



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Local Boundary Commission Staff

**Report to the
Alaska Local Boundary Commission
Regarding the Proposed Annexation of
134.5 Acres to the City of Wasilla**



August 27, 2007

The provisions of 3 AAC 110.530 state that the Department of Commerce, Community, and Economic Development, which serves as Staff to the Local Boundary Commission ("LBC or "Commission"), "shall investigate and analyze" a petition filed with the Commission. In accordance with 3 AAC 110.530 and 3 AAC 110.590(a)(6), LBC Staff has prepared this report regarding the pending annexation proposal by the City of Wasilla. This report presents the Staff's findings and recommendations concerning the Wasilla annexation proposal.

Interested persons may submit written comments on this report to the LBC Staff. To be considered, comments must be received by 4:30 p.m., September 14, 2007. Comments may be submitted by mail, courier, facsimile, or e-mail to:

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Anchorage, AK 99501-3510
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Part I. Introduction

The City of Wasilla ("City"), a first-class city in the Matanuska-Susitna Borough (MSB), has petitioned the State of Alaska, Local Boundary Commission ("LBC" or "Commission") for annexation of an estimated 134.5 acres. The proposal seeks to annex four separate territories¹ adjoining the existing boundaries of the City. Those four territories are briefly described as follows:

- Territory 1, comprising 36.55 acres, lies immediately west of North Church Road in the vicinity of the northwestern portion of the City of Wasilla. The territory consists of the 43-lot Meadow Ridge Subdivision, three other parcels, and various rights-of-way.
- Territory 2 encompasses 29.94 acres comprised of 22 lots and rights of way in the Maney Acres Subdivision. That territory lies just north of the George Parks Highway and is immediately west of South Herman Road.
- Territory 3 comprises 65.98 acres due south of the Wasilla Airport.
- Territory 4 is a 2.03-acre parcel adjoining Cottonwood Creek on the south and the Palmer Wasilla Highway on the north.

A map of each of the four territories proposed for annexation is provided in Appendix A to this report.

With the passage of Chapter 46 Session Laws of Alaska 2006, and adoption of regulations by the LBC on April 30, 2007, there are four methods by which annexation to a city may occur. Those are:

(1) Local Action Annexation by Election: If an annexation proposal using this method is approved by the LBC, it

¹ The Petitioner refers to the four groups of parcels as areas (e.g., "Area 1"). However, the LBC attaches particular meaning to the term "area," which is defined in recently amended 3 AAC 110.990(17) as "the geographical lands and submerged lands forming the boundaries described in a petition regarding a borough government or forming the boundaries of an incorporated borough." This petition, of course, proposes annexation to a city government. Hence, DCCED substitutes the term "territory," which is defined in new 3 AAC 110.990(37) as "the geographical lands and submerged lands forming the boundaries in a petition regarding a city government or forming the boundaries of an incorporated city."

takes effect only if approved by voters in each of two areas: those residing in the city to which annexation is proposed and those residing in the territory proposed to be annexed. (AS 29.06.040(c)(1) and (c)(2); 3 AAC 110.150(3).)

(2) Local Action Annexation of Municipally Owned Property. This method requires adoption of an ordinance to authorize a petition to the LBC. The property must be municipally owned and must adjoin the existing boundaries of the city to which annexation is proposed. (AS 29.06.040(c)(3); 3 AAC 110.150(1).)

(3) Local Action Annexation Upon Unanimous Consent of Property Owners and Resident Voters. This method requires all property owners² and registered voters residing in a territory adjoining the city to sign a simple petition for annexation. The city must then adopt an ordinance to authorize a petition to the LBC and submit a petition in the form and content required by law. (AS 29.06.040(c)(4); 3 AAC 110.150(2).)

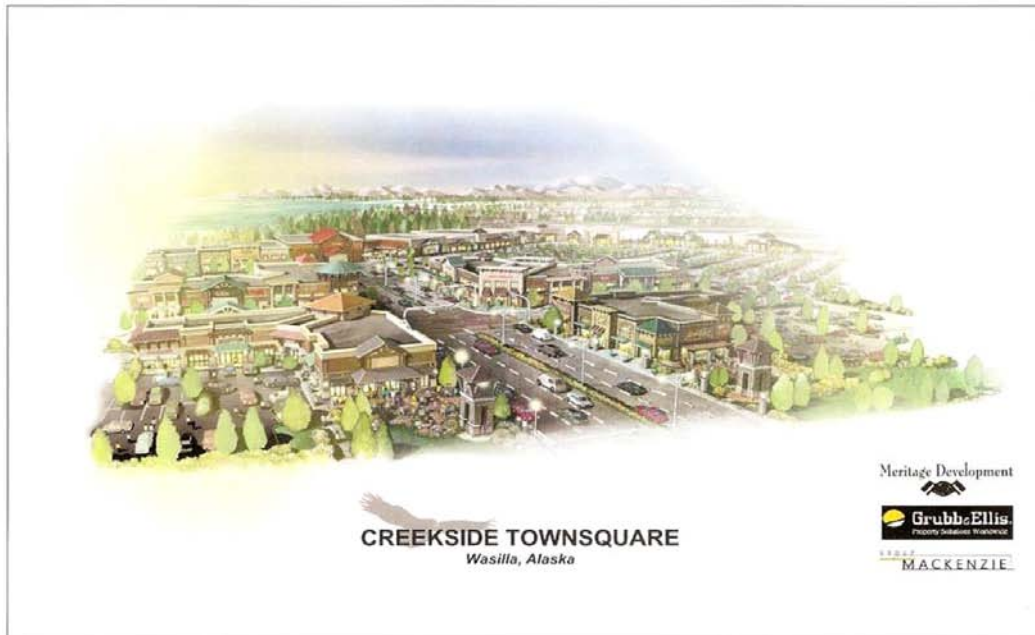
(4) Legislative Review Annexation. This method of annexation does not require voter approval. Instead, tacit approval of the Alaska State Legislature is required before a legislative review annexation takes effect. (Art. X, sec. 12, Constitution of the State of Alaska; AS 29.06.040(b); AS 44.33.812(b)(2); 3 AAC 110.425).)

The City is using the third method set out above: local action annexation by unanimous consent of property owners and resident voters. While no annexation process is simple, the method used by the City in this proceeding and the method for local action annexation of municipally owned property are far less complicated than the other two methods of annexation.

Procedural requirements for annexation to cities and boroughs in Alaska are designed to facilitate the business of the LBC and are to be construed to secure the reasonable, speedy, and inexpensive determination of every action and proceeding (3 AAC 110.985). The procedures applicable to the particular method of annexation involved in this proceeding require the Alaska Department

² The provisions of recently amended 3 AAC 110.990(12) define "property owner" as "a legal person holding a vested fee simple interest in the surface estate of any real property including submerged lands."

of Commerce, Community, and Economic Development (“DCCED”), which serves as staff to the LBC under AS 44.33.020(a)(4), to prepare a single report outlining DCCED’s findings, conclusions, and recommendations to the LBC regarding the annexation proposal. This report fulfills that requirement.



Creekside Town Square, Wasilla, Alaska



Illustrations of development underway in Territory 2

Part II. Summary of Proceedings

Between May 2005 and June 2007, property owners and resident voters in the four territories proposed for annexation submitted eleven annexation requests to the City. More specifically, annexation requests for the particular territories were submitted to the City of Wasilla as outlined below:

- **Territory 1:** requests were filed on various dates in May 2005, April 2006, May 2006, and June 2006;
- **Territory 2:** requests were filed on different dates in October and November 2006;
- **Territory 3:** a request was filed on November 22, 2005, and affirmed on June 26, 2007; and
- **Territory 4:** a request was filed on December 22, 2006.

On April 27, 2007, the City submitted a written request to the LBC to suspend or relax certain procedural requirements of 3 AAC 110.400 - 3 AAC 110.660³ for the prospective annexation proposal.⁴ The City noted correctly that 3 AAC 110.660⁵ allows the LBC to relax or suspend the procedural requirements in 3 AAC 110.400 - 3 AAC 110.660 if the LBC determines that a strict adherence to the regulations would work injustice, would result in a substantially uninformed

³ The provisions of 3 AAC 110.660 were renumbered in the Commission's recently adopted regulations as 3 AAC 110.985. For ease of reference however, this report will use the Petitioner's reference number.

⁴ At the time, the City anticipated that its annexation proposal would encompass five territories totaling 208.75 acres (36.78 acres; 33.80 acres; 65.98 acres; 2.03 acres; and 70.16 acres).

⁵ The provisions of 3 AAC 110.660 stated:

The purpose of the procedural requirements set out in 3 AAC 110.400 - 3 AAC 110.660 is to facilitate the business of the commission, and will be construed to secure the reasonable, speedy, and inexpensive determination of every action and proceeding. Unless a requirement is strictly provided for in the Constitution of the State of Alaska, AS 29, or AS 44.33.810 - 44.33.849, the commission may relax or suspend a procedural regulation if the commission determines that a strict adherence to the regulation would work injustice, would result in a substantially uninformed decision, or would not serve relevant constitutional principles and the broad public interest.

The content of this section, renumbered as 3 AAC 110.985, remains substantially the same.

decision, or would not serve relevant constitutional principles in the broad public interest. The specifics of the City's request are outlined below:

The City requests that the following procedural requirements of 3 AAC 110.420(b) (Petition Form and Content) be relaxed or suspended in order to "facilitate the reasonable, speedy, and inexpensive determination" of this prospective annexation request pursuant to 3 AAC 110.660:

- 1) Relax provisions in 3 AAC 110.420(b)(6) to require only legal descriptions and maps, but not plats;
- 2) Suspend the requirements in 3 AAC 110.420(b)(12) regarding three-year revenue, operating and capital budgets;
- 3) Relax the requirements in 3 AAC 110.420(b)(8) to allow a summary brief in lieu of a detailed brief.

In addition, the City requests that the Commission relax or suspend the existing procedural requirements in 3 AAC 110.400 - 3 AAC 110.660 for a local action annexation by unanimous consent to the extent that the City would comply only with the requirements set forth in the February 2, 2007, proposed revisions to 3 AAC 110.590, as amended by the Commission on April 24, 2007. Those provisions are reflected in the enclosure.

Letter of April 27, 2007, from the Honorable Dianne M. Keller, Mayor, City of Wasilla.

At its meeting of April 30, 2007, the LBC granted the City's request. A copy of the City's request, including the specific procedures applicable to this proceeding (i.e., recently amended 3 AAC 110.590,⁶ as amended by the Commission on April 24, 2007) are included in this report as Appendix B.

In accordance with the applicable provisions, "pre-ordinance notice" of the proposed annexation ("Notice") was prepared in the format prescribed by 3 AAC

⁶ Other provisions of the Commission's regulations that affect city annexation were also amended. However, for purposes of this annexation proceeding, those changes, unless noted otherwise herein, have no effect on the City's proposal.

110.450(a)(1). The form and content of the Notice were approved by DCCED. In accordance with the procedures governing this proceeding, on May 9, 10, and 11, 2007, the City timely provided Notice to all property owners within the territories proposed for annexation and served the notice on the City of Houston, City of Palmer, and the MSB. Additionally, the notice was timely published in the *Anchorage Daily News* on May 9, 11, and 30; and June 6, 2007. The *Anchorage Daily News* is a newspaper of general circulation in Wasilla.

On May 9, 10, and 11, 2007, the Notice was posted at the following locations within the territories proposed for annexation:

- **Territory 1:** Notice was posted in rights-of-way of West Mission Hills Avenue and North Pine Ridge Loop;
- **Territory 2:** Notice was posted in rights-of-way at intersection of South Maney Drive and South Hermon Road; along South Hermon Road, and along East Duane Drive;
- **Territory 3:** Notice was posted in the right-of-way of South Clapp Road and two sides of parcels in the territory; and
- **Territory 4:** Notice was posted in rights-of-way of East Palmer-Wasilla Highway.

On May 9 and 10, 2007, the Notice was posted at the following locations within the current boundaries of the City:

1. Wasilla City Hall: Clerk's Office and the Economic and Community Development Department;
2. Wasilla Public Library;
3. Wasilla Multi-Use Sports Complex;
4. Wasilla Alaska Club;
5. Wells Fargo Bank, Cottonwood Creek Mall;
6. Wasilla Carr's Safeway;
7. Central Matanuska-Susitna Public Safety Bldg. Station #61; and
8. Cottonwood Public Safety Bldg. Station #65.

On May 14, 2007, Ordinance Serial No. 07-34(SUB-1) authorizing the filing of the annexation proposal with the LBC was introduced to the Wasilla City Council for consideration. Following a public hearing on June 11, the City Council unanimously adopted a corrected version of the ordinance on the same date.

On June 29, 2007, the City provided a full set of Petition documents for public review at the location(s) listed below, which are open to the public on the days and times listed below.

- Wasilla City Hall, Clerk's Office (open from 8 a.m. to 5 p.m., Monday – Friday);
- Wasilla City Hall, Planning Department (open from 8 a.m. to 5 p.m., Monday – Friday);
- Wasilla Public Library (open from 2 p.m. - 6:00 p.m., Monday; 10 a.m. - 8 p.m., Tuesday and Thursday; 10 a.m. - 6 p.m., Wednesday and Friday; and 1 p.m. - 5 p.m., Saturday).

The City's Petition, dated June 29, 2007, was received by DCCED on July 3, 2007.

DCCED conducted a technical review of the Petition on August 14, 2007. The review was carried out in the manner and within the time constraints imposed by 3 AAC 110.440. Based on the review, DCCED determined that the form of the Petition was proper and its contents complete.

State law (3 AAC 110.590(a)(6)) provides that interested persons may submit written comments regarding the report. Comments may be submitted by mail, courier, facsimile, or e-mail. To be considered, comments must be received at the following location by 4:30 p.m., September 14, 2007 (three days prior to the LBC's public hearing on the annexation proposal):

**Local Boundary Commission Staff
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550 West Seventh Avenue, Suite 1770
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Fax: 907-269-4539
E-mail: LBC@alaska.gov**

The LBC has scheduled a public hearing on the annexation proposal for September 17, 2007, beginning at 2 p.m. The hearing will be conducted by teleconference. The Wasilla City Council Chambers will be among the teleconference sites. Public notice of the hearing and the hearing agenda are included in Appendix C of this report.

Within 10 days of the hearing, the LBC must conduct a decisional meeting under 3 AAC 110.570. Based on its application of legal standards governing annexation to the evidence in this case, the LBC may approve the Petition, with or without

amendments and conditions, or the LBC may deny the Petition. Following the decisional session, the LBC will adopt a written decisional statement explaining the basis for its decision. The Commission's action is then subject to reconsideration under 3 AAC 110.580, except that a request for reconsideration must be filed within 10 days after a written statement of decision is mailed under 3 AAC 110.570(f).

Under federal law (43 U.S.C. 1973), municipal annexations in Alaska, and other changes affecting voting rights, are subject to review under the Voting Rights Act. The Voting Rights Act forbids any change affecting voting rights that has the purpose or effect of denying or abridging the right to vote for various reasons. If the LBC approves the annexation proposal, the City will bear responsibility for seeking preclearance of the annexation. Under 3 AAC 110.630(a), the annexation will not take effect until "notification of compliance with 42 U.S.C. 1973c (Voting Rights Act of 1965) is received from the United States Department of Justice."

Part III. Findings and Conclusions

AS 29.06.040(a) provides as follows regarding annexation petitions to the LBC:

The Local Boundary Commission may consider any proposed municipal boundary change. The commission may amend the proposed change and may impose conditions on the proposed change. If the commission determines that the proposed change, as amended or conditioned if appropriate, meets applicable standards under the state constitution and commission regulations and is in the best interests of the state, it may accept the proposed change. Otherwise it shall reject the proposed change. A Local Boundary Commission decision under this subsection may be appealed under AS 44.62 (Administrative Procedure Act).

As reflected above, the LBC may approve the pending annexation proposal only if it determines that the proposal meets applicable standards. Those standards are examined in this part of the report. There are nine broadly stated applicable standards, each of which is examined in a separate section in this part of the report. Each section begins with a statement of the standard. Facts relevant to the standard are then addressed. Lastly, DCCED states its conclusion whether the applicable standard has been met.

Section 1: Needs of the territory

The standard established in law:

3 AAC 110.090. Needs of the territory. (a) The territory must exhibit a reasonable need for city government. In this regard, the commission may consider relevant factors, including

(1) existing or reasonably anticipated social or economic conditions, including the extent to which residential and commercial growth of the community has occurred or is reasonably expected to occur beyond the existing boundaries of the city;

(2) existing or reasonably anticipated health, safety, and general welfare conditions;

(3) existing or reasonably anticipated economic development;

(4) adequacy of existing services;

(5) extraterritorial powers of the city to which the territory is proposed to be annexed and extraterritorial powers of nearby municipalities; and

(6) whether residents or property owners within the territory receive, or may be reasonably expected to receive, directly or indirectly, the benefit of services and facilities provided by the annexing city.

(b) Territory may not be annexed to a city if essential city services can be provided more efficiently and more effectively by another existing city or by an organized borough on an areawide basis or non-areawide basis, or through an existing borough service area.

DCCED's Findings and Conclusions:

The community of Wasilla is at the core of one of the fastest growing areas in Alaska. In 2000, the population within the City was 5,469. The State Demographer estimates that the 2006 population within the City had grown to 6,775, an increase of 23.9 percent.

As robust as the population growth has been, the growth in commercial activity is even substantially greater. In fact, as measured by reported taxable retail sales transactions, commercial activity in the City grew by more than 2.4 times the growth in population during the same period. In 2000, retail sales subject to the City's sales tax amounted to an estimated \$263,629,300.⁷ In comparison, 2006 retail sales transactions subject to the tax amounted to an estimated \$417,352,200.⁸ That represents a 58.3 percent growth in taxable retail sales.

Governor Palin, who served two terms on the Wasilla City Council followed by two terms as Mayor, recently reflected on the demands faced by the City to provide services:

As mayor of Wasilla, I witnessed the pressures rapid population growth have on public services – public safety, schools, roads, clean water, and other government services – and how to pay for them. We addressed these through prudent and thoughtful investment in public services in a partnership among the federal, state, borough and local governments.

Alaska Economic Trends, p. 3, Alaska Department of Labor and Workforce Development (June 2007).

The City reports in its Petition that two of the four territories proposed for annexation are currently in the process of being developed. Specifically, the City states:

Property owners in [Territory] 1 have requested annexation of this land zoned for residential use. Residential properties within the City of Wasilla enjoy low taxes with a current City property tax [mill] rate of "zero" (0.0) for property within the City limits.

The property owners of [Territory] 2 have requested annexation into the City of Wasilla and have proposed a commercial

⁷ *Alaska Taxable – 2000*, p. 15, DCCED (January 2001), reported that the City collected \$5,272,586 from a 2 percent sales tax during 2000. That represents taxable sales of \$263,629,300.

⁸ *Alaska Taxable – 2006*, p. 15, DCCED (January 2007), reported that the City collected \$10,433,805 from a 2.5 percent sales tax in 2006. That represents taxable sales of \$417,352,200.

development consisting of approximately 450,000⁹ sq. ft. of commercial/retail space called "Creekside Town Square" which is projected by the developer to have approximately \$26,000,000/Year in total direct economic impact to the community. Wasilla would receive approximately \$2,430,000 annually based on a Wasilla Sales tax of 2.5% for businesses that are developed on [Territory] 2 land proposed to be annexed in the city.

Petition, p. 3.



Existing commercial development in the City of Wasilla.

The City indicates that no development proposal has been submitted for Territories 3 or 4. (Petition, p. 6). However, given the impressive growth in population and commercial activities, it is reasonable to assume that Territories 3 and 4 will be developed in coming years.

DCCED concludes that the circumstances above demonstrate that a reasonable need for city government exists with respect to the territories proposed for

⁹ Other materials provided to DCCED by the City indicate that the Creekside Townsquare development will comprise approximately 420,000 square feet.

annexation. DCCED concludes further that the City can provide essential city services¹⁰ to the territory proposed for annexation more efficiently and more effectively than another existing city, the MSB on an areawide basis or non-areawide basis, or through an existing borough service area. Thus, DCCED concludes that the proposed annexation meets the standard set out in 3 AAC 110.090.

Section 2: Character of the territory

The standard established in law:

3 AAC 110.100. Character. The territory must be compatible in character with the annexing city. In this regard, the commission may consider relevant factors, including the

(1) land use and subdivision platting;

¹⁰ The provisions of 3 AAC 110.970(c) and (d) state:

(c) If a provision of this chapter provides for the identification of essential city services, the commission will determine those services to consist of those mandatory and discretionary powers and facilities that, as determined by the commission,

(1) are reasonably necessary to the community; and

(2) cannot be provided more efficiently and more effectively

(A) through some other agency, political subdivision of the state, regional educational attendance area, or coastal resource service area; or

(B) by the creation or modification of some other political subdivision of the state, regional educational attendance area, or coastal resource service area.

(d) The commission may determine essential city services to include

(1) levying taxes;

(2) for a city in the unorganized borough, assessing and collecting taxes;

(3) for a first class or home rule city in the unorganized borough, providing primary and secondary education in the city;

(4) public safety protection;

(5) planning, platting, and land use regulation; and

(6) other services that the commission considers reasonably necessary to meet the local governmental needs of the community.

- (2) salability of land for residential, commercial, or industrial purposes;
- (3) population density;
- (4) cause of recent population changes; and
- (5) suitability of the territory for reasonably anticipated community purposes.

DCCED's Findings and Conclusions:

Each of the four territories proposed for annexation is relatively small (ranging in size from 2.03 acres to 65.98 acres). Collectively, the 134.5 acres proposed for annexation represent a modest (1.6 percent) expansion of the City's jurisdictional territory, which currently comprises 8,458 acres (13.2 square miles). Moreover, each of the territories adjoins the boundaries of the City. These circumstances alone provide strong evidence that the territories proposed for annexation are compatible in character with the territory within the existing City.

Compatibility is further demonstrated by the fact that Territory 1 is being developed for residential purposes, similar to adjoining properties. Territory 1 is surrounded on three sides by territory already within the City. Territory 2 is the site of a major commercial development that extends into territory already within the existing boundaries of the City. Territory 3, the largest of the four territories, adjoins the Wasilla Airport. Territory 4, the smallest of the four territories, is (like Territory 1) surrounded on three sides by territory currently within the boundaries of the City.

DCCED concludes from the circumstances above that each of the four territories is compatible with the character of the territory presently within the boundaries of the City. Thus, DCCED concludes further that the standard set out in 3 AAC 110.100 is met.

Section 3: Resources

The standard established in law:

3 AAC 110.110. Resources. The economy within the proposed boundaries of the city must include the human and financial resources necessary to provide essential city services on an efficient, cost-effective level. In this regard, the commission may consider relevant factors, including the

(1) reasonably anticipated functions of the city in the territory being annexed;

(2) reasonably anticipated new expenses of the city that would result from annexation;

(3) actual income and the reasonably anticipated ability to generate and collect local revenue and income from the territory;

(4) feasibility and plausibility of those aspects of the city's anticipated operating and capital budgets that would be affected by the annexation through the third full fiscal year of operation after annexation;

(5) economic base of the city after annexation;

(6) property valuations in the territory proposed for annexation;

(7) land use in the territory proposed for annexation;

(8) existing and reasonably anticipated industrial, commercial, and resource development;

(9) personal income of residents in the territory and in the city; and

(10) need for and availability of employable skilled and unskilled persons to serve the city as a result of annexation.

DCCED's Findings and Conclusions:

The City provides the following services and facilities within its existing boundaries of the City:

- Streets, roads, sidewalks, paths and trails, including related water drainage;
- Landscaping, and parking;
- Sewers and sewage treatment;
- Water treatment and distribution, including fire hydrants;
- Utility easements;
- Police protection;
- Parks, playgrounds, sports fields, and recreation;
- Libraries, museums, and other public buildings and grounds;
- Airports and aviation;
- Cemeteries;

- Planning and land use regulation; and
- Economic development.

The City estimates that there are fewer than 25 residents within the territories proposed for annexation. Since the City does not levy a property tax, annexation of inhabited residential territories will result in some increase in costs to the City without a commensurate increase in tax revenues.

The adverse fiscal impact stemming from annexation of the residential property will be far outweighed by annexation of Territory 2. That area is the site of a proposed 420,000-square-foot Creekside Townsquare development. Based on figures provided by the developer, the City projects that the development will turn out \$97,200,000 in annual taxable retail sales. With a sales tax levy of 2.5 percent, that level of sales would generate an estimated \$2,430,000 in new tax revenues for the City.



Residential construction in Territory 1.

The City is a strong and sophisticated local government with ample human and financial resources. City officials have judged the annexation proposal to be fiscally sound.

Based on the evidence above, DCCED concludes that the economy within the proposed expanded boundaries of the City includes the human and financial resources necessary to provide essential city services on an efficient, cost-effective level. Thus, in DCCED's view, the standard set out in 3 AAC 110.110 is met.

Section 4: Population

The standard established in law:

3 AAC 110.120. Population. The population within the proposed boundaries of the city must be sufficiently large and stable to support the extension of city government. In this regard, the commission may consider relevant factors, including

- (1) total census enumeration;
- (2) duration of residency;
- (3) historical population patterns;

- (4) seasonal population changes; and
- (5) age distributions.

DCCED's Findings and Conclusions:

The most recent population figures certified by DCCED estimate that the population of the City was 6,775 in 2006. The City estimates that the territories proposed for annexation are inhabited by about 25 individuals. Annexation would minimally increase the size of the population within the boundaries of the City (less than four-tenths of 1 percent). Annexation would have virtually no effect on the stability of the population.

DCCED concludes that the City's population would remain sufficiently large and stable to support the extension of city government. Therefore, DCCED concludes that the standard in 3 AAC 110.120 is met.

Section 5: Boundaries

The standard established in law:

3 AAC 110.130. Boundaries. (a) The proposed boundaries of the city must include all land and water necessary to provide the full development of essential city services on an efficient, cost-effective level. In this regard, the commission may consider relevant factors, including

- (1) land use and ownership patterns;
- (2) population density;
- (3) existing and reasonably anticipated transportation patterns and facilities;
- (4) natural geographical features and environmental factors; and
- (5) extraterritorial powers of cities.

(b) Absent a specific and persuasive showing to the contrary, the commission will presume that territory that is not contiguous to the annexing city, or that would create enclaves in the annexing city, does not include all land and water necessary to allow for the full development of essential city services on an efficient, cost-effective level.

(c) The proposed boundaries of the city must include only that area comprising an existing local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of annexation.

(d) The proposed boundaries of the city may not include entire geographical regions or large unpopulated areas, except if those boundaries are justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.135.

(e) If a petition for annexation to a city describes boundaries overlapping the boundaries of an existing organized borough, the petition for annexation must also address and comply with the standards and procedures for either annexation of the enlarged city to the existing organized borough, or detachment of the enlarged city from the existing organized borough. If a petition for annexation to a city describes boundaries overlapping the boundaries of another existing city, the petition for annexation must also address and comply with the standards and procedures for detachment of territory from a city, merger of cities, or consolidation of cities.

DCCED's Findings and Conclusions:

The territories proposed for annexation comprise 134.5 acres. The territory within the existing boundaries of the City is relatively small (8,458 acres) compared to many city governments in Alaska. As such, neither the territories proposed for annexation nor the proposed post-annexation boundaries of the City include large, unpopulated, geographical regions.

Each of the four territories proposed for annexation is contiguous to the City boundaries and will not create enclaves in the expanded boundaries of the City. Moreover, annexation will have no adverse impact on the extent to which the boundaries of the City include all land and water necessary to provide the full development of essential city services on an efficient, cost-effective level.

Annexation will not add territory beyond the community of Wasilla, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of annexation. The proposed expanded boundaries of the City will not overlap the boundaries of the MSB.

DCCED concludes from the findings above that the proposed expanded boundaries of the City satisfy the standards set out in 3 AAC 110.130. That conclusion should not be construed as a presumption that further annexation of territory in the near future as contemplated by the City is unwarranted.

Section 6: Best Interests of the State

The standard established in law:

3 AAC 110.135. Best interests of state. In determining whether annexation to a city is in the best interests of the state under AS 29.06.040 (a), the commission may consider relevant factors, including whether annexation

- (1) promotes maximum local self-government;
 - (2) promotes a minimum number of local government units;
- and
- (3) will relieve the state government of the responsibility of providing local services.

3 AAC 110.980. Determination of best interests of the state. If a provision of AS 29 or this chapter requires the commission to determine whether a proposed municipal boundary change or other commission action is in the best interests of the state, the commission will make that determination on a case-by-case basis, in accordance with applicable provisions of the Constitution of the State of Alaska, AS 29.04, AS 29.05, AS 29.06, and this chapter, and based on a review of

- (1) the broad policy benefit to the public statewide; and
- (2) whether the municipal government boundaries that are developed serve
 - (A) the balanced interests of citizens in the area proposed for change;
 - (B) affected local governments; and
 - (C) other public interests that the commission considers relevant.

DCCED's Findings and Conclusions:

The City's annexation proposal serves the best interests of the state pursuant to article X of the Alaska Constitution and AS 29.06.040(a) by expanding the boundaries of the Wasilla city government to include portions of the community

that have grown beyond the corporate boundaries of the City. All residents of the City will benefit from the positive fiscal impact stemming from annexation. Too, residents and developers of the properties in question will benefit in important ways including property tax relief,¹¹ meaningful land-use regulation to protect property values, and increased public services such as local police.

DCCED concludes from the findings above that annexation is in the best interests of the state. Thus, DCCED concludes that the standard set out in 3 AAC 110.135 is met.

Section 7: Local Action Annexation

The standard established in law:

3 AAC 110.150. Local action. Territory contiguous to the annexing city, that meets the annexation standards specified in 3 AAC 110.090 - 3 AAC 110.135 and has been approved for local action annexation by the commission, may be annexed to a city by any one of the following actions:

(1) city ordinance if the territory is wholly owned by the annexing city;

(2) city ordinance and a petition signed by all of the voters and property owners of the territory;

(3) approval by a majority of voters residing in the territory voting on the question at an election;

(4) approval by a majority of the aggregate voters who vote on the question within the area proposed for annexation and the annexing city;

(5) approval by a majority of the voters who vote on the question within the annexing city if the territory is uninhabited.

¹¹ Upon annexation, each of the four territories would no longer be subject to the MSB's non-areawide levy (currently 0.451 mills). Additionally, Territories 2, 3, and 4 would no longer be subject to MSB road service area levies (currently 1.76 mills for Territory 2 and 4; and 2.7 mills for Territory 3). Territory 1 is not in a road service area.

DCCED's Findings and Conclusions:

In accordance with AS 29.06.040(c)(4) and 3 AAC 110.150(2), annexation of the proposed territory was initiated by all property owners and all registered voters residing in the territory proposed for annexation. The territory proposed for annexation adjoins the existing boundaries of the City of Wasilla. The Wasilla City Council has adopted an ordinance authorizing the filing of the Petition.

DCCED concludes from the findings above that the pending Petition meets applicable local action annexation requirements. Thus, in DCCED's view, the standard set out in 3 AAC 110.150 is satisfied.

Section 8: Transition

The standard established in law:

3 AAC 110.900. Transition. (a) A petition for incorporation, annexation, merger, or consolidation must include a practical plan that demonstrates the capacity of the municipal government to extend essential city or essential borough services into the territory proposed for change in the shortest practicable time after the effective date of the proposed change. A petition for city reclassification under AS 29.04, or municipal detachment or dissolution under AS 29.06, must include a practical plan demonstrating the transition or termination of municipal services in the shortest practicable time after city reclassification, detachment, or dissolution.

(b) Each petition must include a practical plan for the assumption of all relevant and appropriate powers, duties, rights, and functions presently exercised by an existing borough, city, unorganized borough service area, and other appropriate entity located in the territory proposed for change. The plan must be prepared in consultation with the officials of each existing borough, city and unorganized borough service area, and must be designed to effect an orderly, efficient, and economical transfer within the shortest practicable time, not to exceed two years after the effective date of the proposed change.

(c) Each petition must include a practical plan for the transfer and integration of all relevant and appropriate assets and liabilities of an existing borough, city, unorganized borough service area, and other entity located in the territory proposed for change. The plan must be prepared in consultation with the officials of each existing borough, city, and unorganized borough service area

wholly or partially included in the area proposed for the change, and must be designed to effect an orderly, efficient, and economical transfer within the shortest practicable time, not to exceed two years after the date of the proposed change. The plan must specifically address procedures that ensure that the transfer and integration occur without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities.

(d) Before approving a proposed change, the commission may require that all boroughs, cities, unorganized borough service areas, or other entities wholly or partially included in the area of the proposed change execute an agreement prescribed or approved by the commission for the assumption of powers, duties, rights, and functions, and for the transfer and integration of assets and liabilities.

DCCED's Findings and Conclusions:

The City sets out a four-page Transition Plan in Exhibit E of its Petition.

The Transition Plan indicates that the City has no plans over the next eight years to extend sewer and water services to Territories 1, 3, and 4 proposed for annexation. However, the City is currently working with the developer of the Creekside Townsquare development in Territory 2 regarding the extension of water and sewer services to that development.¹²

In terms of planning and land-use regulation, the City states in its Transition Plan as follows:

The areas inside city limits adjacent to the territories proposed for annexation are currently zoned as R-1, Single-Family Residential and RR-Rural Residential for Area 1; C-Commercial for Area 2; I-Industrial for Area 3; and C-Commercial for Area 4. The four areas subject to this annexation will fit reasonably within the City zoning to which they are adjacent. Once annexed, a recommendation will be made to the Wasilla Planning Commission to zone the newly annexed territory in conformance with existing zoning of the

¹² Any necessary expansion of the City's water and sewer service areas to provide such services would be subject to approval by the Regulatory Commission of Alaska, which has jurisdiction over those matters.

surrounding properties within thirty days following the effective date of annexation. Wasilla Municipal Code §16.08.140 states "All territory which may hereinafter be annexed to the city shall be placed in an appropriate zoning district(s) by recommendation of the commission based upon existing and proposed land use and the comprehensive plan." Therefore, once annexed, the territory will be zoned in accordance with the zoning plan of the City of Wasilla shortly following the effective date of annexation.

The City indicates in its Transition plan that there are no challenges to extending road maintenance services because of the close proximity and small size of the territories to be annexed.

Regarding taxes, as noted above, the City does not levy a property tax. However, its 2.5 percent sales tax would be imposed on the territories upon annexation, although there are no businesses currently operating in the territories proposed for annexation.

The territories proposed for annexation currently lie within the statewide jurisdiction of the Alaska State Troopers and are within the MSB Central Emergency Services (CES) area for fire and paramedic response. Once annexation becomes final, the City will notify the Alaska State Troopers and the Wasilla Police Department that the subject property is inside Wasilla Police Department's jurisdiction. CES currently serves the City of Wasilla as well as borough areas outside the City. This service arrangement will not change, and the territory will remain within the CES service area.

The City will assume no assets or liabilities because of annexation. The land within the territories proposed for annexation is privately owned and contains no public infrastructure that the City would gain as either an asset or liability.

The City's Transition Plan indicates that City officials consulted appropriate MSB officials between October 2006 and May 2007. Those officials included the Planning and Land Use Director and Platting Officer, who were consulted regarding planning, platting, legal descriptions, and land use needs. Additionally, the MSB Public Works Director was consulted regarding the borough road service area and transfer of service area to the City. The MSB Assessment Supervisor and Borough Clerk were also consulted.

The City estimates that its transition will be successfully implemented within a few months of the effective date of annexation and following pre-clearance by the U.S. Department of Justice.

Based on the foregoing, DCCED concludes that the City's transition plan is complete and proper. Thus, DCCED concludes that the standards set out in 3 AAC 110.900 are satisfied.

Section 9: Civil and Political Rights

The standard established in law:

3 AAC 110.910. Statement of non-discrimination. A petition will not be approved by the commission if the effect of the proposed change denies any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin.

DCCED's Findings and Conclusions:

Nothing in these proceedings suggest that the proposed annexation will adversely affect the enjoyment of any individual's civil or political rights, including voting rights, because of race, color, creed, sex, or national origin. As noted earlier, the City estimates that there are fewer than 25 residents within the territories proposed for annexation. Six of the residents are registered voters.

Based on the foregoing, DCCED concludes that annexation will result in no illegal discrimination. Thus, in DCCED's view, the standard set out in 3 AAC 110.910 is satisfied.

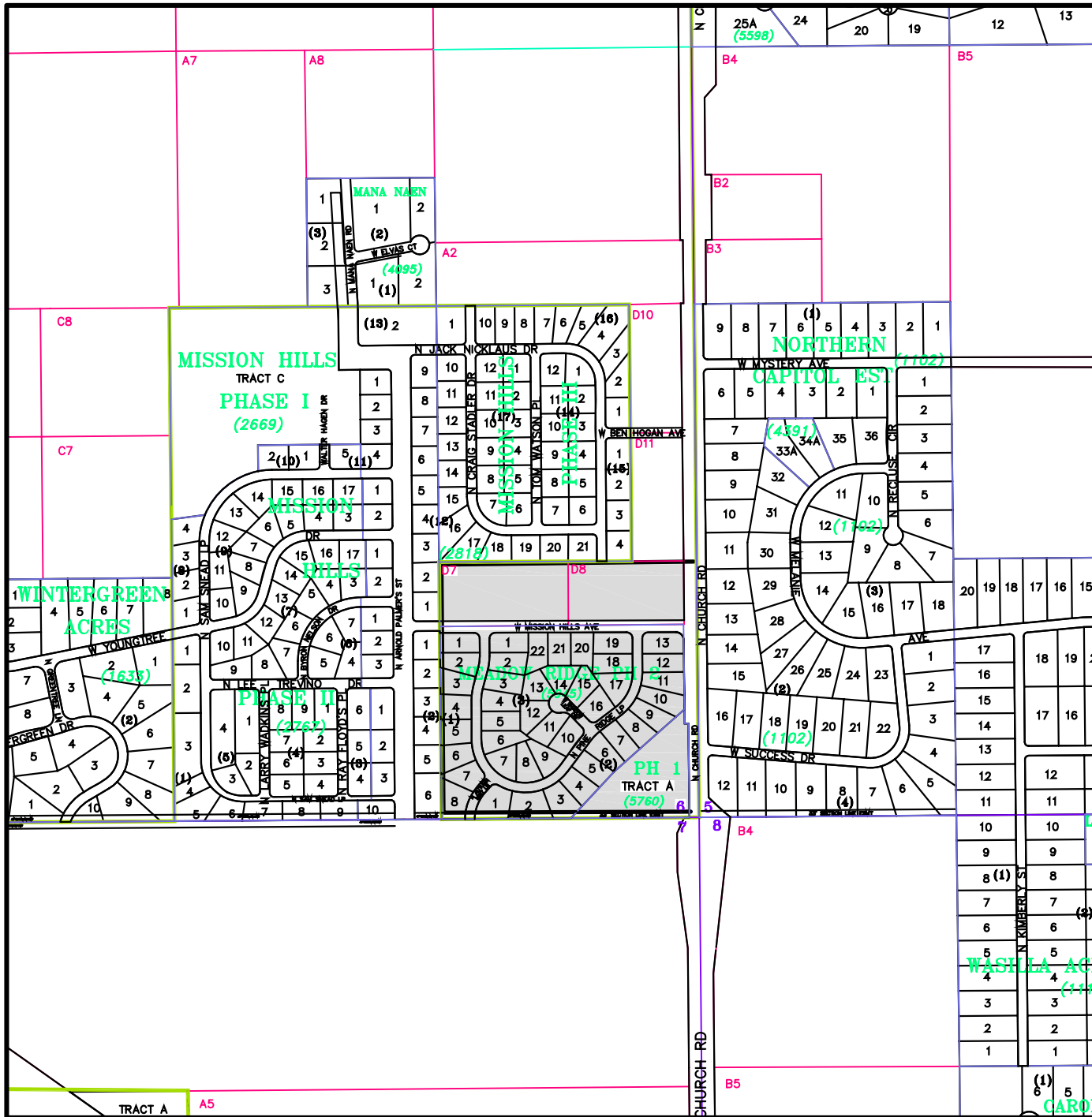
Part IV. Recommendation

DCCED concluded in Part III of this report that all of the applicable standards for annexation of the territory are met. Based on the findings and conclusions set out in Part III, DCCED hereby recommends that the LBC grant the City's Petition for annexation of 134.5 acres.

