOND CLASS

The undersigned qualified voters of the area to be incorporated petition the Department of Community and Regional Affairs to initiate the necessary and proper procedures pursuant to Title 29, Chapter 18, Article 2 of the Alaska Statutes (AS 29.18.050 - 29.18.150), to accomplish the following.

I. PETITIONERS The designee of the petitioners is:

Chugiak - Eagle River Borough Association

Chairman Lee B. Jordan

1st Vice Chairman Leslie F. Fetrow

2nd Vice Chairman Ernest Brannon

Secretary Gene E. Merchant

Asst. Secretary - Treasurer

Robert C. Johnson

The following are co-sponsors of the Petition:

Charles Graham	Elaine Robinson
Delores Steeby	Frances Atwater
Thomas Brewer . . .	Ray Stith
Ron Stephens . . .	Joe Kapella
Elsie Oberg	Thillman Wallace
Robert Robinson	Marianna Koehler
Galen Atwater	Claire Muetz

The mailing address is P. O. Box 700, Eagle River, Alaska, 99577.

II. CLASS: The petitioners seek to incorporate a borough of the second class.

III. NAME: The name of the proposed borough shall be the Chugiak - Eagle River Borough.

IV. BOUNDARIES: The boundaries of the proposed borough, more particularly stated and illustrated by the map attached as Exhibit A are as follows: