

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

3841 SCRA NORTH SLOPE LAND

especially education. Considering normal apprehension of citizens toward additional governmental control, the petitioners and other interested persons individually and through the Arctic Slope Native Association at the public hearing persuasively demonstrated general accord with respect to borough incorporation. The Commission also finds that the incorporated status of all North Slope communities (all are fourth class cities) evidences a measure of sophistication indicative of the population's general understanding of local government and its fundamental purposes. The Commission further observes that it is almost unprecedented that of a given five villages of the size of those on the North Slope, all are fourth class cities.

C. "... (the population) shall have a clear understanding of the undertaking for which they ask, and shall be large enough and stable enough to warrant and support the operation of organized borough government."

The oral and written testimony entered on record by the petitioners and other interested and affected parties has demonstrated to the Commission that this standard has been met. The level of interest in the borough proposal was shown by the large number of Barrow residents in attendance at the public hearing. The Commission, although recognizing the difficulty in assessing the population's understanding of a borough incorporation proposal, finds that the representations made by the petitioners' representative, the Arctic Slope Native Association and the officials from four out of five of the communities in attendance at the public hearing revealed a working knowledge of organized borough functions.

The Commission further notes that the visits to the communities conducted by staff members of the Local Affairs Agency and officials of the Arctic Slope Native Association during the investigative period preceding the Barrow public hearing contributed substantially to public awareness and understanding of the North Slope Borough proposal.

#### GEOGRAPHY

A. "...the boundaries of the proposed organized borough shall conform generally to the natural geography of the area proposed for incorporation."

The Commission finds that the proposed borough meets this standard in every respect in that the area is generally bounded by the crest of the Brooks Range and the Arctic Ocean, and insofar as geography and ethnic relations are concerned, the proposed borough encompasses a cohesive group of people.

B. "... (the boundaries) shall include all areas necessary and proper for the full development of integrated local government services,

but shall exclude all areas such as military reservations, glaciers, icecaps and uninhabited and unused lands unless such areas are necessary or desirable for integrated local government."

The Commission finds that the boundaries of the proposed borough encompass all areas which would be necessary for full development of integrated local government services. While recognizing that the proposed borough area includes uninhabited land, the Commission also observes that these same lands are not unused in that public hearing testimony and other authoritative documentation (Alaska Natives and the Land) in the record substantiates historic and present seasonal occupation of the North Slope lands by residents engaged in subsistence hunting and fishing activities. The Commission specifically notes that the Distant Early Warning Line (DEW Line) sites located at intervals along the Arctic Ocean Shores and the Navy Petroleum Reserve Number 4 (PET 4) are not military reservations in the sense contemplated in the standard and are therefore includable within the borough boundaries. The Commission also notes that the area proposed for incorporation is devoid of extensive glaciation and icecaps.

#### ECONOMY

"...the economy of the proposed organized borough shall encompass a trading area with the human and financial resources capable of providing an adequate level of governmental services. In determining the sufficiency and stability of an area's economy, land use, property valuations, total economic base, total personal income, present and potential resource or commercial development, anticipated functions, expenses, and income of the proposed organized borough, shall be considered."

The Commission finds that the proposed borough meets this standard in that commercial activity takes place among the various communities, with Barrow as a regional hub. The boundaries proposed in the petition approximate the outer limits of this trading area, the Brooks Range to the south forming a natural barrier separating interior communities in the Yukon, Koyukuk, Kobuk and Noatak river drainages from those on the Arctic North Slope. The trading area described by the proposed borough boundaries is almost precisely that which is defined in Alaska Natives and the Land for the North Slope region.

The area proposed for incorporation possesses financial resources capable of providing an adequate level of governmental services. The Peat, Marwick, Mitchell and Company report on projected revenues and expenditures of an operative North Slope confirms the viability of an organized first class borough on the Arctic Slope. The petroleum exploration and development activities in the Prudhoe Bay area comprise the greatest part of the taxable real and personal

property tax base at the present time. The extensive mineralization of the North Slope region portends significant development activity for many years to come. The emergence of new communities is likely with the expected expansion of mineral exploration and development. The new developments will broaden the economic base and at the same time increase the need for governmental services which a first class organized borough is capable of providing.

The traditional subsistence economy is evolving rapidly into a cash economy. Per capita personal incomes, while presently low in comparison to those of the state as a whole (\$1,345 in 1969 on the North Slope versus \$4,000 in 1969 for the state), are increasing. Expanding oil, mineral and tourism industries as well as projected continuation of national defense and research programs provide further breadth to the economic base of the North Slope community of interests.

The anticipated local governmental functions to be undertaken by an incorporated first class North Slope Borough are within the capabilities of the human and financial resources of the proposed area. An integrated system of regional education for primary and secondary students is critically needed and would be within the financial reach of the proposed regional borough government considering the present economic base and conservative estimates of the expanded base attendant with further industrial development.

The Native Land Claims Settlement Act of 1971 will result in Native regional and village corporations being established and acquisition of substantial acreage which will enable North Slope residents to plan for self-sustaining economic enterprises. The Land Claims Settlement alone will bring substantial financial resources to the Arctic Slope region. Regional borough government will enhance this development through coordinated land use and zoning controls.

For the first year's operation, an organized first class North Slope Borough is estimated to require \$575,000 from local sources for general municipal services. Based on an estimated \$260 million tax base, the borough would have a levy of 2.21 mills. The second year, 89.5% of the expenditures for municipal services, or a 3.21 mill levy, will be necessary to produce the required \$810,000. The third year, 90% or a 2.65 mill levy applied to an increased tax base of \$325 million will be necessary to produce the required \$860,000. During the initial operation, the Commission expects that the borough would exercise only its mandatory powers of education, planning, platting and zoning and property tax assessment and collection.

## TRANSPORTATION

A. "...the transportation facilities in the area proposed for incorporation shall be of such a unified nature as to facilitate the communication and exchange necessary for the development of integrated local government and a community of interests."

The Commission finds that this standard has been met in all respects. In the view of the Commission, the essence of this standard is that the people residing within an area proposed for borough incorporation must be close enough together or accessible enough to get back and forth among communities. In this regard, it is observed that all communities within the proposed North Slope Borough are served by either regularly scheduled certificated commercial air carriers or properly equipped and licensed air charter companies or both. The frequency and quality of service is more than sufficient to provide the communication and exchange contemplated for establishment of a community of interests in turn defining the need for integrated local government.

B. "...means of transportation may include surface (both water and land) and air."

The primary mode of travel in the Arctic Slope region is by air. Nearly all communities are served by modern turbine-powered commercial aircraft utilizing well-developed and maintained airport facilities. Surface transportation is still in the developmental stages with a highway presently contemplated between Fairbanks and the North Slope in conjunction with the Trans-Alaska pipeline. Water transportation, although seasonal, provides means by which North Slope communities may be supplied by bulk cargo, supplementing regular freight arrivals by commercial carriers. Wein Consolidated Airlines, an Alaskan based carrier, has established an integrated schedule serving all communities within the proposed borough. Barrow and Prudhoe Bay are served by Boeing 737 aircraft providing fast, conveniently scheduled services.

C. "...areas which are accessible to other parts of a proposed organized borough by water or air only may not be included within the organized borough unless access to them is reasonably inexpensive, readily available, and reasonably safe."

The Commission finds that this particular aspect of the transportation standard has been met and is substantiated by the record which has been established. In adopting this view, the Commission has compared the costs for citizen participation under the present arrangement in which the Legislature has the authority to sit as the assembly for the unorganized borough

government on the North Slope. The Commission further recognizes that representatives of four of the five communities on the North Slope attended the December 2, 1971 public hearing in Barrow, and this fact alone is indicative of readily available, reasonably safe and relatively inexpensive air travel. The Commission finds that transportation access to the areas proposed for borough incorporation is readily available, reasonably priced and reasonably safe. No substantial information was submitted to or brought to the attention of the Commission to prove otherwise.

D. "...in considering the sufficiency of means of transportation within a proposed organized borough, existing and planned roads and highways, air transport and landing facilities, boats and ferry systems, and railroads, shall be included."

The Commission finds that the transportation systems have been adequate for handling considerable traffic between the communities in the proposed borough area for the past several years. Residents of the North Slope have undertaken this transportation for the purpose of choir exchange programs, employment in one city of residents from another city, visitation church teams sharing education programs among the cities, Arctic Slope Native Association educational programs in the villages and friendship visits. There is a significant amount of inter-relationship of families among all North Slope communities, which results in travel to and from communities at all times of the year.

### CONCLUSIONS

The Commission hereafter sets forth the conclusions of applicable law implicit in the Commission's acceptance of the petition for a first class North Slope Borough.

#### I.

The petition filed herein requesting incorporation of a first class organized borough under the name North Slope Borough is in the form prescribed by the Local Affairs Agency and is in compliance with the requirements of AS 07.10.020.

#### II.

The petition herein has been reviewed by the Local Affairs Agency in compliance with AS 07.10.060 and the agency had conducted an investigation and prepared a report to the Commission in compliance with AS 07.10.080 and AS 07.10.090.

### III.

The findings of the Local Affairs Agency investigation were transmitted in the form of a written report to the Commission prior to the December 2, 1971 Barrow public hearing. The agency report concluded that the petition herein met the standards for incorporation.

### IV.

The proposed borough meets each of the standards for incorporation set forth at AS 07.10.030.

### V.

The North Slope Borough petitioners have satisfied all requirements of Title 7 of the Alaska Statutes and all of the necessary procedures have been followed by the Local Affairs Agency and Local Boundary Commission for a determination pursuant to AS 07.10.110 that the proposed North Slope Borough meets the standards for incorporation and the composition and apportionment prescribed by law, and for the Commission to accept the petition.

### VI.

The petition meets all standards provided by law and required for acceptance of a petition by the Local Boundary Commission.

### VII.

The Commission specifically concludes that the assembly composition and apportionment plan proposed in the petition is in compliance with the equal population representation (one-man, one-vote) rulings of the United States Supreme Court and applicable provisions of Title 7 of the Alaska Statutes. As proposed in the borough incorporation petition, the five-member assembly is to be elected by and from the qualified voters resident within the boundaries of the borough without regard to distinction between city and non-city areas and without regard to sections for representation.

### VIII.

Pursuant to AS 07.10.050, the areawide powers which the proposed North Slope Borough can effectively and efficiently exercise are all those powers mandatorily or optionally prescribed for first class boroughs at Title 7 of the Alaska Statutes, and no others, except as may be assumed pursuant to law.

### IX.

The boundaries of the proposed North Slope Borough shall generally

be as requested in the petition and as hereunder corrected for technical clarity:

Beginning at a point in the Chukchi Sea where 68° North Latitude intersects the westerly boundary of the State of Alaska; thence in an easterly direction along the 68° North Latitude line to its intersection with 146° West Longitude; thence northerly along the 146° West Longitude line to its intersection with 68°30' North Latitude; thence easterly along the 68°30' North Latitude line to the easterly boundary of the State of Alaska; thence northerly along the boundary common to the State of Alaska and Canada to the northernmost boundary of the state of Alaska; thence meandering westerly, north-westerly, westerly, southwesterly, southerly, and southeasterly along the boundary of the State of Alaska in the Beafort Sea, Arctic Ocean and Chukchi Sea to the point of beginning, containing 56,500 acres, more or less.

56,500,000 <sup>GB</sup>

X.

The basic thrust of the Article X of the Alaska Constitution is to encourage "maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions." In the implementation of this purpose, the Legislature is directed to vest all local government powers in boroughs and cities only and to arrange for the division of the state into boroughs, organized or unorganized, in accordance with standards adopted by law. Article X, Sections 2 and 3, Alaska Constitution. Cities are to be a part of the organized or unorganized borough in which they are located. Article X, Section 7, Alaska Constitution. The Legislature is further directed to "classify boroughs and prescribe their powers and functions," and to prescribe "...methods by which boroughs may be organized, incorporated, merged, consolidated, reclassified, or dissolved..." Article X, Section 5, Alaska Constitution.

Although reserving the authority to mandate incorporation of organized boroughs (specific example, Chapter 52, SLA 1963) and to provide for performance of services deemed necessary or advisable in unorganized boroughs (Article X, Section 6, Alaska Constitution and AS 07.05.010), the Legislature has established at Title 7, Alaska Statutes, the means by which organized boroughs may be incorporated by local action. The Legislature has defined the single unorganized borough as all areas of the state which are not within the boundaries of an

organized borough. AS 07.05.010.

The Legislature has delegated broad authority to the Local Boundary Commission to determine which areas of unorganized borough shall be given the opportunity to incorporate as an organized borough. AS 07.10.010-07.10.140. The absence of statutory expression as to subdivision of the single unorganized borough for limited local government purposes into multiple units conforming to population, geography, economy and transportation standards and other factors lead to Commission decisions founded on the theory that eventually the entire state will be divided into organized boroughs, on the basis of application of constitutional and legislative standards.

These findings of Fact and Conclusions of law, published as a matter of ministerial procedure for the purpose of elucidating in summary fashion the officially recorded administrative and statutory actions, are adopted this 10th day of May, 1972, at Ketchikan, Alaska.

LOCAL BOUNDARY COMMISSION

STATE OF ALASKA

\_\_\_\_\_  
John S. Hedland, Chairman

*Christopher C. Bernsdorff*  
\_\_\_\_\_  
Christopher Bernsdorff

\_\_\_\_\_  
Allen Shontz

\_\_\_\_\_  
Gary Ackerman

LOCAL AFFAIRS AGENCY

STATE OF ALASKA

\_\_\_\_\_  
Byron I. Mallott, Director

\_\_\_\_\_  
Sigvald J. Strandberg, Secretary

MEMBER VILLAGES

Ambler  
Buckland  
Candle  
Kiana  
Kivalina  
Kobuk  
Kotzebue  
Noatak  
Nooruk  
Pt. Hope  
Selawik  
Shungnak

ATTACHMENT 9

RECEIVED  
NOV 24 1971  
LOCAL AFFAIRS AGENCY

Byron Mallott, Director  
Local Affairs Agency  
Pouch AB  
Office of the Governor  
Juneau, Alaska 99801

Dear Byron,

I am writing in behalf of the Northwest Alaska Native Association concerning the proposed ASNA Borough. I do not oppose the concept of the proposed ASNA Borough however I do question and strongly oppose the extent of their boundaries. If I am not mistaking, one of the provisions in proposing for a borough system is that the region involved must have direct or common interrelationships among its peoples, land, governmental agencies, or whatever. ASNA's proposed borough boundaries include all lands above the 68th parallel which includes much land in the established Northwest Alaska Native Association region, namely the upper Noatak River and its tributaries.

Enclosed is a map illustrating the established NANA region and the land in which we feel the proposed ASNA borough is trespassing. Again, on behalf of NANA, I strongly oppose ASNA's proposed borough boundary selections.

Please take our griefs into serious consideration and thank you for your corporation.

Respectfully yours,

*Robert Newlin*  
Robert Newlin, Pres.  
NANA board of directors



# ECONOMIC EVALUATION AND FINANCE PLAN FOR THE PROPOSED DELONG MOUNTAIN TRANSPORTATION SYSTEM

Final Report

July 31, 1985

Prepared for:

Alaska Industrial Development Authority  
(AIDA)

SRI International  
333 Ravenswood Avenue  
Menlo Park, California 94025-3493  
(415) 326-6200  
TWX: 910-373-2046  
Telex: 334486







BOND DEPARTMENT  
1700 Broadway, Suite 300  
Denver, Colorado 80290  
Telephone (303) 461-5000

November 6, 1985

North Slope Borough  
Accorage Liaison Office

Mr. James P. Sharpe  
Director of Administration and Finance  
North Slope Borough  
P. O. Box 69  
Barrow, Alaska 99723

NOV - 7 1985

3201 "C" St., Suite 602  
Anchorage, AK 99503

Re: Impact of Red Dog Development on  
North Slope Borough Property  
Tax Revenues

Dear Jim:

In response to your request to evaluate the fiscal impact of denying the North Slope Borough the legal means to assess the value of property located in the Red Dog Mine area of the Borough, I would offer the following opinions that have been substantiated through conversations with the 1st National Bank of Minneapolis and Banque Paribas, both guarantors of North Slope Borough bond issues.

Drawing heavily on the report prepared by SRI International dated July 31, 1985 and entitled "Economic Evaluation and Finance Plan for the Proposed Delong Mountain Transportation System" the following investment schedule has been extracted:

| Item                          | 1984        | 1985         | 1986         | 1987         | 1988         | 1989         | Cummulative   |
|-------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Concentrator                  | 3.78        | 5.80         | 21.21        | 20.48        | 51.56        | 7.50         | 110.33        |
| Power Plant                   | 0.78        | 2.10         | 13.08        | 10.91        | 8.26         | 2.13         | 37.26         |
| Accommodations                | 0.15        | 0.60         | -            | 6.01         | 18.40        | -            | 25.16         |
| Mine and Surface<br>Equipment | 0.97        | 1.70         | 3.48         | 11.35        | 14.39        | 2.63         | 34.52         |
| Surface Building              |             | 0.40         | 1.16         | 4.79         | 2.36         |              | 8.71          |
| Total                         | <u>5.68</u> | <u>10.60</u> | <u>38.93</u> | <u>53.54</u> | <u>94.91</u> | <u>12.26</u> | <u>215.98</u> |

The immediate economic impact of denying the Borough the means of assessing the aforementioned property can be visualized as follows:



| <u>Year</u> | <u>Assessed Valuation</u> | <u>Mill Rate</u> | <u>Tax Receipts (Millions)</u> | <u>Interest Income (Millions)</u> | <u>Total</u> |
|-------------|---------------------------|------------------|--------------------------------|-----------------------------------|--------------|
| 1986        | \$55                      | 18.37            | \$1.0                          | \$.08                             | \$1.08       |
| 1987        | 106                       | 18.37            | 1.9                            | .15                               | 2.05         |
| 1988        | 195                       | 18.37            | 3.6                            | .29                               | 3.89         |
| 1989        | 197                       | 18.37            | 3.6                            | .29                               | 3.89         |
| 1990        | 187                       | 18.37            | 3.4                            | .27                               | 3.67         |
| 1991        | 178                       | 18.37            | 3.3                            | .26                               | 3.56         |
| 1992        | 169                       | 18.37            | 3.1                            | .25                               | 3.35         |
| 1993        | 161                       | 18.37            | 2.9                            | .23                               | 3.13         |
| 1994        | 153                       | 18.37            | 2.8                            | .22                               | 3.02         |
| 1995        | 145                       | 18.37            | 2.7                            | .22                               | 2.92         |
| 1996        | 138                       | 18.37            | 2.5                            | .20                               | 2.70         |
|             |                           | Total            | \$30.8                         | 2.46                              | \$33.26      |

The above analysis through the year 1996 has been made using the following assumptions:

- o The mill rate is fixed at the current rate of 18.37 mills to meet operating and debt service requirements.
- o The equipment is assumed to have a 20 year life for valuation purposes and it therefore depreciates at 5% per year.
- o \$216,000,000 to be invested through 1989 represents the full value of the investment in the mine.
- o Interest income earned on the investment of tax revenues will be at the rate of 8%. Since the Borough collects taxes on July 1 of each year and pays its debt service on June 30 of the following year, the term of the investment is assumed to be one full year.

A far greater consequence to the North Slope Borough than the potential loss of the \$33.26mm in tax revenues over the next 10 years is the idea that the State Boundary Commission (The Department of Community and Regional Affairs) theoretically may conclude that it can diminish the Borough's taxing authority in areas of the Borough which are economically more meaningful to the Borough. If similar events led to the diminution of the Borough's \$12.8 billion in assessable property the municipal bond rating agencies may have little recourse but to lower the Borough's bond rating as a result of the perception that the Borough has reduced capacity to meet its financial obligations.

If the rating agencies were to draw such conclusions and lower the Borough's rating to below BBB, the banks guaranteeing the Borough's debt obligations through letters of credit and liquidity facilities would have every legal right to withdraw from their commitments with the Borough. A thorough review of the Borough's various letters of credit and liquidity facilities will need to be conducted to verify that this statement is true in all cases.

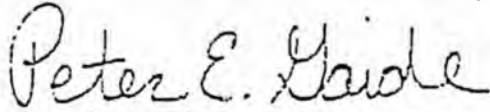
EF Hutton

The consequences of the State Boundary Commission's (The Department of Community and Regional Affairs) actions with respect to the Red Dog Mine issue therefore have a very direct real economic impact contrary to the Borough's interests and may result in negative public pressures should the Borough's current economic prosperity be jeopardized.

I would be happy to discuss this matter with you or state officials at your convenience.

Very sincerely,

E. F. HUTTON & COMPANY INC.



Peter E. Gaide  
Public Finance

PEG/cmj

Encl.

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REPORT TO THE LOCAL BOUNDARY COMMISSION OF THE  
STATE OF ALASKA ON THE  
PETITION TO DETACH THE LAKE LOUISE AREA FROM THE  
MATANUSKA-SUSITNA BOROUGH

Department of Community and Regional Affairs  
Division of Local Government Assistance

September 9, 1982

## I. INTRODUCTION

The Matanuska-Susitna Borough was incorporated on January 1, 1964 under the provisions of Chapter 52, SLA 1963, known as the "Mandatory Borough Act". The Borough is comprised of approximately 20,544 square miles and has an estimated population of 19,123.

The Matanuska-Susitna Borough is the second largest in the State (behind the North Slope Borough), with a land mass exceeding the combined areas of the Haines Borough, Bristol Bay Borough, Kodiak Island Borough, Ketchikan Gateway Borough, City and Borough of Sitka, City and Borough of Juneau and the Municipality of Anchorage. Although much of the Matanuska-Susitna Borough is accessible by road, there are large areas which are remote and inaccessible.

The area of Lake Louise is located in the extreme eastern portion of the Matanuska-Susitna Borough. The area is accessed by an 18 mile road leading from the Glenn Highway to the southern end of Lake Louise. The community, based at the southern end of Lake Louise, is approximately 136 highway miles from Palmer and 45 highway miles from Glennallen. The map at the end of this report identifies the area proposed for detachment from the Matanuska-Susitna Borough.

The majority of the Lake Louise residents are seasonally employed during the summer months. The three lodges on the southern end of Lake Louise provide the economic and population base for the community. The majority of the land within the territory proposed for detachment is owned by the State. The Matanuska-Susitna Borough owns no land within the territory proposed for detachment.

The petition proposes to detach 432 square miles of territory from the Matanuska-Susitna Borough. The area proposed for detachment comprises 2.10% of the Borough territory, and the Lake Louise population (33) represents 0.17% of the Borough population. Of the 432 square miles proposed for detachment, 216 square miles are uninhabited State land.

According to the Borough, there are 28 registered voters and 213 dwellings in the Lake Louise area. Most of these dwellings are recreational in nature. There are 363 tax parcels in private ownership in the Lake Louise area. The property tax to be generated from the territory proposed for detachment during the current fiscal year is approximately \$37,485. The total assessed valuation of the real and personal property at Lake Louise is \$6,941,700 or 0.67% of the total assessed value of the Borough (\$1,037,000,000). The residents of the Lake Louise area contend that they receive no Borough services. The Borough, however, does maintain a public landfill in the Lake Louise area and

offers an educational program for Lake Louise students if they choose to attend school in Glennallen. According to Paul Holland, petitioners' representative, there were no children from Lake Louise attending the Glennallen school last year nor will there be this year. There are only two children in Lake Louise of school age. These students from Lake Louise have chosen a home teaching option which is provided by the Borough and the State of Alaska. The Borough also exercises planning on an areawide basis. Although the effect of the planning activities may not be readily apparent in Lake Louise, the prospect of several thousand new land owners in the area (details below) establishes the need for planning of future growth and development in the Lake Louise area.

According to the Borough, the State of Alaska is going to subdivide and distribute land in the Lake Louise area in the immediate future. An additional 2,635 parcels of land will be transferred from State ownership to private ownership. Therefore, there will likely be significant growth in the Lake Louise area within the next several years. According to the Alaska Department of Natural Resources, the State has classified 102.87 square miles of this territory for remote parcel distribution. In the State fiscal year 1983, approximately 23.44 square miles of this land will be distributed in 30 acre parcels. Additionally, 22.6 square miles of land around the lake have been classified for subdivision disposal. Approximately 3,200 acres (5 square miles) will be distributed by the State during fiscal years 1983 and 1984. These parcels will be 5 to 10 acre plots.

## II. PROCEEDINGS TO DATE

On July 29, 1982 the Department received the Lake Louise petition to detach 432 square miles of territory from the Matanuska-Susitna Borough by the "local action - election" process. This petition was submitted to replace the withdrawn Legislative Review detachment petition submitted on April 20, 1982. After reviewing the current petition for accuracy and completeness it was forwarded to the Matanuska-Susitna Borough on August 6, 1982. In accordance with 19 AAC 10.640, the Matanuska-Susitna Borough Assembly held a public review (August 17) of the petition and returned the petition with the Borough's Answering Brief to the Department on August 20, 1982.

Proper notice has been given for the Local Boundary Commission's public hearing and decisional meeting on the Lake Louise detachment petition. This hearing is scheduled for September 25, 1982 at 1:00 p.m. in the Evergreen Lodge at Lake Louise.

### III. STANDARDS FOR DETACHMENT FROM AN ORGANIZED BOROUGH

The following discussion outlines the considerations the Local Boundary Commission must weigh according to statutes and regulations in reaching a decision on the petition to detach the Lake Louise area from the Matanuska-Susitna Borough.

WILL THE DETACHMENT BE IN THE BEST INTEREST OF THE STATE, THE LAKE LOUISE AREA AND THE MATANUSKA-SUSITNA BOROUGH?  
(19 AAC 10.230)

The issue of best interest must be addressed at each level before an overall consensus can be achieved on this issue. It is difficult to determine what effect the detachment of the Lake Louise area would have upon the State as a whole.

It is fair to state that the Alaska Constitution anticipates that the entire State would be divided into organized boroughs with some areas of the State that could not economically support a borough, becoming the unorganized borough. More than 26 years have passed since the Constitution was ratified by the voters, yet only 25 per cent of the area of the State is organized through borough governments. In the past 18 years only one borough (the North Slope Borough) has been established. No boroughs have been formed in the past 10 years.

The borough form of government establishes a means of providing local government for an area of the State which is culturally, economically and geographically related. If the Lake Louise territory was allowed to detach, it would become part of the unorganized borough. In essence, the detachment would remove a portion of an organized borough which has been functioning and providing services on a regional basis for the past eighteen years. The Lake Louise area would then become a part of the State's administrative responsibility. Given the fact that the Matanuska-Susitna Borough was formed by legislative action, and that the removal of the Lake Louise area would only transfer the responsibility of service delivery to the State, the Department finds no best interest to be achieved for the State. Perhaps most significant with respect to the issue of the State's interest, the Lake Louise area is characteristic of vast areas within the eleven existing organized boroughs and unified municipalities. If this area detaches it could set a precedent that could readily be followed by similar areas. Such would have a significant adverse effect on the State.

The Matanuska-Susitna Borough would be adversely affected by the

detachment of the Lake Louise area. It would reduce the assessed value by \$6,941,700 (0.67%), which would negatively affect the bonding capacity of the borough. As the bonding ability of the Borough is based upon the level of taxable property, the uncertain future of current boundaries could have a debilitating effect upon the Borough's bond rating and capacity to issue bonds. In addition, there are other regions within the Matanuska-Susitna Borough that are in a similar situation to the Lake Louise area and this detachment could, again, set a precedent for future detachment proceedings from the Matanuska-Susitna Borough. Therefore, it would not be possible for the Borough to assure the bonding market of a consistent future valuation.

The residents of the Lake Louise community feel that there are definite benefits in detaching from the Matanuska-Susitna Borough. Primarily they would not be paying taxes for services which they feel are not received. Currently, 73% of the Borough's areawide mill levy is for education, 2% for parks and recreation, 3% for planning, 2% for civil engineering, 2% for assessment and property management and 18% for other costs. The residents of this area feel that the unorganized borough which borders the Lake Louise lake system offers an opportunity to continue living the same lifestyle without the burden of taxation without reciprocal benefits. While the desire to avoid taxation is readily appreciated, this approach ignores the potential for growth following the State distribution of 2,635 parcels of land in the Lake Louise area. When this growth does begin to occur, the need for borough areawide services (education, fire and planning) will become evident.

ARE THE SOCIAL, CULTURAL AND ECONOMIC CHARACTERISTICS OF THE POPULATION OF LAKE LOUISE SUBSTANTIALLY DIFFERENT OR IN CONFLICT WITH THE REMAINDER OF THE POPULATION OF THE BOROUGH?  
(19 AAC 10.230)

The Matanuska-Susitna Borough has 20,544 square miles with a population of 19,123. Within this immense area there is a diversity of social, cultural and economic settings. More than 70 per cent of all borough residents live outside the four largest communities (Palmer, Wasilla, Houston and Talkeetna). The rural population of the Borough has many similarities in that it is distributed along the road system, it experiences high unemployment and seasonal work, and has moved to the rural areas of the Borough within the last twenty years. There are no indications that the residents of the Lake Louise community differ substantially from the majority of Borough residents residing in the rural areas of the Borough.

IS THE GEOGRAPHIC LOCATION OR CONFIGURATION OF THE TERRITORY PRECLUDING THE PROVISION OF BOROUGH SERVICES PROVIDED OTHER AREAS OF THE BOROUGH OR MAKING THE PROVISION OF BOROUGH SERVICES IMPRACTICAL? (19 AAC 10.230)

The Matanuska-Susitna Borough currently levies an areawide mill rate of 4.9 mills and a non-areawide mill rate of 0.5 mills. The areawide functions are primarily concerned with the education, school bond debt service, planning, land management and taxation. The non-areawide functions are primarily concerned with libraries, emergency medical services, solid waste disposal and animal control. The geographic location of the Lake Louise area and its small school age population make the provision of education services to the community impractical at this time. As there is no school in the Lake Louise area, all of the students have opted for education correspondence courses. However, the students do have a choice between the Borough administered correspondence course or the State administered course. The Borough is also willing to pay the Copper River Regional Educational Attendance Area \$2,180 for each child from the Lake Louise area who chooses to attend school in the Glennallen school. The Matanuska-Susitna Borough has made arrangements with the State of Alaska's Department of Education Student Transportation Office for school bus transportation for Lake Louise children who wish to attend the Glennallen school.

The remoteness and insignificant school aged population of Lake Louise has, from a practical standpoint, limited Borough services. However, that is not to say with the future anticipated growth within the Lake Louise area that the residents and future residents would not receive services commensurate with the rest of the Matanuska-Susitna Borough and the potential for such service will encourage the area's growth.

IS THE LACK OF TRANSPORTATION FACILITIES PRECLUDING THE COMMUNICATION AND EXCHANGE NECESSARY FOR RESPONSIVE AND INTEGRATED LOCAL GOVERNMENT? (19 AAC 10.230)

Communications with the Lake Louise area are more difficult than in many other areas of the Matanuska-Susitna Borough. The community has limited telephone service in that it can only be reached through a radio patch phone service in Anchorage. This does make immediate communication between the Borough government and the community relatively difficult. However, the community of Lake Louise is accessible by road on a year-round basis. This enables the community to receive scheduled mail service. Therefore, it can be concluded that although communication and transportation services to the Lake Louise area are relatively difficult they do not preclude the exchange necessary for responsive and integrated local government.

#### IV. CONCLUSIONS AND RECOMMENDATIONS

The detachment proposal has almost total support among the residents of the Lake Louise community. The residents of this area feel that they are paying an inequitable amount of Borough taxes and are being ill-served by a more urban based Borough government. To some degree, the concerns of the Lake Louise residents are justified. Some areawide services provided by the Borough to Lake Louise residents are not available at the same level as those provided to the more populated and accessible areas of the Borough.

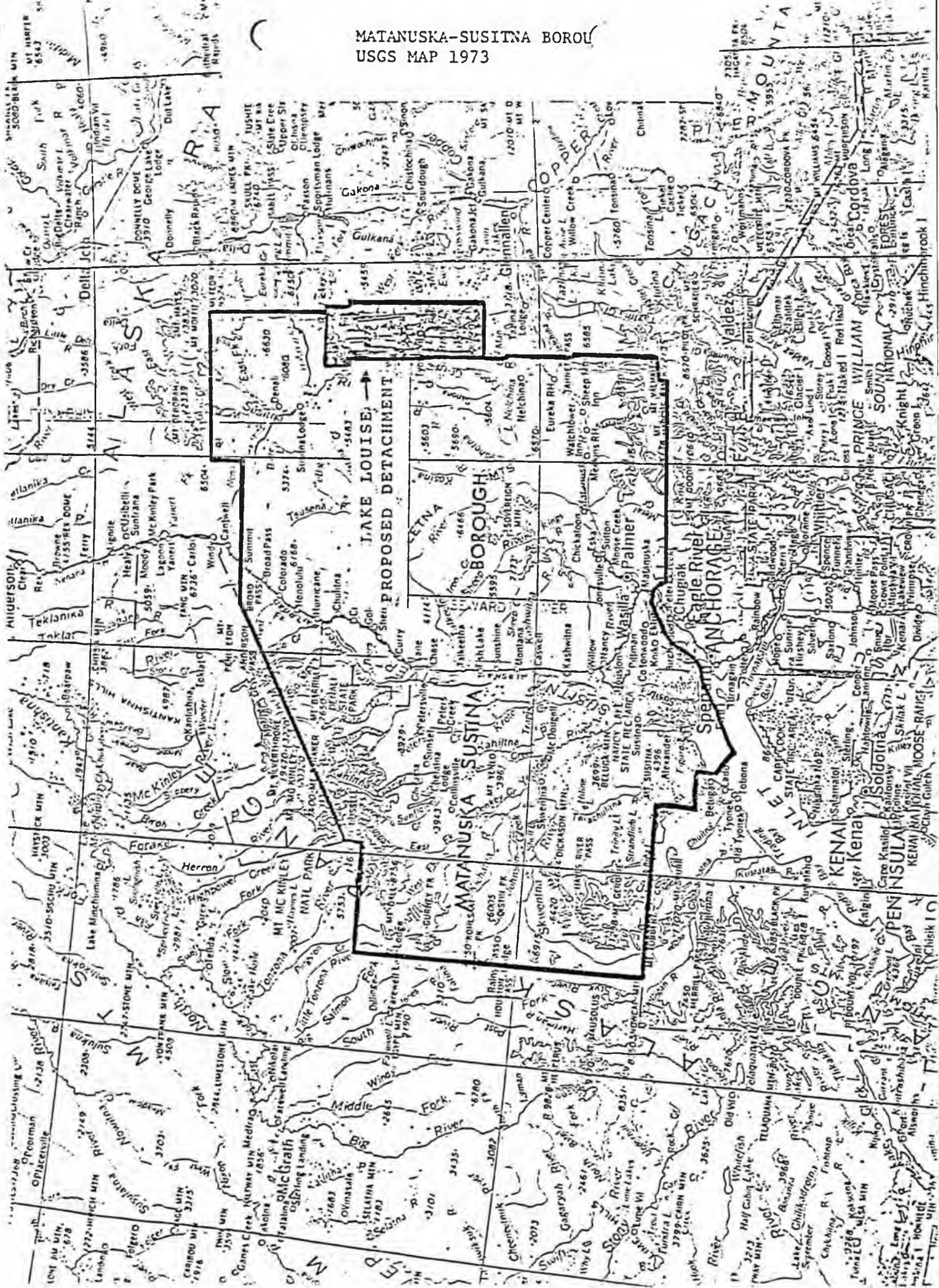
However, as the Matanuska Susitna Borough continues to grow and particularly the Lake Louise area begins to enter a development phase, the commonality of social, cultural and economic interests of both groups will begin to merge.

There are no geographic configurations which preclude the provision of Borough services to the area, and there are facilities which adequately allow proper communication between the Lake Louise area and the Borough seat of government. Further, it is apparent that the proposed detachment is not in the best interests of the State or the Matanuska-Susitna Borough.

In the Department's view the standards for detachment as prescribed in 19 AAC 10.230. have not been met in the Lake Louise petition to detach from the Matanuska-Susitna Borough. Therefore, the Department of Community and Regional Affairs recommends that the Local Boundary Commission deny the detachment proposal in the Lake Louise petition.

The Department further recommends that the Local Boundary Commission, in its annual report to the legislature, address the issue and status of borough government throughout the State. Particularly, there is a need for a thorough review of the inequitable burden for the payment of local services (particularly education) which currently exists within organized boroughs. Hopefully, this would encourage the State to develop a means of resolving this longstanding inequity.

MATANUSKA-SUSITNA BOROUGH  
USGS MAP 1973



STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

JAY S. HAMMOND, GOVERNOR

REPLY TO

POUCH BH

JUNEAU, ALASKA 99811  
(907) 465-4707

225 CORDOVA STREET, BLDG B  
ANCHORAGE, ALASKA 99501  
(907) 264-2201

P.O. BOX 348  
BETHEL, ALASKA 99559  
(907) 543-3475

P.O. BOX 41  
NOME, ALASKA 99762  
(907) 443-5457

P.O. BOX 280  
KOTZEBUE, ALASKA 99752  
(907) 442-3675

1514 CUSHMAN RM. 211  
FAIRBANKS, ALASKA 99701  
(907) 452-7126

September 22, 1982

Lake Louise Detachment Petition

To Whom It May Concern:

The Report to the Local Boundary Commission of the State of Alaska on the Petition to Detach the Lake Louise Area from the Matanuska-Susitna Borough, contains two errors. Please note the following changes (underlined material indicates text that is being added and bracketed material in capital letters indicates deletion).

- 1) Page 3 - The second to last sentence in the third paragraph should be amended to read:

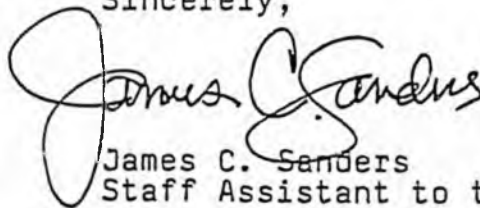
In the past 18 years only [ONE] two boroughs (the North Slope Borough and the Haines Borough) have been established.

- 2) Page 4 The last sentence of the second paragraph should be amended to read:

When this growth does begin to occur, the need for borough areawide services (education [FIRE] and planning) will become evident.

Thank you for your indulgence.

Sincerely,



James C. Sanders  
Staff Assistant to the  
Local Boundary Commission

JCS/sj

STATE OF ALASKA  
LOCAL BOUNDARY COMMISSION

## STATEMENT OF DECISION

Decision regarding the )  
petition for the detachment )  
of the Lake Louise area )  
containing 432 square miles )  
from the Matanuska-Susitna )  
Borough )

On July 29, 1982 the Department received the Lake Louise petition to detach 432 square miles of territory from the Matanuska-Susitna Borough.

After reviewing the petition for accuracy and completeness it was forwarded to the Matanuska-Susitna Borough on August 6, 1982. In accordance with 19 AAC 10.640, the Matanuska-Susitna Borough Assembly held a public review (August 17) on the petition and returned the petition with the Borough's Answering Brief to the Department on August 20, 1982.

Pursuant to proper notice the Local Boundary Commission held a public hearing on the petition for the proposed detachment on September 25, 1982. The hearing began at 1:00 p.m. in the Evergreen Lodge at Lake Louise. Local Boundary Commission members present were: Sheila Gallagher, Sigvald Strandberg, Bert Greist, and Josephine Anderson. Testimony was presented by Paul Holland, Petitioners' Representative, Gary Thurlow, representing the Matanuska-Susitna Borough, and sixteen additional speakers.

On January 8, 1983 in Juneau, Alaska, at 4:30 p.m. the Commission held its decisional meeting on the Lake Louise detachment petition. Local Boundary Commission members present were: Sheila Gallagher, Bert Greist, Sigvald Strandberg, and Charles Bettisworth.

Upon consideration of the Lake Louise petition to detach 432 square miles of territory from the Matanuska-Susitna Borough, the September 9, 1982 Report of the Department, the November 1, 1982 Supplemental Report of the Department, and the testimony presented at the public hearing, the Local Boundary Commission hereby makes the following findings of fact:

1. The detachment of the Lake Louise area from the Matanuska-Susitna Borough would not be in the best interests of the State, the Lake Louise area, and the Matanuska-Susitna Borough.

The Borough form of government establishes the means of providing local government for an area of the State which is culturally, economically, and geographically related. If the Lake Louise territory was allowed to detach, it would become part of the unorganized borough. In essence, the detachment would remove a portion of an organized borough which has been functioning and providing services on a regional basis for the past eighteen years. The Lake Louise area would then become a part of the State's administrative responsibility. Given the fact that the Matanuska-Susitna Borough was formed by legislative action, and that the removal of the Lake Louise area would only transfer the responsibility of service delivery to the State, the Commission finds no best interest to be achieved for the State. Perhaps most significant with respect to the issue of the State's interest, the Lake Louise area is characteristic of vast areas of the eleven existing organized boroughs and unified municipalities. If this area detaches it could set a precedent that could readily be followed by similar areas.

The Matanuska-Susitna Borough would be adversely affected by the detachment of the Lake Louise area. It would reduce the assessed value by \$6,941,700 which could negatively affect the bonding capacity of the Borough.

The State of Alaska is anticipating distributing 2,635 parcels of land in the Lake Louise area over the next three years. With this potential for future growth and development in the Lake Louise area, it is possible that the community of Lake Louise will have an increasing need for borough areawide services.

- 2) The Matanuska-Susitna Borough has 20,544 square miles with a population of 19,123. Within this immense area there is a diversity of social, cultural and economic settings. More than 70% of all borough residents live outside the four largest communities (Palmer, Wasilla, Houston and Talkeetna). The rural population of the borough has many similarities in that it is distributed along the road system, it experiences high unemployment and seasonal work, and has moved to the rural areas of the Borough within the last 20 years. There are no indications that the residents of the Lake Louise community differ substantially from the majority of the Borough residents residing in the rural areas of the Borough.

- 3) The Matanuska-Susitna Borough currently levies an areawide mill rate of 4.9 mills and a nonareawide mill rate of 0.5 mills. The areawide functions are primarily concerned with the education, school bond debt service, planning, land management and taxation. The remoteness and insignificant school age population of Lake Louise has, from a practical standpoint, limited Borough services. However, that is not to say that with the future anticipated growth within the Lake Louise area that the residents and future residents would not receive services commensurate with the rest of the Matanuska-Susitna Borough and the potential for such services will encourage the area's growth.
  
4. Communications with the Lake Louise area are more difficult than in many other areas of the Matanuska-Susitna Borough. The community has limited telephone service in that it can only be reached through a radio patch phone service in Anchorage. This does make immediate communication between the Borough government and the community relatively difficult. However, the community of Lake Louise is accessible by road on a year round basis. This enables the community to receive scheduled mail service. Therefore, it can be concluded that although communication and transportation services to the Lake Louise area are relatively difficult they do not preclude the exchange necessary for response of an integrated local government.

THEREFORE, the Commission hereby does not approve the petition to detach the Lake Louise area containing 432 square miles of territory from the Matanuska-Susitna Borough and will recommend against such action to the First Session of the Thirteenth Legislature of the State of Alaska; and

THEREFORE, the Commission does recognize that there are areas of the unorganized borough of the State that are receiving the equivalent of municipal services without the responsibility of local tax contributions. Additionally, there are remote areas of the State's organized boroughs that are assessed taxes for the delivery of minimal services which in the unorganized borough are paid for by the State; and

THEREFORE, the Commission recommends to the First Session of the Thirteenth Legislature that it investigate the need for the formation of borough governments in areas of the State that have the economic base available to cover the cost of such government.

Decided on the 8th day of January, 1983.

STATE OF ALASKA LOCAL BOUNDARY COMMISSION

By: Sheila Gallagher Date: 2/28/83  
Sheila Gallagher, Acting Chairman

By: Charles Bettisworth Date: 2/29/83  
Charles Bettisworth, Member

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Bert Greist, Member

By: Sigvald Strandberg (DISSENTING VOTE) Date: 2/16/83  
Sigvald Strandberg, Member

NOTICE OF PETITION FOR DETACHMENT OF  
TERRITORY FROM THE JURISDICTIONAL BOUNDARIES OF THE  
NORTH SLOPE BOROUGH

Notice is hereby given that Emil Notti, Commissioner of the Alaska Department of Community and Regional Affairs, has filed a petition with the Local Boundary Commission of the State of Alaska for a change in the boundaries of the North Slope Borough.

The boundary change requested by the petition is a detachment of area from the jurisdictional boundaries of the North Slope Borough consisting of that territory lying both within the North Slope Borough and the NANA Regional Corporation, as well as the waters three nautical miles offshore of the boundaries of the NANA Regional Corporation. The area to be sought for detachment is comprised of approximately 3,298 square miles.

Once filed, the petition, brief and supporting documentation seeking this boundary change may be inspected by the public at the following locations:

Department of Community and Regional Affairs  
Division of Municipal and Regional Assistance  
949 East 36th Avenue (University Plaza Bldg.)  
Suite 404 (Office of the Director)  
Anchorage, Alaska 99508  
telephone number: 561-8586

Department of Community and Regional Affairs  
Division of Municipal and Regional Assistance  
2nd Floor, Drift Inn  
Kotzebue, Alaska 99752  
telephone number: 442-3696

In addition, a copy of the petition and supporting documentation has been provided to the North Slope Borough, P.O. Box 69 Barrow, Alaska 99723 (telephone 852-2611). It is presumed that the petition may also be inspected at the North Slope Borough offices in Barrow.

Persons or entities may submit written comments or may file an answering brief in support of or in opposition to the proposed boundary change. Answering briefs must be submitted in accordance with the provisions of 19 AAC 10.550. It is requested that a copy of any written materials submitted to the Department of Community and Regional Affairs also be provided at the same time to the North Slope Borough (attention: Earl Finkler) at the address listed above.

To be considered in the REPORT AND RECOMMENDATION TO THE LOCAL BOUNDARY COMMISSION on this proposed detachment, which is to be prepared by the Office of Management and Budget of the State of Alaska, copies of all written answering briefs and comments must be received in the Anchorage Office of the Department of Community and Regional Affairs listed above by December 18, 1985. It is anticipated that the REPORT will be issued by January 6, 1986.

If written briefs and comments are not received by December 18, 1985, as outlined above, they may still be submitted to the Anchorage Office of the Department of Community and Regional Affairs. To the extent that such materials are received prior to hearings scheduled by the Commission on this issue, or during the period in which the Commission may choose to keep the record open following such hearings, all such materials will be provided to the Local Boundary Commission for consideration.

The location, date and times of hearings to be conducted on this matter by the Local Boundary Commission will be established by the Commission during a meeting scheduled for December 9, 1985, to be held in the Anchorage Office listed above beginning at 7:00 p.m.

Individuals who wish to receive copies of the petition and supporting materials may contact the Department of Community and Regional Affairs at the Anchorage office listed above.

All questions, requests for or submissions of information and/or materials relating to this matter should be directed to Marty Rutherford, Director of the Municipal and Regional Assistance Division at the Anchorage address and/or telephone number listed above.

NO attachments

BEFORE THE LOCAL BOUNDARY COMMISSION OF THE STATE OF ALASKA

IN RE: )  
THE DETACHMENT FROM THE NORTH )  
SLOPE BOROUGH OF TERRITORY )  
WITHIN AND ADJACENT TO THE )  
NANA REGION )  
\_\_\_\_\_ )

BRIEF IN SUPPORT OF PETITION FOR DETACHMENT

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INTRODUCTION

In accordance with the provisions of 19 AAC 10.500, this brief is submitted to support the petition for the detachment of approximately 3,298 square miles of territory from the jurisdiction of the North Slope Borough. The territory proposed for detachment is located in the southwestern portion of the North Slope Borough.

This boundary change is proposed to facilitate the establishment of a borough in the NANA Region, an area of the State in which unprecedented growth and change is anticipated

through the development of the Red Dog mineral deposit and other natural resources of the Region. Indeed, as proposed, the detachment petition takes effect only upon the creation of a borough in the NANA region.

A petition to incorporate a borough in the NANA region, including the territory proposed for detachment through this petition, is now being circulated for signature in the NANA region. It is likely that the petition for the incorporation of that borough will be filed with the Local Boundary Commission in January, 1986 (see November 12, 1985, letter from the Maniilaq Association to Mr. Robert Eder, Chairman of the Local Boundary Commission, included as Attachment 1; see also, letter from NANA Regional Corporation dated November 20, 1985, to Emil Notti, Commissioner of the Alaska Department of Community and Regional Affairs, included as Attachment 2).

As examined in greater detail later in this brief, detachment is critical to the development and viability of a borough government for the NANA region. With the prospect of intensive resource development in this region over the next several years, the opportunity for responsive, planned growth and development is best answered through coordinated local government control. Development of the mineral resources in this area of the state poses questions regarding the effect of development on traditional lifestyles and values, as well as on the land itself.

The history of development in other rural areas, such as the North Slope Borough, vividly illustrates the need for effective local governmental control prior to the actual occurrence of significant development. For these reasons, the Commissioner of the Alaska Department of Community and Regional Affairs urges the Local Boundary Commission to review and approve the petition, and to present a recommendation for the proposed boundary change to the Fourteenth Legislature.

## I. HISTORICAL AND PROCEDURAL BACKGROUND

Questions concerning the boundary of that portion of the North Slope Borough affected by this detachment petition can be traced to the debate surrounding the North Slope Borough incorporation petition. With the proposed incorporation of a borough in the NANA Region, the detachment of NANA lands from the North Slope Borough is an issue which has generated extensive public review and consideration over the past several years. This section briefly reviews the unique historical and procedural consideration which has led the Commissioner of the Alaska Department of Community and Regional Affairs to file this detachment petition.

### A. INCORPORATION OF THE NORTH SLOPE BOROUGH

On April 4, 1971, the petition to incorporate the North Slope Borough as a first class borough was submitted to the Local Affairs Agency (the predecessor of the Alaska Department of Community and Regional Affairs) by the Arctic Slope Native Association (ASNA).

The petition was approved on May 10, 1972, by the Local Boundary Commission without modification of the boundaries of the territory proposed for incorporation (see "Report to the Local Boundary Commission on the proposal for incorporation of a first class borough", included as Attachment 3; and "Statement of Findings and Conclusions on the Petition Proposing Incorporation of a First Class North Slope Borough", included as Attachment 4). The North Slope Borough was formally incorporated on July 1, 1972.

The record of the Local Boundary Commission's consideration of the North Slope Borough incorporation petition contains only a passing reference to a dispute concerning the southwestern boundary of the proposed borough. In a letter to the Director of the Local Affairs Agency, Mr. Robert Newlin, then President of the Northwest Alaska Native

Association Board of Directors, expressed opposition to the inclusion of land in the "established Northwest Alaska Native Association region" (see letter from Robert Newlin, included as Attachment 5).

Little consideration or response to Mr. Newlin's concerns is evident in the record. At the time, there was little anticipation of the formation of the NANA Borough in the immediate future and, as a result, the question of how to draw the boundary between the proposed North Slope Borough and a prospective borough in the NANA region was apparently not a significant concern to the Local Boundary Commission.

To the extent that the issue was addressed, a review of the proceedings before the Local Boundary Commission in consideration of the petition to incorporate the North Slope Borough suggests that the boundaries may well have been drawn in an attempt to conform to the boundaries of the Arctic Slope Native Association.

At the December 2, 1971, public hearing on the incorporation petition, materials were presented to the Local Boundary Commission to demonstrate that the boundaries of the Arctic Slope Native Association and the boundaries of the proposed borough were one and the same (see "Transcript of Public Hearing of the Local Boundary Commission Regarding the Creation of a First Class North Slope Borough, December 2, 1971", included as Attachment 6). Fred Paul, legal counsel to the petitioner's representative, submitted the articles of incorporation and bylaws of ASNA as exhibits and noted:

"...membership and geographic boundaries in the Arctic Slope Native Association include the same boundaries as the borough application." (Attachment 6 - page 3)

Later in that same meeting, Mr. Paul called attention to the people and area represented by ASNA when he stated:

"they describe themselves as the people living north of the 68th meridian."  
[Attachment 6 - page 36] Note: Mr. Paul's

intent was to identify the 68th degree north latitude.

Similarly, testimony before the Local Boundary Commission also suggested that the proposed boundaries of the North Slope Borough would be coincident with those of the impending Arctic Slope Regional Corporation, which was to be formed under the provisions of the Alaska Native Claims Settlement Act (ANCSA).

At the close of that hearing, the following exchange took place between Byron Mallott, Director of the Local Affairs Agency, and Mr. John Hedland, Chairman of the Local Boundary Commission concerning Mr. Newlin's letter:

"MR. MALLOTT: Mr. Chairman, I would like to remark for the record that on November 24, 1971, the Local Affairs Agency received a letter from Robert Newlin, President of the Northwest Alaska Native Association, which protests certain portions of the boundary of the proposed North Slope borough while stating strongly that the Northwest Alaska Native Association is greatly supportive of the over all application of the Arctic Slope Native Association for the proposed borough. I would like to ask the Arctic Slope Native Association to obtain a copy, if they do not already have one with the attached map, and to comment on it to the Local Boundary Commission within the time period allowed for testimony, December 23, twenty days from tonight.

MR. HEDLAND: The record will remain open for 20 days after tonight and anyone wishing to make comments or any kind of a presentation whatsoever on this may make them to the Local Affairs Agency in Juneau, Alaska.

MR. PAUL: I have a comment with respect to the Northwest Letter, if I may. I understand that part of the Northwest's apprehension is that there was a feeling that the boundary line was sort of a fence, and with the explanation that it is not a fence and with the explanation that the zoning would protect the subsistence living to the people in that area, that it's actually to the benefit of those people, after that message has gone back to Kotzebue through the Pt. Hope people, there would be an easing of the tension.

MR. HEDLAND: Is there anything further? Then this hearing is adjourned." (see Attachment 6 - pages 45 and 46).

Other than the assurances offered by Mr. Paul, the record offers no other indication that the concerns of Mr. Newlin were addressed.

At the February 23 - 25, 1972 meetings of the Local Boundary Commission, the Commission Chairman John Hedland again discussed the question of the southwestern boundaries of the proposed borough with an unidentified witness (see "Transcript of Meeting of the Local Boundary Commission Regarding North Slope Borough Incorporation, February 23, 1972", included as Attachment 7):

"MR. HEDLAND: The Land Claims Corporation that was set up in Barrow won't include Point Hope?"

Mr. Oh, it will.

MR. HEDLAND: As part of the Arctic Slope?

Mr. It's in the proposed findings there, I described it.

Mr. The Native corporation boundaries for that regional corporation will be almost identical, if not identical, to the proposed borough." [Exhibit 6 - page 34].

Later in that same meeting, Chairman Hedland was again advised that the proposed borough boundaries would be coincident to the boundaries of the Arctic Slope Regional Corporation:

"MR. HEDLAND: The boundaries of the Arctic Slope Land Claims Corporation are what?

Mr. STRANDBERG: They're as is proposed for the borough here." [Exhibit 6 - page 36]

The Alaska Native Claims Settlement Act was adopted by the 92nd Congress on December 18, 1971, at the same time that the Local Boundary Commission was considering the petition for the incorporation of the North Slope Borough. The law required the Secretary of the U.S. Department of the Interior to draw boundaries for the twelve in-state regional corporations provided under the Act. Boundaries were to be drawn "with each region composed as far as practicable of

Natives having a common heritage and sharing common interests" [ANCSA, Section 7 (a)].

On December 11, 1972, the Secretary of the U.S. Department of the Interior informed the President of the Arctic Slope Regional Corporation of the boundaries which he had set for the Corporation. It is significant to note that the established boundaries of the Arctic Slope Regional Corporation were not, "almost identical, if not identical, to the proposed borough" as the Local Boundary Commission had been advised at the North Slope Borough incorporation hearings. In fact, the boundaries set by the Secretary "detached" from the boundaries described to the Local Boundary Commission, virtually the same area which the State now seeks to detach from the North Slope Borough. The Secretary's action was taken on the basis of a standard essentially identical to that required for incorporation of a borough.<sup>1</sup>

It is important to note that the action of the Secretary of the Interior was taken nearly six months after the North Slope Borough had been incorporated. Presumably, the Secretary was aware of the boundaries of the Borough when he made his determination of the boundaries of the Arctic Slope Regional Corporation. It is equally important to note that there is no record of any challenge to the Secretary's decision by the Arctic Slope Regional Corporation, the North Slope Borough or others.

In addition to social and cultural factors, it is evident that little consideration was paid during the 1971 - 1972 hearings to the significant geographic features which

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<sup>1</sup> Section 7(a) of ANCSA provided that the boundaries of the regional corporations would be developed "with each region composed as far as practicable of Natives having a common heritage and sharing common interests". With respect to the proposed incorporation of a borough, AS 07.10.030(1) provided that, "The population of the area proposed for incorporation shall be inter-related and integrated as to its social, cultural and economic activities."

distinguish the territory currently proposed for detachment from the remainder of the North Slope Borough. This issue is addressed in substance in Sections II and III of this brief.

The State contends that if the testimony provided to the Commission regarding the boundaries of the proposed Arctic Slope Regional Corporation had been correct, the Commission may have modified the boundaries of the proposed Borough to exclude the territory which the State now seeks to detach.

#### B. RECENT DETACHMENT PROCEEDINGS

The need for borough government in the NANA region has been increasingly recognized at the local level over the past several years. For at least the past three years discussions have taken place between representatives of the NANA region and the North Slope Borough regarding the detachment of a portion of the territory included in the current petition (see Attachments 1 and 2). During 1983, various meetings and worksessions occurred between North Slope Borough and NANA officials in Barrow and Kotzebue. In November of that year "a formal request to the North Slope Borough Assembly to detach lands in the southwest corner of the borough was made...". In January, 1984, the NANA Region followed that detachment request with a formal request to the North Slope Borough Planning Commission to redraw the Borough lines in the area of proposed detachment (see Attachment 2).

More recently, the detachment of territory included in this proposal has been the subject of an extensive number of public meetings involving officials of the North Slope Borough and the NANA Region. The topic was addressed at seven meetings of the North Slope Borough Planning Commission from February, 1985 through August, 1985 (see November 5, 1985, Memorandum from Ronald D. Brower, included as Attachment 8). North Slope Borough Mayor George Ahmaogak has also acknowledged the extent of recent public meetings regarding

this matter in his October 10, 1985, letter to Commissioner Emil Notti (included as Attachment 9):

"Over the past nine months, Borough officials met publicly and with NANA representatives. This matter has been discussed at Planning Commission workshops, public hearings and meetings, and at Borough Assembly workshops, public hearings and meetings. The Borough Assembly traveled to Kotzebue to give NANA region residents an opportunity to express their views."

The Alaska Department of Community and Regional Affairs has also been involved in occasional discussions with representatives of the NANA region regarding the proposed detachment beginning in 1982 (see letter of May 4, 1982, from James C. Sanders, included as Attachment 10).

Following the substantial public review and consideration of the proposed detachment, representatives of the NANA region and the North Slope Borough reached an understanding through which the North Slope Borough would initiate a proposal for the detachment of an estimated 433,000 acres from its boundaries. That understanding, represented by "North Slope Borough Ordinance Serial Number 85-15 Substitute" and the "Memorandum of Understanding" referenced in the Ordinance is included in this brief as Attachment 11. Two earlier versions of the North Slope Borough Ordinance relating to this matter are included as Attachments 12 and 13. The version included as Attachment 13 was one which the North Slope Borough Assembly was considering during a July 22, 1985 worksession which it held in Kotzebue.

Throughout its negotiations with representatives of the NANA region, officials of the North Slope Borough insisted that the terms of any agreement provide, among other things, that the voters of the North Slope Borough must approve an advisory question concerning the proposed detachment (see Attachment 9). Provisions for such an election are not a requirement of the State laws and regulations governing

municipal boundary changes. An advisory proposition regarding the proposed detachment was placed on the October 1, 1985 municipal ballot. The voters of the North Slope Borough defeated the advisory proposition by a margin of 184 (467 to 651 - see Memorandum of October 10, 1985 from Rebecha Miller, included as Attachment 14). Shortly thereafter, Mayor Ahmaogak advised Commissioner Notti that the North Slope Borough would oppose any detachment (see Attachment 9).

#### C. FILING OF PETITION BY COMMISSIONER OF DCRA

The administrative regulations governing boundary changes such as the one proposed here, provide that in this instance the boundary change may be initiated by the North Slope Borough Assembly, the Commissioner of the Alaska Department of Community and Regional Affairs or registered voters residing within the territory proposed for detachment (see 19 AAC 10.470). In this particular instance, there are no registered voters residing within the territory proposed for detachment. Therefore, the decision of the North Slope Borough not to proceed with the proposed detachment left two alternatives; initiation of the boundary change directly by the State or no action at all.

The alternatives presented no easy choice for the State. It was recognized from the beginning that any decision to initiate the detachment at the State level would be controversial. However, it was also evident that the NANA region would soon undergo unprecedented growth and development and that the interests of the region would best be protected and served through the establishment of coordinated local government control. This circumstance was recognized at the local level when representatives of the region expressed to the State their intention to initiate the creation of a borough in the NANA region.

It was felt by both the representatives of the region

and the State that a borough in the NANA region would not be feasible without the Red Dog mine site. After carefully considering this matter, the overriding public interest associated with this issue compelled Emil Notti, Commissioner of the Alaska Department of Community and Regional Affairs, to chose to initiate the petition directly. On November 1, Commissioner Notti instructed Ms. Marty Rutherford, Director of the Municipal and Regional Assistance Division, to prepare a petition for the detachment.

#### D. ACTION IS NECESSARY AT THIS TIME

As discussed earlier, residents of the NANA region are currently circulating a petition for incorporation of a borough government. The principal impetus for borough incorporation in that region is, of course, the pending significant social and economic change which will occur with the development of natural resources in the region.

Currently, the most prominent of the sites to be developed is the Red Dog zinc mine. However, there are a number of other resource sites which are also expected to be developed. These include the Lik zinc deposit, as well as oil and gas deposits in Kotzebue Sound and the Outer Continental Shelf in the Chuckchi Sea and Hope Basin.

In addition to resource development issues, the NANA region is also faced with the development of management strategies for the substantial federal holdings within the region. The National Park Service has recently completed a draft General Management Plan/Environmental Assessment for the Noatak National Preserve. Copies of the draft are not yet available, but are expected to be released for public review on December 9, 1985. The National Park Service is also developing a plan for the management of the Cape Krusenstern National Monument. Similarly, the U.S. Fish and Wildlife Service has also begun to prepare its Comprehensive

Conservation Plan for the Selawik National Wildlife Refuge in the NANA region.

Again, of all the developments to impact this region, the Red Dog mine project is the most significant. Development associated with the mine is expected to begin in the immediate future. Such development will include the construction of a road from the mine to a seaport facility to be constructed in support of the shipment of ore. The seaport facility and nearly all of the road are outside the boundaries of the North Slope Borough. The location of the mineral deposit, as well as the planned road and seaport facility, are shown on the map included in the petition for detachment as Exhibit C.

Over the past four summers, a total of 159 people have held summer jobs at the Red Dog mine site. Of these, 104 were NANA shareholders (see Attachment 18).

Construction of the mine, road and port facilities is expected to begin during the summer of 1986. Direct employment resulting from construction activities is expected to reach 143 full time equivalent jobs between 1986 and 1988. During the development of the project over the period from 1986 to 1990, there will be approximately 500 construction jobs available (see Attachment 18). One estimate has projected an annual gross payroll of \$8.8 million per year for the period 1986 to 1988 alone (see Red Dog Project Analysis, A Report to Governor Bill Sheffield, February, 1984, included as Attachment 15).

Actual mining of ore may begin as early as 1989 and reach full production by 1994. In terms of ore extraction, the mine is expected to be the largest zinc mining operation in the world (see Attachment 18).

Direct employment resulting from the operation of the mine is projected to reach between 350 and 400 jobs, with an annual payroll of between \$11.2 million and \$12.9 million. Additionally, an estimated 156 to 303 secondary and indirect

jobs are expected to be created. An estimated 78 to 135 of these secondary and indirect jobs are expected to be created in Kotzebue and surrounding villages (see Attachment 15 - page V-47).

Of course, such tremendous development will bring significant social and economic change to Northwest Alaska. The impact of those changes will be felt to the greatest extent within the NANA region. It has been agreed between the NANA Regional Corporation (the owner of the Red Dog mine site) and Cominco Alaska, the developer, that the majority of persons employed in the operation of the mine will be residents of the NANA region and shareholders of the NANA Regional Corporation (see Attachment 2).

To plan and otherwise prepare for such changes at the local level, representatives of the NANA region believe that it is critical that a borough be formed at the earliest opportunity. The State concurs.

Therefore, it is essential that action be taken on this petition in time for possible consideration of the proposed boundary change by the Second Session of the Fourteenth Legislature. Undue delays will only postpone the formation of a borough in the NANA region by at least one year. Given the imminent nature of the very substantial development which will occur in the NANA region, it is essential that a borough be created now which can plan for and control the impacts of such development. Further, the State believes that it would be more fair to the residents of the NANA region for the issue concerning the proposed detachment to be resolved prior to any election on the incorporation of a borough. Representatives of the NANA Region contend that, "to ask them (the voters) to make this choice without first knowing whether additional tax base will be available, would be unfair" (see Attachment 2). At the very least, it would certainly be proper to settle the issue prior to voter

consideration of borough incorporation.

The North Slope Borough has attempted to convince the Local Boundary Commission that this matter could not be properly considered within the timeframe sought by the State. However, on November 20, 1985, the Commission agreed to attempt to deal with this matter in a fashion which would enable the Commission to make a recommendation concerning the proposed detachment to the Second Session of the Fourteenth Legislature. The schedule set by the Commission consisted of the following:

11/22/85 - anticipated date of receipt of petition for detachment from the Commissioner of the Alaska Department of Community and Regional Affairs;

12/09/85 - the Commission will establish the location, dates and times for hearings on the petition for detachment;

12/18/85 - in order for material to be considered for inclusion in the Report and Recommendation to the Commission on this matter, written comments and answering briefs relating to the proposed detachment must be received by Ms. Marty Rutherford, Director of the Municipal and Regional Assistance Division, 949 East 36th Avenue, Anchorage, Alaska 99501 (telephone 561-8586);

12/23/85 - in order to be considered for inclusion in the Report and Recommendation to the Commission on this matter, rebuttals from the Department of Community and Regional Affairs to all written comments and answering brief must be completed;

01/06/86 - a report and recommendation to the Local Boundary Commission regarding this matter is to be completed by the State of Alaska Office of Management and Budget/Mr. Gordon Harrison, Associate Director.

**E. DETACHMENT IS CRITICAL TO THE VIABILITY OF THE PROPOSED NANA BOROUGH**

The State believes that a borough in the NANA region cannot be formed without the tax base which would be assured through this proposed detachment. An adequate tax base is critical to a local government for two principal reasons. First, a tax base provides the means to support the operating costs associated with local government. Second, a tax base permits the government to access long-term financial markets to fund major capital improvements.

Absent the availability of some source of unusually large revenue other than property taxes, the key indicator of the economic viability of a borough is the value of taxable property in relation to the number of residents served by the the borough (i.e. per capita value). Since none of the municipalities in the NANA region levy property taxes, it is not possible to provide actual assessed value information regarding the region. Nonetheless, projections of the per capita value of taxable property in the NANA Region can be made. Such projections can be developed using estimates of the full and true value of taxable property prepared by the State Assessor's Office (within the Department of Community and Regional Affairs). Based principally on these numbers, which are prepared for State Revenue Sharing purposes pursuant to AS 29.88.020(e)(3), the per capita value of taxable property within the NANA region (excluding the territory proposed for detachment) is projected to be \$30,993.<sup>2</sup>

However, such per capita property values are developed only for funding formula considerations for State Revenue Sharing purposes. As such, these numbers represent only a highly generalized estimate to be applied to any of a number of small municipalities throughout the state.

When asked to specifically estimate the value of taxable property within the NANA Region, the State Assessor

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<sup>2</sup> Based upon: 1) a value of \$93,245,100 (pop 2,981) for Kotzebue developed from data collected by the State Assessor's Office (within the Department of Community and Regional Affairs) in 1983 and subsequently updated; 2) plus the following estimates of the full and true value of taxable property and population developed by the State Assessor's Office pursuant to AS 29.88.020(e)(3) for State Revenue Sharing purposes: Kivalina \$8,344,960, pop 272; Noorvik \$6,136,000, pop 200; Kiana \$11,136,840, pop 363; Ambler \$8,621,080, pop 281; Kobuk \$2,638,480, pop 86; Shungnak \$8,958,560, pop 292; Selawik \$18,408,000, pop 600; Buckland \$6,718,920, pop 219; Deering \$4,847,440, pop 158; plus 3) an estimated value of \$8,007,480 for Noatak (the only unincorporated community in the region) using the formula of \$30,680 per capita for a population of 261 (source NANA CZM draft plan 9/84).

concluded that, "All things considered, we estimated a reasonable per capita valuation for the subject communities (the ten communities in the NANA Region excluding Kotzebue) to be \$22,500" (see Memorandum of November 21 from Mike Worley, State Assessor to Dan Bockhorst, Local Government Specialist V, included as Attachment 16). Including Kotzebue, the value of the taxable property within the NANA Region is estimated to be \$162,680,100 or \$28,475 per capita.

By comparison, the per capita value of the projected full and true value of taxable property in all 11 existing boroughs and unified municipalities in the state ranges from a high of \$999,667 in the North Slope Borough to a low of \$48,123 in the Haines Borough. The North Slope Borough valuation is more than 35 times the value of the NANA region, while the Haines Borough valuation (the lowest in the state) is more than 1.7 times the value of the NANA region (source: Alaska Taxable, January, 1985, included as Attachment 17). The per capita values of each of these municipalities as stated in the 1985 edition of Alaska Taxable is listed below:

| <u>Name</u>                      | <u>Full Value</u>  | <u>Population</u> | <u>Per Capita Value</u> |
|----------------------------------|--------------------|-------------------|-------------------------|
| Municipality<br>of Anchorage     | \$13,199,355,800   | 244,030           | \$54,089                |
| Bristol Bay<br>Borough           | 112,215,200        | 1,271             | 88,289                  |
| Fairbanks North<br>Star Borough  | 3,627,908,630      | 69,633            | 52,100                  |
| Haines<br>Borough                | 88,882,900         | 1,847             | 48,123                  |
| City and<br>Borough of<br>Juneau | 1,493,919,200      | 28,941            | 51,619                  |
| Kenai Peninsula<br>Borough       | 3,102,640,000      | 38,919            | 79,720                  |
| Ketchikan<br>Gateway<br>Borough  | 711,341,600        | 14,314            | 49,696                  |
| Kodiak Island<br>Borough         | 651,444,700        | 13,479            | 48,330                  |
| Matanuska-<br>Susitna Borough    | 1,773,384,960      | 34,030            | 52,112                  |
| North Slope<br>Borough           | 12,354,883,600     | 12,359            | 999,667                 |
| City and<br>Borough of<br>Sitka  | <u>756,351,400</u> | <u>8,221</u>      | <u>92,002</u>           |
| TOTAL                            | \$37,872,327,990   | 467,044           | 81,089                  |

The present value of taxable property in the NANA region would likely offer only marginal economic feasibility for a borough. However, by adding the projected \$250 million in taxable improvements associated with the Red Dog mine development (see letter dated November 21, 1985, from Cominco Alaska to Emil Notti, included as Attachment 18), the value of taxable property within the NANA region would increase from the current estimate of \$162,680,100 to \$427,062,860. Based on the present population, the per capita value of taxable property would be raised to \$74,753.

The importance of the requested detachment to the economic viability of the proposed NANA borough is discussed in further detail in the November 19, 1985, letter from the Commissioner of the Alaska Department of Revenue (see Attachment 19). The matter is also discussed in detail in the November 20, 1985, letter from Government Finance Associates, Incorporated, which is the financial advisor to the State of Alaska Bond Committee (see Attachment 20). The borough cost and revenue analysis included in Attachment 2 provides additional information concerning the financial feasibility for creation of a borough in the NANA Region.

In addition to an adequate tax base, an area proposing to incorporate as a borough must have a cash economy to support government operations. A 1983 job availability study performed for the NANA region by Darbyshire & Associates found that there were approximately 1,200 full-time-equivalent jobs in the NANA region (see Job Availability and Market Relations for the NANA Region, 1982 - 1990, Darbyshire and Associates, 1983, Attachment 21). As noted earlier, the Red Dog mine is expected to create between 350 and 400 jobs directly and an estimated 78 to 135 secondary and indirect jobs within the region. As such, the Red Dog mine project would result in a relative increase over the 1983 employment in the region by as much as 44%.

Perhaps equally important, is the fact that the Red Dog mine project will provide the first major source of private sector employment in the region. It has been estimated that approximately 90 percent of all income in the region is directly or indirectly derived from governmental expenditures (see The NANA Regional Economy, Present and Future, Darbyshire and Associates, 1982, Attachment 22). The reliance of the regional economy on government dollars as "basic industry" leaves this region in a highly vulnerable condition, given the combined prospects for declining State oil revenues and the tightening of the Federal budget.

Even the North Slope Borough, which strongly opposes this proposed detachment has recognized through the Borough Assembly the fact that the inclusion of the Red Dog mine site is critical to the economic viability of a borough in the NANA region. North Slope Borough Ordinance Serial Number 85-15 Substitute" (Attachment 11 - page 1) states:

"...that territory [the area west of the Noatak National Preserve within the NANA Regional Corporation's boundaries which also lies within the boundaries of the North Slope Borough, containing approximately 433,000 acres] is critical to the economic viability of the proposed NANA Region borough government..."

## II. DESCRIPTION OF TERRITORY PROPOSED FOR DETACHMENT

### A. PHYSICAL CHARACTERISTICS OF THE AREA

The territory proposed for detachment is generally bounded by the Delong Mountain Range on the west, north and northeast and also by the Howard Hills on the east, forming a natural bowl emptying into the northern Kotzebue Basin. Moderately sloping foothills, broad stream valleys and coastal lowland lagoon systems tie the area to wetlands on the extreme west and the south. Elevations range from sea level to 4,220 feet at Rough Mountain Peak.

Seven major river systems flow across the area to either drain into the Chuckchi Sea or to feed into the Noatak River which meanders through the southern reaches of the territory. These rivers are the Kivalina, Wulik, Kelly, Kugururok, Nimiuktuk, Anisak and Aniuk. All are fed by various creeks originating in the Delong Mountains and Howard Hills and comprise the southern watershed of the Delong Mountain Range.

Much of the area is within the borders of the Noatak National Preserve. The Gates of the Arctic National Park and Preserve crosses the territory at its southeastern boundary. Both are Federally controlled conservation areas. Additionally, the area is in close proximity to the remainder of the Noatak National Preserve, Cape Krusenstern National Monument, Selawik National Wildlife Refuge, the Kobuk Valley National Park and the Bering Land Bridge National Monument. These latter areas are located within the territory proposed for incorporation as the NANA Borough.

### B. MINERAL DEPOSITS

Located within the area of proposed detachment is the Red Dog site. It is approximately 55 miles from the Chuckchi Sea, east-northeast of Kivalina and 82 miles north of Kotzebue. (see Final Environmental Impact Statement, Red Dog Mine)

Project, Northwest Alaska, included as Attachment 23 - pg. IV - 4). The ore deposit defining the mine is located on Red Dog Creek lying at the western base of Deadlock Mountain. The Creek is a tributary of Ikalukrok Creek which is a major tributary of the Wulik River. The deposit is estimated to contain at least 85 million tons of ore which consists of a minimum of 5.0 percent lead, 17.1 percent zinc, 2.4 oz/ton silver and measurable levels of barite. The project has an expected life of at least 40 years under projected production rates, with the possibility of extension if additional ore is found (see Attachment 15).

The Red Dog deposit is but one manifestation of a highly mineralized geologic formation which sweeps northwest from Red Dog Valley. Located approximately twelve miles northwest of the Red Dog mine is a major zinc deposit known as the Lik site. Two additional sites are contained in this find (NANA Coastal Resource Service Area (CRSA) Coastal Management Program, Attachment 24). All deposits appear to be rich in zinc, lead and silver.

Still within the area of proposed detachment is another vein of mineral deposits. Two sites, one containing chromium and another holding zinc and lead, are located east of the Kugururok River channel (see Attachment 24).

It appears that oil and gas reserves are absent from the area of proposed detachment.

#### IV. REGULATORY FACTORS TO BE CONSIDERED

The administrative regulations governing detachments from an organized borough provide that certain standards must be met in the judgment of the Local Boundary Commission. This section of the brief examines the bulk of these standards; a separate section is used to examine the standards relating to the interests of the entities affected by the proposed boundary change.

##### A. SOCIAL, CULTURAL AND ECONOMIC CHARACTERISTICS

The regulatory standards governing detachment (19 AAC 10.230) provide that the Local Boundary Commission shall consider whether the social, cultural and economic characteristics of the population of the territory proposed for detachment are substantially different or in conflict with those of the remainder of the population located in the borough.

The Native inhabitants of the NANA Region and the North Slope Borough probably share the same ancestral beginnings. Both areas are home to Inupiat Eskimos who evidence similar language and cultural traditions. However, the indigenous peoples of the two areas are distinctive in the manner discussed below.

The document titled Alaska Natives and the Land, included as Attachment 25, unequivocally establishes that the NANA region is, for the most part, distinguished from the North Slope Region in its physiographic characteristics, cultural composition, societal structure, political organization and economic exchange (pp 99 - 103 and 129 - 170). Interestingly, when dividing the state into fifteen regions which, "offer to us the greatest degree of homogeneity in physiography, ethnography, biotic provinces, natural resource patterns and aggregate potential for meaningful economic analysis" (p. 99), this document identified the region generally prescribed by the

NANA Regional Corporation boundaries as a distinct unit.<sup>3</sup>

In contrast, the study identified the current North Slope Borough region as a separate area. The document further established a southwestern boundary of this region which excluded the area of proposed detachment from the North Slope Borough region. The area of proposed detachment was included in the NANA Region. (see Attachment 25).

Today the pursuit of subsistence activities continues to provide the foundation for the traditional cultural values, social structures and economic fabrics of each region. The subsistence way of life predominates and is inseparable from the land, the water and the resources they support.

These very ties to each region's natural resources lend further support to the proposal to detach the designated area from the North Slope Borough. Residents of the NANA region, particularly the Villages of Kivalina and Noatak, have commonly used the land and rivers in the area of proposed detachment for harvesting subsistence resources. Seasonal use patterns which occurred during the period 1950-1960 establish this fact (see Attachment 25). Current use patterns confirm continued reliance upon the area of proposed detachment by NANA residents (see Attachments 26 and 27 consisting of Minerals Management Service Technical Reports #101 and #74). Further, seven of the Intensive Resource Use Areas identified in the NANA CRSA Coastal Management Program fall within the area of proposed detachment (see Map of the Intensive Resource Use Areas in the NANA Region, included as Attachment 28 (source NANA Coastal Management Plan). They are:

North Kivalina Coast                      Upper Kivalina River

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<sup>3</sup> The southwestern boundary of the NANA Regional Corporation deviates from the boundary established by this document. However, since this boundary is not under present consideration, discussion beyond this point is unnecessary.

Middle Noatak River

Narvakrak Lake

Upper Noatak River  
Drainage

Upper Noatak River  
Trapping Area

Feniak Lake

In contrast, little if any of the area has been or is being used by residents of the North Slope Borough. Once again, the 1950-1960 seasonal use maps from the document Alaska Natives and the Land demonstrate an absence of use by residents of the North Slope Borough. Only the Village of Point Hope demonstrated a marginal interest in the area during that period. However, the area of proposed detachment shows no actual use by Point Hope residents. Not surprisingly, the Delong Mountains appear to form a natural barrier for western access to the region. Current day absence of land use by North Slope residents is confirmed by the North Slope Borough Comprehensive Plan, included as Attachment 29. It fails to identify use of the area proposed for detachment by North Slope residents. Further, when discussing conflicts between NANA Coastal Resource Service Area boundaries and North Slope Borough coastal boundaries, the North Slope Borough has stated, "Borough residents do not utilize these fish (in the rivers within the territory proposed for detachment) for subsistence or commercial purposes" (see Attachment 30 letter from Karla Kolash to Amy Kyle, February 8, 1985). Additionally, transportation routes to the area of detachment are virtually nonexistent for North Slope residents. Without adequate access routes to the area, use is difficult (see Map of Transportation Routes and Facilities of the North Slope Borough, included as Attachment 31).

Without doubt, the river systems which traverse the area, particularly, the Wulik, Kivalina, and Noatak, are the major sources of subsistence resources for NANA region residents. Any impacts to the water quality of these river systems would seriously affect the subsistence resources upon

which the NANA region is dependent. The importance of these riverine systems and the NANA region's desire to protect them is confirmed by the inclusion of these areas within the NANA CRSA Coastal Management Program's coastal boundaries. These boundaries extend to the area of proposed detachment and terminate at the point of political jurisdiction by the North Slope Borough. These coastal boundaries are artificially constrained by jurisdictional claims. Absent the North Slope Borough boundary running the 68° 00' N Latitude, the boundaries of the NANA Region's coastal area would extend to include the riverine systems in the area of proposed detachment.

This present day use and ancestral dependence upon resources in the area is further documented by the existence of archeological and historical sites located there. The NANA Regional Corporation has identified fourteen sites under the provisions of Section 14(h)(1) of the Alaska Native Claims Settlement Act and the Alaska Heritage Resource Inventory has identified 41 major sites within the area of proposed detachment and attributed to the residents of the NANA region (see Archeological and Historical map, included as Attachment 32). In contrast, the North Slope Borough Coastal Management Program and Comprehensive Plan have identified no historical or archeological sites in the same area.

In summary, the people of the NANA region have traditionally used and still rely upon the area to be detached, while the residents of the North Slope Borough have little, if any, past or present reliance on resources in this area. To help protect the resources through municipal planning powers and the coastal management program, it is important for these resources to fall within the jurisdiction of the NANA region.

#### B. GEOGRAPHIC AND TRANSPORTATION CONSIDERATIONS

The regulatory standards governing detachment further provide that the Local Boundary Commission shall consider

whether the geographic location or configuration of the territory precludes the provision of borough services provided other areas of the borough or make the provision of borough services impractical; and whether the lack of transportation facilities precludes the communication and exchange necessary for responsive and integrated local government.

The geographic location and configuration of the area proposed for detachment suggests that it be included in the proposed NANA borough for the express purpose of service delivery. The area proposed for detachment is clearly related to the Kotzebue Basin by natural geographic corridors following the southern riverine systems. The mountains encircling the area on the west, north and east, isolate it from all other areas. The transportation infrastructure being developed for the Red Dog mine accesses these routes.

At present, the North Slope Borough delivers a variety of services (e.g. planning, sewer, waters, solid waste disposal, health and education) to the communities in the Borough. Most of the services are delivered from Barrow, the seat of borough government. Although the North Slope Borough provides services to communities as distant as 250 miles, it is far more practical to deliver services to the area of proposed detachment from the NANA region. Physical proximity alone would dictate manageable service delivery through the region lying directly south of the area. Access by the region to the north is impeded by the mountains surrounding the area.

The modes of transportation to the area of proposed detachment support the proposal to detach the lands for incorporation in the NANA Borough, particularly for purposes of service delivery. Available transportation also makes it far more practical to deliver services from the proposed NANA Borough. Road, marine and air access will be available to the detached area from the NANA region. The only mode of transportation to the area of detachment from the North Slope Borough is

aircraft, and it is generally more difficult and more lengthy to reach the area from Barrow than from Kotzebue, the presumed seat of NANA Borough government.

The length of time to travel by air from Kotzebue to the Red Dog mine site is less than half the time required to travel from Barrow to the Red Dog mine site. That is, it takes approximately 0.6 to 0.7 hours air time to travel one way from Kotzebue to the Red Dog site. From Barrow, it takes 1.9 to 2 hours to travel one way to the same site. Also, a greater variety of aircraft can be used to fly from Kotzebue because of its closer proximity to the area (absence of refueling), and the flight can be completed successfully more often because of the lesser distance to travel.

The cost of air travel from Kotzebue to the Red Dog site and the greater portion of the area of proposed detachment is considerably less than from Barrow. For example, one way charter costs from Kotzebue to the Red Dog site via a Twin Otter are approximately \$700, and were estimated to be \$80 per seat by Bakers Aviation (Kotzebue air carrier, conversation with Wayne Marshall, Planner, DCRA, 11/13/85). The costs for one way Twin Otter charter from Barrow to the Red Dog site are approximately \$1,900 and were estimated to be \$210 per seat by Cape Smyth Air (Barrow air taxi operator, conversation with Wayne Marshall, Planner, DCRA on 11/13/85). This sampling of air fare comparisons is reflective of costs to access the area from the actual and anticipated seats of either borough government.

The NANA Borough will also have the distinct advantage of delivering services via two modes of transportation that are not available from Barrow. These are marine and road. Development of the Red Dog mine entails construction of a marine port south of Kivalina and an access road to the Red Dog site from the port on the coast. The marine port and road may reduce the costs and increase the dependability of delivering

bulk goods to the area. The North Slope Borough presently has no plans to construct a port and/or road access to the area. In addition, the Noatak River is presently used to barge goods as far inland as Noatak, and might be used to barge goods to the area of proposed detachment. The North Slope Borough does not have a similar inland marine transport system.

In summary, the NANA region is in a much better position to deliver borough services to the area proposed for detachment. There are at least three modes of access from the NANA region, while there is only one from the North Slope Borough. In addition, since the main users of the area of proposed detachment will be residents of the NANA region, they will be responsive in the delivery of Borough services. This will not be the case for the North Slope Borough. It is more reasonable for service delivery to originate from the NANA Borough. Services are offered more easily from Kotzebue as the regional center because of closer geographical proximity.

#### C. SERVICE DELIVERY AFTER DETACHMENT

19 AAC 10.240 provides that the Local Boundary Commission will not approve a detachment unless the petitioner demonstrates to the satisfaction of the Commission that the service requirements of the territory will be met following the detachment.

This standard would be met by the Commission's approval of the condition upon which the State seeks this detachment, i.e., that the detachment occur simultaneously with the inclusion of such territory within the boundaries of a borough to be created within the NANA region. The NANA borough would, upon incorporation, assume the service responsibilities for education, planning and tax assessment, which are mandatory under the provisions of State law. Other services would be made available to the region as the demand for those services arose.

D. DISTRIBUTION OF ASSETS AND LIABILITIES

According to 19 AAC 10.250, the Local Boundary Commission shall determine the manner in which the assets and liabilities of the municipality from which detachment is sought shall be distributed.

There are no assets of the North Slope Borough within the territory proposed to be detached. Accordingly, no proceeds from the sale of bonds by the North Slope Borough have been used directly for improvements within the territory proposed for detachment. Finally, the territory proposed for detachment has virtually no current taxable value (less than five one-thousandths of one percent of the North Slope Borough's 1984 total assessed valuation). Therefore, it is the State's contention that it is unnecessary and inappropriate for any liabilities of the North Slope Borough to be "distributed" to the State or any other current or future entity as a result of the proposed detachment.

## V. APPLICATION OF THE BEST INTERESTS STANDARD

### A. ROLE OF THE LOCAL BOUNDARY COMMISSION

The State Constitution and laws provide that the establishment and change of borough boundaries should primarily be the responsibility of the State. As is noted in the publication "Borough Government in Alaska" by Thomas A. Morehouse and Victor Fischer (pages 51-52), this was done because the framers of the Constitution concluded:

"first, the delineation of boroughs required a statewide analysis of pertinent considerations; second, the state had a direct interest, since the borough was to serve not only as a local government but also as a unit for the provision of state services; third, it was generally believed that an objective analysis of relationships between adjacent local units could only be made at a higher level and fourth was the belief that strictly local political decisions do not usually create proper boundaries".

The Local Boundary Commission was created as the mechanism to carry out this State interest. As is discussed below, the State truly believes that the proposed detachment is in the best interests of the State, the territory to be detached and the North Slope Borough.

### B. BEST INTERESTS OF THE STATE OF ALASKA

In order to approve the boundary change, 19 AAC 10.230 requires that the Local Boundary Commission determine that the proposed detachment is in the best interests of the State.

The State has two major interests that will be served by the proposed detachment. First, the detachment will promote local self-government in the NANA region. Second, the detachment will promote resource development and employment in northwest Alaska. The proposed detachment involves no significant detriment to any State interest.

The greatest interest of the State regarding this

proposed boundary change is in maximizing local self-government in the NANA region. It is the State's goal, expressed in Article X § 1 of the Alaska Constitution, "to provide for maximum local self-government." This goal will be best served by formation of a borough in the NANA region.

As was indicated earlier, residents of the NANA region are presently circulating a petition for the creation of a borough in their region. Formation of a borough for this area has long been a goal of a number of the principal institutions in the region such as the NANA Regional Corporation, the Maniilaq Association and the Northwest Arctic School District and others. As was also indicated earlier, the area proposed for detachment is an indispensable part of a new borough for the NANA region. Hence, the proposed detachment is an essential and vital prerequisite to providing maximum local self-government to northwest Alaska and the NANA region.

Only 26 percent of the state of Alaska is within the jurisdiction of an organized borough or unified municipality. During the past seventeen years, only one borough government has been formed in this state. No borough government has been created in Alaska for more than thirteen years. The State of Alaska now has an opportunity to assist in the creation of a new borough.

Apart from promoting local self-government, the State believes that the proposed detachment and subsequent formation of a borough in the NANA region will promote resource development and employment in the region. The proposed Red Dog Mine will be served by the State-financed Delong Mountain Transportation system, consisting of a road and port facility for the export of ore from the mine. The port facility and the road will be located within the NANA region.

The efficient and orderly development of the Red Dog mine, and of other mineral deposits that could be served by

the Delong Mountain Transportation system, will be best served if one political subdivision provides local government planning, regulation and services for the entire area affected by the Delong Mountain Transportation system and the Red Dog and neighboring mineral deposits.

A unified approach to such matters as land use planning and regulation, environmental protection, and local government permitting will substantially reduce the regulatory burden of the State in the development of these projects. It also will better serve the public interest by providing comprehensive and consistent planning and regulation for the entire region.

Additionally, the physical proximity of a borough government for the NANA region, most likely based in Kotzebue, as compared to the North Slope Borough government located in Barrow, should enhance the efficiency and effectiveness of local government decision-making, especially as it relates to the Red Dog and other nearby mineral developments.

#### C. BEST INTERESTS OF THE TERRITORY TO BE DETACHED

In addition to being in the best interests of the State, 19 AAC 10. 230 requires that the Local Boundary Commission also determine that the proposed detachment is in the best interests of the territory to be detached.

As development of the Red Dog mine proceeds, the territory proposed for detachment will be occupied on a rotating basis by persons employed in mining-related construction, operations, or support services. The majority of these individuals will be residents of the NANA region, as will individuals employed at the Lik mine site (see letters from GCO Minerals Company and Noranda Exploration, Incorporated, to Emil Notti, included as Attachments 33 and 34). The association of these persons with communities in the NANA region, rather than with communities in the North Slope

Borough, indicates that a borough serving the NANA region will be more closely aligned with the social, economic and cultural characteristics of the inhabitants of the territory to be detached than would the North Slope Borough.

It would be more practical to provide municipal services to the territory proposed for detachment from a borough serving the NANA region than from the North Slope Borough. The regional transportation center for the territory to be detached will be Kotzebue, also the likely headquarters for borough government in the NANA region. Development of the Lik mine site anticipates use of Kotzebue as the main service center (see Attachment 34).

Two villages that would be part of a NANA region borough, Kivalina and Noatak, are in very close proximity to the territory proposed to be detached. Their presence will assure the delivery of borough services to the vicinity of the detached area.

In contrast, the North Slope Borough is headquartered in Barrow, hundreds of miles from the territory to be detached. Moreover, the new borough serving the NANA region can execute its mandatory planning power effectively only if this major area of regional employment can be included within its boundaries.

As discussed in detail in Section IV-B of this brief, transportation capabilities between Kotzebue and the territory to be detached are better than from the North Slope Borough.

#### D. BEST INTERESTS OF THE NORTH SLOPE BOROUGH

Finally, 19 AAC 10. 230 requires that the Local Boundary Commission determine that the proposed detachment is in the best interests of the North Slope Borough.

The North Slope Borough will lose little from the proposed detachment. The proposed shift of the jurisdictional boundaries of the North Slope Borough affects 3.7 percent of

the total area within the Borough. The \$607,180 present value of taxable property within the area proposed to be detached represents less than five one-thousandths of one percent of the North Slope Borough's 1984 total assessed valuation of \$12,268,737,790 (including \$11,732,896,800 in oil and gas properties) (see Attachment 17).