If the LBC approves the Petition, annexation will take effect when the City provides notification to the Commission that the U.S. Department of Justice has granted preclearance for the annexation under 42 U.S.C. 1973c (Voting Rights Act of 1965). Following such notification, DCCED will issue a certificate describing the annexation.

Appendix A

Map of each of the four territories proposed for annexation.



AREA 1

Area to be annexed approximately 36.55-acres located within Section 6, Township 17 North, Range 01 West, Seward Meridian, Alaska.

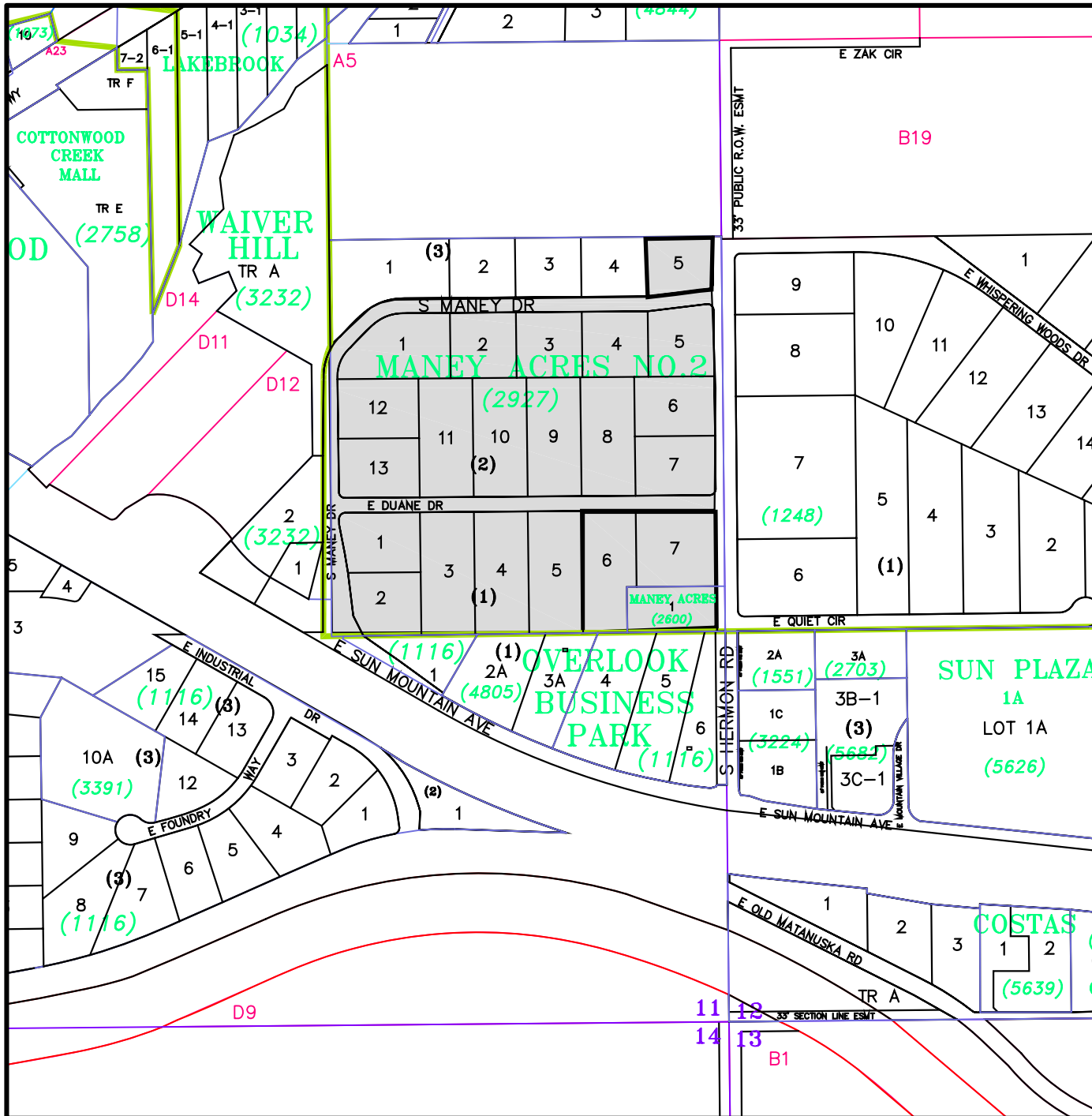


NTS

KEY



SUBJECT PARCEL



AREA 2

Proposed annexation area within Section 11, Township 17 North, Range 01 West, Seward Meridian Alaska including Maney Acres No. 2, Block 1, Lots 1-7; Block 2, Lots 1-13; Block 3, Lot 5 & Maney Acres Lot 1 for an approximate total of 29.94-acres.