The North Slope Borough has alleged that the detachment would have a significant adverse impact upon the financial affairs of the North Slope Borough (see November 6, 1985, letter from E.F. Hutton to James P. Sharpe, Director of Administration and Finance for the North Slope Borough, included as Attachment 35). These allegations have been carefully examined by financial experts on behalf of the Petitioner. The conclusion of these experts was that, "it would appear unlikely that the proposed detachment would be of either interest or significance in determining the creditworthiness of the North Slope Borough" (see letter of November 18, 1985, from the Commissioner of the Alaska Department of Revenue, included as Attachment 36; see also Attachment 20).

The only thing which the North Slope Borough stands to lose, is the prospect of increasing the value of taxable property within its boundaries. However, even as significant as the Red Dog mine development is to the NANA region, the value of that development would be of little consequence to the North Slope Borough. As was stated earlier, it is estimated that the capital improvements to the Red Dog mine would be valued at approximately \$250 million. That figure represents only 2 percent of the 1984 value of the taxable property within the North Slope Borough.

On the other hand, the detachment will save the North Slope Borough the cost and logistical difficulties of providing services to territory on its remote periphery, which may be served much more efficiently from a regional center

located outside the North Slope Borough. Moreover, most of the persons to be served in the territory to be detached now have and will continue to have economic, social and cultural ties to the NANA region rather than to the North Slope Borough, increasing the difficulty of communication and participation necessary to the effective delivery of local services from the North Slope Borough.

Further, retainage of the territory proposed for detachment within the boundaries of the North Slope Borough has strained the relationships between the peoples of the two regions. The Inupiat people have long prided themselves on values which include cooperation and sharing. Residents of the NANA region correctly believe that the territory proposed for detachment rightfully belongs within the jurisdiction of their region (see Attachment 1). The detachment of the territory will preclude the exacerbation of the conflict currently brewing in the area.

All things considered, particularly the threat to harmonious relations among the people within the area and the relative difficulty which the North Slope Borough would have in serving the area, the State contends that the proposed detachment is in the best interests of the North Slope Borough.

## V. CONCLUSION

The State has shown through its petition and brief that the social, economic and geographical considerations which the Local Boundary Commission is required to examine in such circumstances support the proposed detachment.

The State has also shown that little consideration was paid to the social, cultural and geographic differences between the territory proposed for detachment and the remainder of the North Slope Borough during the 1971 - 1972 hearings of the Local Boundary Commission. Further, if the testimony provided to the Commission regarding the boundaries of the proposed Arctic Slope Regional Corporation had been correct, the Commission may have modified the boundaries of the proposed Borough to exclude the territory which the State now seeks to detach.

The State has also shown through its petition and brief that all standards for the detachment have been satisfied with respect to this proposed boundary change.

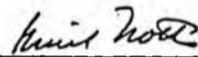
- ° The proposed detachment is in the best interests of the State in that it will promote local self-government as well as resource development and employment in the NANA region.
- ° The proposed detachment is in the best interests of the territory to be detached in that local government services to an area physically and culturally associated with the NANA region would be best served from that region.
- ° The proposed detachment is in the best interests of the North Slope Borough in that the detachment will save the North Slope Borough the cost and logistical difficulties of providing services to territory on its remote periphery, which may be served much more efficiently from a regional center located outside the North Slope Borough. Moreover, the present threat to harmonious relations among the people within the area would be resolved through the detachment. The detachment would have little adverse impact upon the Borough.

The State has proven through its petition and brief that the service requirements of the territory proposed for detachment will be met following detachment. The State

proposes that the detachment occur simultaneously with the inclusion of such territory within the boundaries of a borough to be created within the NANA region.

The State has shown that the detachment will not result in the need to distribute any of the assets and/or liabilities of the North Slope Borough.

Therefore, the Commissioner of the Alaska Department of Community and Regional Affairs respectfully requests the Local Boundary Commission to concur with the position of the State and approve the current petition for detachment. The Local Boundary Commission is further requested to recommend the boundary change proposed in this petition to the Second Session of the Fourteenth Legislature.

  
\_\_\_\_\_  
Emil Notti, Commissioner  
Alaska Department of Community  
and Regional Affairs

LIST OF ATTACHMENTS TO THE BRIEF

Attachment 1 - three page letter dated November 12, 1985, with two pages of attachments, from Suzy Erlich, Chairman of the Board of Directors of the Maniilaq Association to Robert Eder, Chairman of the Local Boundary Commission.

Attachment 2 - letter from NANA Regional Corporation dated November 20, 1985, to Emil Notti, Commissioner of the Alaska Department of Community and Regional Affairs

Attachment 3 - "Report to the Local Boundary Commission on the proposal for incorporation of a first class borough" prepared by the Local Affairs Agency on December 2, 1971.

Attachment 4 - "Statement of Findings and Conclusions on the Petition Proposing Incorporation of a First Class North Slope Borough", approved by the Local Boundary Commission on May 10, 1972.

Attachment 5 - letter from Robert Newlin to Byron Mallott, with one page attachment.

Attachment 6 - "Transcript of Public Hearing of the Local Boundary Commission Regarding the Creation of a First Class North Slope Borough, December 2, 1971".

Attachment 7 (a) and (b) - "Transcript of Meeting of the Local Boundary Commission Regarding North Slope Borough Incorporation, February 23, 1972" and "Volume II Local Boundary Commission North Slope Borough Petition".

Attachment 8 - November 5, 1985, Memorandum from Ronald D. Brower, to Earl Finkler.

Attachment 9 - October 10, 1985, letter from North Slope Borough Mayor George Ahmaogak to Commissioner Emil Notti.

Attachment 10 - May 4, 1982, letter from James C. Sanders, Staff Assistant to the Local Boundary Commission to Don Argetsinger.

Attachment 11 - Adopted "North Slope Borough Ordinance Serial Number 85-15 Substitute" and the "Memorandum of Understanding" referenced in the Ordinance.

Attachment 12 - Earlier version of "North Slope Borough Ordinance Serial Number 85-15" (not adopted).

Attachment 13 - Version of "North Slope Borough Ordinance Serial Number 85-15" under consideration at North Slope Borough Assembly workshop held in Kotzebue on July 22, 1985 (not adopted).

Attachment 14 - Memorandum of October 10, 1985 from Rebecha Miller to Dan Bockhorst.

Attachment 15 - "Red Dog Project Analysis, A Report to Governor Bill Sheffield, February, 1984".

Attachment 16 - Memorandum of November 21 from Mike Worley, State Assessor to Dan Bockhorst, Local Government Specialist V.

Attachment 17 - Alaska Taxable, January, 1985.

Attachment 18 - two letters dated November 21, 1985, from Cominco Alaska to Emil Notti.

Attachment 19 - November 19, 1985, letter from Mary Nordale, Commissioner of the Alaska Department of Revenue to Robert Eder, Chairman of the Local Boundary Commission.

Attachment 20 - November 20, 1985, letter from Government Finance Associates, Incorporated, (the financial advisor to the State of Alaska Bond Committee) to Emil Notti.

Attachment 21 - Job Availability and Market Relations for the NANA Region, 1982 - 1990, Darbyshire and Associates, 1983.

Attachment 22 - The NANA Regional Economy, Present and Future, Darbyshire and Associates, 1982.

Attachment 23 - Final Environmental Impact Statement, Red Dog Mine Project, Northwest Alaska, 1984.

Attachment 24 (a) and (b) - NANA Coastal Resource Service Area (CRSA) Coastal Management Program, 1984.

Attachment 25 - Alaska Natives and the Land, Federal Field Committee, 1961.

Attachment 26 - Minerals Management Service Technical Reports #101 Barrow Arch Socioeconomic and Sociocultural Description, 1984.

Attachment 27 - Technical Report #74, Chuckchi Sea Sociocultural Systems Baseline Analysis, 1983.

Attachment 28 - Map of the Intensive Resource Use Areas in the NANA Region (source NANA Coastal Management Plan).

Attachment 29 - North Slope Borough Comprehensive Plan, 1984.

Attachment 30 - letter dated February 8, 1985, from Karla Kolash to Amy Kyle, Office of the Governor, Division of Governmental Coordination.

Attachment 31 (a) and (b) - Map of Transportation Routes and Facilities of the North Slope Borough and North Slope Borough Coastal Management Program.

Attachment 32 - Map of the Archaeological and Historical Resources in the NANA Region (source NANA Coastal Management Plan).

Attachment 33 - letter dated November 19, 1985, from GCO Minerals Company to Emil Notti.

Attachment 34 - letter dated November 20, 1985, from Noranda Exploration, Incorporated, to Emil Notti.

Attachment 35 - letter dated November 6, 1985, from E.F. Hutton to James P. Sharpe, Director of Administration and Finance for the North Slope Borough.

Attachment 36 - letter of November 18, 1985, from the Commissioner of the Alaska Department of Revenue to Robert Eder, Chairman of the Local Boundary Commission.

Attachment 37 - U.S. Department of the Interior Geological Survey Map of the North Slope Borough, including the territory

proposed for detachment, and the NANA Region (1:1,000,000 scale).

Attachment 38 - NANA Regional Strategy updated 1984- 1985.

BEFORE THE LOCAL BOUNDARY COMMISSION OF THE STATE OF ALASKA

IN RE: )  
THE DETACHMENT FROM THE NORTH )  
SLOPE BOROUGH OF TERRITORY )  
WITHIN AND ADJACENT TO THE )  
NANA REGION )  
\_\_\_\_\_ )

PETITION FOR DETACHMENT FROM THE NORTH SLOPE BOROUGH

I, Emil Notti, Commissioner of the Alaska Department of Community and Regional Affairs, (hereinafter "Petitioner") hereby petition the Local Boundary Commission of the State of Alaska (hereinafter "Commission") for a change in the jurisdictional boundaries of the North Slope Borough pursuant to the provisions of AS 29.68.010(a) and 19 AAC 10.450 - 19 AAC 10.620. More specifically, this petition seeks the detachment from the North Slope Borough of all of the territory lying within the boundaries of the NANA Regional Corporation, as well as adjacent waters seaward to a line three geographical miles distant from the coast line, an area which is more particularly described in this petition. The area sought for detachment is comprised of approximately 3,298 square miles.

This petition requests that the Commission approve the boundary change proposed herein with the condition that the detachment take effect only upon the incorporation of a borough within the NANA region, the boundaries of which must include all of the territory approved for detachment.

As the Commission is aware, the provision of 19 AAC 10.480 requiring a census or other reliable enumeration within the territory proposed for detachment was waived by the Commission on November 20, 1985, with the stipulation that the Department provide available information concerning any current population of the territory, as well as past, present and future projections of employment relating to the Red Dog mine project.

Additionally, the Commission waived on November 20, the provision of 19 AAC 10.480 requiring maps showing roadways

throughout the North Slope Borough, with the stipulation that the petitioner provide, in the petition or by future submission, existing and available maps and/or other information concerning commercial air and barge routes of the North Slope Borough and the NANA Region, as well as existing and available maps of existing and proposed roadways and highways within the North Slope Borough prepared by or on behalf of the Alaska Department of Transportation and Public Facilities and/or the North Slope Borough. Additionally, the petitioner is providing as an attachment a U.S. Geological Survey map of the entire North Slope Borough at 1:1,000,000 scale. Further, the petitioner will provide at the hearings a U.S. Geological Survey topographic map of the territory proposed for detachment at 1:250,000 scale.

To the extent practicable, the Petitioner has also included in the supporting documentation, relevant information relating to the proposed incorporation of the NANA region as a borough and information concerning the future development of the territory proposed for detachment.

The following information is submitted for consideration by the Commission:

- (1) The name and mailing address of the Petitioner:

The Honorable Emil Notti  
Commissioner  
Alaska Department of Community and Regional Affairs  
Pouch B  
Juneau, Alaska 99811

- (2) The name, telephone number and mailing address of the representative designated by the Petitioner to receive service, notice and other correspondence relating to the proceedings on behalf of the Petitioner:

Ms. Marty Rutherford, Director  
Municipal and Regional Assistance Division  
Department of Community and Regional Affairs  
949 East 36th Avenue, Suite 404  
Anchorage, Alaska 99508

Telephone number: (907) 561-8586

- (3) A legal boundary description of the territory proposed to be detached through this petition is set forth in Exhibit A.

- (4) A legal boundary description of the boundaries of the North Slope Borough if the proposed detachment is effected is set forth in Exhibit B.
- (5) The assessed or estimated value of taxable real and personal property within the territory proposed for detachment is as follows:

|                   |    |         |
|-------------------|----|---------|
| Real Property     | \$ | 0       |
| Personal Property | \$ | 607,180 |
| TOTAL             | \$ | 607,180 |

- (6) The number of residents within the territory proposed for detachment:

There are no permanent residents of the territory proposed for detachment. However, there are 2 individuals presently working in the territory on the development of the Red Dog mine which might be considered residents for operating budget tax levying purposes pursuant to AS 29.53.050(b). Further information concerning past and projected future workers at the Red Dog mine site is provided in the brief attached to this petition.

- (7) The rate at which real and personal property are taxed within the territory proposed for detachment and throughout the North Slope Borough:

18.37 mils.

- (8) The rate or rates of sales and use taxes levied and collected within the territory proposed for detachment and throughout the North Slope Borough:

The North Slope Borough levies a 3% sales tax and a 3% use tax throughout the boundaries of the Borough. In addition, the Cities of Barrow, Nuiqsut, Point Hope and Wainwright each levy a 3% sales tax (but no use tax) within their respective jurisdictional boundaries.

- (9) The amount and a full explanation of the outstanding bonded indebtedness for which the territory is wholly or partially responsible:

The present outstanding bonded indebtedness of the North Slope Borough is \$1,266,991,000. There are no capital facilities owned by the North Slope Borough located in the area proposed for detachment. Accordingly, no proceeds from the sale of bonds by the North Slope Borough have been used directly for improvements within the territory proposed for detachment.

A full explanation of the bonded indebtedness of the North Slope Borough as of June 30, 1984, is attached as Exhibit C.

- (10) The population and size of the municipality affected by the proposed boundary change:

The population of the North Slope Borough is 7,978 for State Revenue Sharing purposes and 12,359 for operating budget tax levying purposes pursuant to AS 29.53.050(b). The size of the North Slope

Borough is approximately 56,500,000 acres  
(88,281.25 square miles).

Pursuant to 19 AAC 10.490, the Petitioner appends the following exhibits to this petition:

- (1) EXHIBIT D: Maps showing 1) the boundaries of the North Slope Borough before and after the proposed detachment; 2) the territory proposed for detachment and the NANA Regional Corporation boundaries (the area proposed by a separate petition for incorporation as a borough); 3) transportation routes and facilities of the North Slope Borough (source: North Slope Borough Coastal Management Plan - July, 1984); 4) village areas of influence within the North Slope Borough (source: North Slope Borough Comprehensive Plan Maps 11A, 11B and 11C - January, 1983); 5) intensive resource use areas within the territory proposed for detachment (source NANA Coastal Management Plan - September, 1985); 6) archaeological and historical resources within the territory proposed for detachment (source NANA Coastal Management Plan - September, 1985).

Maps which the Commission stipulated on November 20, 1985, should be made available for its review were requested from the Alaska Department of Transportation and Public Facilities and the North Slope Borough on November 21 (see Exhibits D-7 and D-8) and will be made available to the Commission by the Petitioner as soon as is practicable. These maps consist of existing and available maps and/or other information concerning commercial air and barge routes of the North Slope Borough and the NANA Region, as well as existing and available maps of existing and proposed roadways and highways within the North Slope Borough prepared by or on behalf of the Alaska Department of Transportation and Public Facilities and/or the North Slope Borough.

To the extent available and practicable, maps showing identical information but of a larger size of those included in the petition will be provided by the Petitioner at the hearings regarding this petition to be conducted by the Commission. Such maps have also been provided to the North Slope Borough. Further, such maps may be inspected prior to the hearing at the following locations:

Office of the Representative of the Petitioner:

Office of the Director  
Municipal and Regional Assistance Division  
Department of Community and Regional Affairs  
949 East 36th Avenue, Suite 404  
Anchorage, Alaska 99508  
Telephone number: (907) 561-8586

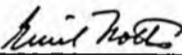
Office near the area to be detached:

Kotzebue Regional Office  
Municipal and Regional Assistance Division  
Department of Community and Regional Affairs  
Drift Inn, Second Floor  
Kotzebue, Alaska 99752  
Telephone number: (907) 442-3696

- (2) EXHIBIT E: An affidavit of the Petitioner's Representative indicating the source of the information contained in the petition.
- (3) EXHIBIT F: An affidavit of the Petitioner's Representative that service of the petition has been made in compliance with 19 AAC 10.510.

Pursuant to 19 AAC 10.500, the Petitioner appends to this petition a written brief fully setting forth the reasons supporting the boundary change and demonstrating that the boundary change meets the standards established in 19 AAC 10.225 - 19 AAC 10.250 regarding detachment from an organized borough.

Respectfully submitted this 22nd day of November,  
1985.

  
\_\_\_\_\_  
Emil Notti, Commissioner  
Alaska Department of Community  
and Regional Affairs

IN RE: )  
THE DETACHMENT FROM THE NORTH )  
SLOPE BOROUGH OF TERRITORY )  
WITHIN AND ADJACENT TO THE )  
NANA REGION )  
\_\_\_\_\_ )

EXHIBIT A  
THE LEGAL BOUNDARY DESCRIPTION OF THE TERRITORY PROPOSED  
TO BE DETACHED FROM THE NORTH SLOPE BOROUGH

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Beginning at a point in the Chukchi Sea where the westerly extension of the protracted northern boundary of Township 30 North, Range 29 West, Kateel River Meridian (approximate latitude 68 degrees 2 minutes 7.56 seconds North) intersects the westerly boundary of the State of Alaska; thence in an easterly direction along the westerly extension of the protracted northern boundary of Township 30 North, Range 29 West, Kateel River Meridian (KRM) to its intersection with the mean high tide line of the Chukchi Sea; thence continuing easterly to the protracted Northwest corner of Township 30 North, Range 25 West, (KRM); thence northerly to the protracted Northwest corner of Township 32 North, Range 25 West, (KRM); thence easterly to the protracted Southeast corner of Township 33 North; Range 18 West, (KRM); thence northerly to the protracted Northwest corner of Township 33 North; Range 17 West, (KRM); thence easterly to the protracted Northeast corner of Township 33 North; Range 15 West, (KRM); thence southerly to the protracted Southeast corner of Township 33 North; Range 15 West, (KRM); thence easterly to the protracted Southwest corner of Township 33 North; Range 12 West, (KRM); thence northerly to the protracted Northwest corner of Township 33 North; Range 12 West, (KRM); thence easterly to the protracted Northeast corner of Township 33 North; Range 11 West, (KRM); thence southerly to the protracted Southeast corner of Township 33 North; Range 11 West, (KRM); thence easterly to the protracted Southwest corner of Township 33 North; Range 6 West, (KRM); thence northerly to the protracted Northwest corner of Township 33 North; Range 6 West, (KRM); thence easterly to the protracted Northeast corner of Township 33 North; Range 5 West, (KRM); thence southerly to the protracted Southeast corner of Township 33 North; Range 5 West, (KRM); thence easterly to the protracted Northeast corner of Township 32 North; Range 7 West, (KRM); thence southerly to the protracted Southeast corner of Township 32 North; Range 7 East, (KRM); thence easterly to the protracted Northeast corner of Township 31 North; Range 11 East, (KRM); thence southerly to the protracted Southeast corner of Township 31 North; Range 11 East, (KRM); thence easterly to the protracted Northeast corner of Township 30 North; Range 15 East, (KRM); thence southerly to 68 degrees North Latitude; thence westerly along 68 degrees North Latitude Line to its intersection with the mean high tide line of the Chukchi Sea; thence continuing in a westerly direction along 68 degrees North Latitude to a point 61 the Chukchi Sea at its intersection with the westerly boundary of the State of Alaska; thence in northerly direction along the westerly boundary of the State of Alaska to a point in the Chukchi Sea at its intersection with the westerly extension of the protracted northern boundary of Township 30 North, Range 29 West, Kateel River Meridian (approximate latitude 68 degrees 2 minutes 7.56 seconds North), the point of beginning, containing 3,298 square miles, more or less, all in the Second Judicial District, State of Alaska.

IN RE: )  
THE DETACHMENT FROM THE NORTH )  
SLOPE BOROUGH OF TERRITORY )  
WITHIN AND ADJACENT TO THE )  
NANA REGION )  
\_\_\_\_\_ )

EXHIBIT B  
THE LEGAL BOUNDARY DESCRIPTION OF THE NORTH SLOPE BOROUGH  
SHOULD THE PROPOSED DETACHMENT BE EFFECTED

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Beginning at a point in the Chukchi Sea where the westerly extension of the protracted northern boundary of Township 30 North, Range 29 West, Kateel River Meridian (approximate latitude 68 degrees 2 minutes 7.56 seconds North) intersects the westerly boundary of the State of Alaska; thence in an easterly direction along the westerly extension of the protracted northern boundary of Township 30 North, Range 29 West, Kateel River Meridian (KRM) to its intersection with the mean high tide line of the Chukchi Sea; thence continuing easterly to the protracted Northwest corner of Township 30 North, Range 25 West, (KRM); thence northerly to the protracted Northwest corner of Township 32 North, Range 25 West, (KRM); thence easterly to the protracted Southeast corner of Township 33 North; Range 18 West, (KRM); thence northerly to the protracted Northwest corner of Township 33 North; Range 17 West, (KRM); thence easterly to the protracted Northeast corner of Township 33 North; Range 15 West, (KRM); thence southerly to the protracted Southeast corner of Township 33 North; Range 15 West, (KRM); thence easterly to the protracted Southwest corner of Township 33 North; Range 12 West, (KRM); thence northerly to the protracted Northwest corner of Township 33 North; Range 12 West, (KRM); thence easterly to the protracted Northeast corner of Township 33 North; Range 11 West, (KRM); thence southerly to the protracted Southeast corner of Township 33 North; Range 11 West, (KRM); thence easterly to the protracted Southwest corner of Township 33 North; Range 6 West, (KRM); thence northerly to the protracted Northwest corner of Township 33 North; Range 6 West, (KRM); thence easterly to the protracted Northeast corner of Township 33 North; Range 5 West, (KRM); thence southerly to the protracted Southeast corner of Township 33 North; Range 5 West, (KRM); thence easterly to the protracted Northeast corner of Township 32 North; Range 7 West, (KRM); thence southerly to the protracted Southeast corner of Township 32 North; Range 7 East, (KRM); thence easterly to the protracted Northeast corner of Township 31 North; Range 11 East, (KRM); thence southerly to the protracted Southeast corner of Township 31 North; Range 11 East, (KRM); thence easterly to the protracted Northeast corner of Township 30 North; Range 15 East, (KRM); thence southerly to 68 degrees North Latitude; thence easterly along the 68 degrees North Latitude line to 146 degrees West Longitude; thence northerly along 146 degrees West Longitude to 68 degrees 30 minutes North Latitude; thence easterly along 68 degrees 30 minutes North Latitude to the boundary common to the United States and Canada; thence northerly along the boundary common to the United States and Canada to its intersection with the mean high tide line of the Beaufort Sea; thence continuing northerly along the boundary common to the United States and Canada in the Beaufort Sea to the northerly boundary of the State of Alaska in the Beaufort Sea; thence westerly, northwesterly, westerly, southwesterly, southerly, and southeasterly along the boundary of the State of Alaska in

the Beaufort Sea, Arctic Ocean, and Chukchi Sea to a point in the Chukchi sea at its intersection with the westerly extension of the protracted northern boundary of Township 30 North, Range 29 West, Kateel River Meridian (approximate latitude 68 degrees 2 minutes 7.56 seconds North), the point of beginning, containing 84,983 square miles, more or less, all in the Second Judicial District, State of Alaska.

IN RE: )  
THE DETACHMENT FROM THE NORTH )  
SLOPE BOROUGH OF TERRITORY )  
WITHIN AND ADJACENT TO THE )  
NANA REGION )  
\_\_\_\_\_ )

EXHIBIT C  
A FULL EXPLANATION OF THE BONDED INDEBTEDNESS  
OF THE NORTH SLOPE BOROUGH AS OF JUNE 30, 1984

NORTH SLOPE BOROUGH  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

CHANGES IN LONG-TERM DEBT (Continued)

General obligation bonds payable at June 30, 1984 were comprised of the following individual issues:

\$74,200,000 1978 Series I of which \$7,300,000 is for school facilities, \$7,000,000 for roads, \$40,600,000 for public housing, \$4,775,000 for water facilities, \$4,125,000 for sewage treatment, \$400,000 for airports, \$200,000 for housing and urban development, \$1,700,000 for light, heat and power, \$100,000 for public safety facilities, \$3,100,000 for sanitary facilities, \$100,000 for communication facilities, \$4,100,000 for health facilities, \$700,000 for library facilities, due on November 1, 1991; interest at 6.75 percent \$ 7,400,000

\$70,000,000 1980 Series L of which \$7,000,000 is for public housing, \$25,700,000 for water facilities, \$32,400,000 for sewage treatment, \$3,000,000 for airports, \$600,000 for housing and urban development, \$1,100,000 for public safety facilities, \$200,000 for health facilities, due on September 20, 1991; interest at 9.25 percent 12,000,000

\$75,000,000 1981 Series M of which \$10,000,000 is for roads, \$18,000,000 for public housing, \$4,000,000 for water facilities, \$12,000,000 for sewage treatment, \$10,000,000 for airports, \$1,000,000 for light, heat and power, \$9,500,000 for public safety facilities, \$10,500,000 for sanitary facilities, due in annual installments of \$9,000,000 through March 10, 1993; interest at 11.25 percent 18,000,000

\$65,000,000 1981 Series N of which \$34,200,000 is for school facilities, \$8,900,000 for roads, \$9,200,000 for public housing, \$2,200,000 for water facilities, \$1,100,000 for airports, \$200,000 for housing and urban development, \$9,000,000 for light, heat and power, \$100,000 for public safety facilities, \$100,000 for sanitary facilities, due in annual installments of \$5,000,000 through June 15, 1993; interest at 11.2 percent 10,000,000

NORTH SLOPE BOROUGH

NOTES TO FINANCIAL STATEMENTS  
(Continued)

CHANGES IN LONG-TERM DEBT (Continued)

\$80,000,000 1982 Series Q of which \$20,000,000 is for school facilities, \$4,000,000 for roads, \$20,000,000 for public housing, \$12,000,000 for water facilities, \$4,000,000 for light, heat and power, \$20,000,000 for sanitary facilities, due in annual installments of \$4,000,000 to \$10,000,000 through February 10, 1998; interest at 13 to 13.5 percent

\$ 64,000,000

\$80,000,000 1982 Series P of which \$19,500,000 is for school facilities, \$19,000,000 for roads, \$3,000,000 for airports, \$2,500,000 for housing and urban development, \$4,000,000 for light, heat and power, \$18,500,000 for public safety facilities, \$4,000,000 for sanitary facilities, \$40,000 for communication facilities, \$4,000,000 for health facilities, \$1,960,000 for telephone facilities, \$3,500,000 for administration facilities, due in annual installments of \$3,000,000 to \$7,000,000 through June 10, 1995; interest at 12.1 to 12.4 percent

21,000,000

\$100,000,000 1982 Series Q of which \$5,000,000 is for roads, \$18,100,000 for water facilities, \$27,900,000 for sewage treatment facilities, \$9,000,000 for light, heat and power, \$7,000,000 for sanitary facilities, \$21,000,000 for industrial park facilities, \$12,000,000 for health facilities, due in annual installments of \$1,000,000 to \$7,000,000 through June 20, 2006; interest at 8.5 to 10.5 percent

56,000,000

\$100,000,000 1983 Series R of which \$25,000,000 is for public housing, \$35,000,000 for water facilities, \$30,000,000 for sewage treatment facilities, \$10,000,000 for public safety facilities, due in annual installments of \$9,000,000 to \$13,000,000 through February 10, 1995; interest at 9.25 to 9.8 percent

47,000,000

\$100,000,000 1984 Series S of which \$85,000,000 is for retirement of Bond Anticipation Notes, Series A, \$15,000,000 for industrial park facilities, due in annual installments of \$40,925,000 and \$45,600,000 through June 30, 1986; interest at 9.25 to 9.65 percent

86,525,000

NORTH SLOPE BOROUGH  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

CHANGES IN LONG-TERM DEBT (Continued)

|  |                                |
|--|--------------------------------|
| <p>\$100,000,000 1984 Series T of which \$81,908,000 is for retirement of Bond Anticipation Notes, Series A, \$18,092,000 for industrial park facilities, due in annual installments of \$24,200,000 to \$49,400,000 through June 30, 1989; interest at 7.6 percent</p>  | <p>\$ 100,000,000</p>          |
| <p>\$108,470,000 1984 Series U of which \$33,092,000 is for retirement of Bond Anticipation Notes, Series A, \$34,555,000 for school facilities, \$2,447,000 for roads, \$74,000 for public housing, \$1,000 for water facilities, \$31,000 for sewage treatment facilities, \$10,048,000 for airport facilities, \$27,000 for light, heat and power, \$30,000 for public safety facilities, \$26,401,000 for sanitary facilities, \$46,000 for communication facilities, \$58,000 for health facilities, \$1,659,000 for library and cultural facilities, \$1,000 for administration facilities, due in annual installments of \$26,500,000 to \$55,000,000 through June 30, 1988; interest at 7.1 to 7.5 percent</p> | <p>108,470,000</p>             |
| <p>\$214,500,000 1983 Refunding Bonds, Series A, due in annual installments of \$4,700,000 to \$19,900,000 through June 30, 2006; interest at 9.5 to 12.25 percent</p>   | <p>214,500,000</p>             |
| <p>\$90,800,000 1983 Refunding Bonds, Series B, due in annual installments of \$15,900,000 to \$31,200,000 through June 30, 1990; interest at 8.75 to 13.1 percent</p>   | <p>90,800,000</p>              |
| <p>\$213,800,000 1984 Refunding Bonds, Series C, due in annual installments of \$14,000,000 to \$59,200,000 through June 30, 1996; interest at 9.5 to 10.5 percent</p>   | <p><u>213,800,000</u></p>      |
|  | <p><u>\$ 1,049,495,000</u></p> |

Bond anticipation notes payable at June 30, 1984 were comprised of the following individual issue:

|   |                              |
|---|------------------------------|
| <p>\$153,945,000 1984 Bond Anticipation Notes, Series B, of which \$10,983,000 is for school facilities, \$33,387,000 for roads, \$22,961,000 for water facilities, \$28,113,000 for sewage treatment, \$28,130,000 for light, heat and power, \$4,300,000 for communication facilities, \$26,071,000 for administration facilities, due on April 12, 1985; interest at 7.875 percent</p> | <p><u>\$ 153,945,000</u></p> |
|---|------------------------------|