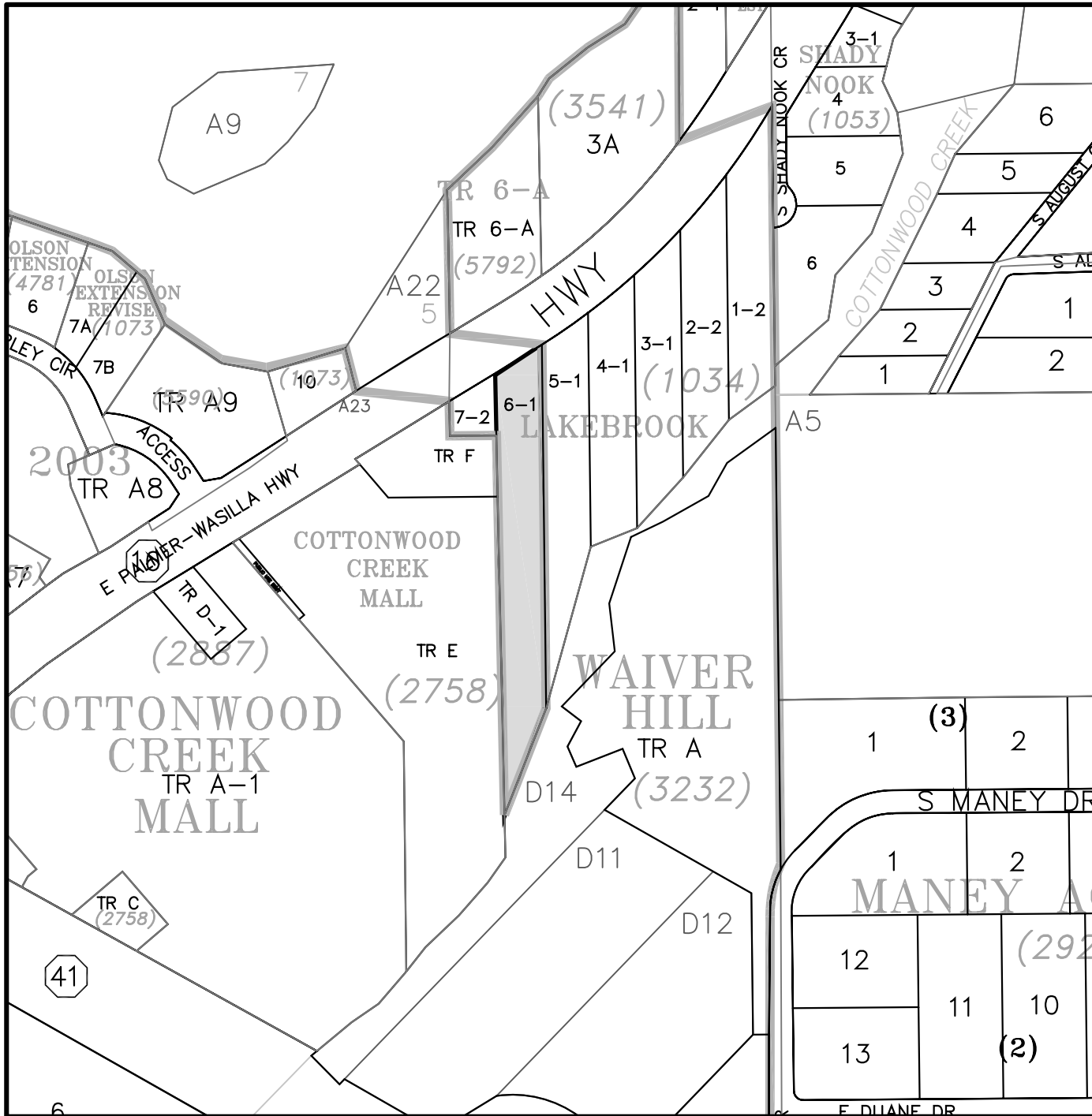


NTS

KEY



SUBJECT PARCEL



AREA 4

Proposed annexation area within
 Section 11, Township 17 North,
 Range 01 West, Seward Meridian
 Alaska
 Approximately 2.03-acres.



KEY



SUBJECT PARCEL

Appendix B

**Letter of April 27, 2007, from the Honorable Dianne M. Keller, Mayor,
City of Wasilla, requesting waiver and relaxation of applicable
regulations.**

DIANNE M. KELLER
MAYOR

CITY OF WASILLA

290 E. Herning Ave.
Wasilla, AK 99654-7091
Phone: (907) 373-9055
Fax: (907) 373-9096

April 27, 2007

Local Boundary Commission
Department of Commerce, Community, and Economic Development
550 West Seventh Avenue, Suite 1770
Anchorage, Alaska 99501-3510

RE: Request to relax or suspend procedural requirements set forth in 3 AAC 110.400 - 3 AAC 110.660.

Dear Local Boundary Commissioners:

The City of Wasilla (City) has received five petitions for annexation of territories under AS 29.06.040(c)(4) at the request of all property owners and voters in each of those territories. The estimated size of each of the five territories is, respectively, 36.78 acres; 33.80 acres; 65.98 acres; 2.03 acres; and 70.16 acres.

The City is currently developing a petition to the Local Boundary Commission for annexation of the five territories. In that regard, the City requests that the Commission relax or suspend certain procedural requirements of 3 AAC 110.400 - 3 AAC 110.660 for the prospective annexation proposal.

There are fewer than 25 residents in all of the five territories. The 2006 population estimate within the current boundaries of the City of Wasilla was estimated to be 6,775 persons as prepared and certified by the State Demographer at the Department of Labor and Workforce Development; State of Alaska, Department of Commerce Community and Economic Development. The US Census Bureau Populations Estimate Program indicates the July 1, 2005 population estimate for Wasilla to be 8,471.

The provisions of 3 AAC 110.660 allow the Commission to relax or suspend the procedural requirements in 3 AAC 110.400 - 3 AAC 110.660 if it "determines that a strict adherence to the regulations would work injustice, would result in a substantially uninformed decision, or would not serve relevant constitutional principles in the broad public interest."

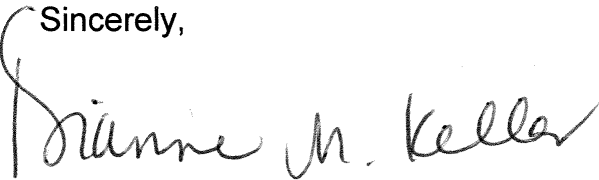
The City requests that the following procedural requirements of 3 AAC 110.420(b) (Petition Form and Content) be relaxed or suspended in order to "facilitate the reasonable, speedy, and inexpensive determination" of this prospective annexation request pursuant to 3 AAC 110.660:

- 1) Relax provisions in 3 AAC 11.420(b)(6) to require only legal descriptions and maps, but not plats;
- 2) Suspend the requirements in 3 AAC 110.420(b)(12) regarding three-year revenue, operating and capital budgets;
- 3) Relax the requirements in 3 AAC 110.420(b)(18) to allow a summary brief in lieu of a detailed brief.

In addition, the City requests that the Commission relax or suspend the existing procedural requirements in 3 AAC 110.400 - 3 AAC 110.660 for a local action annexation by unanimous consent to the extent that the City would comply only with the requirements set forth in the February 2, 2007, proposed revisions to 3 AAC 110.590, as amended by the Commission on April 24, 2007. Those provisions are reflected in the enclosure.

Approval of this request will ensure a reasonable, timely, and inexpensive determination by the Local Boundary Commission pursuant to 3 AAC 110.660.

Sincerely,

A handwritten signature in black ink that reads "Dianne M. Keller". The signature is written in a cursive style with a large initial 'D'.

Dianne M. Keller
Mayor

Enclosure

Proposed 3 AAC 110.590 as Published by the Local Boundary
Commission on February 2, 2007, and amended by the
Commission on April 24, 2007.

3 AAC 110.590. Modified procedures for certain local action annexations. (a)

Except as otherwise provided in this section, if a petition is filed with the department under a local action method provided for in AS 29.06.040(c)(3) or (c)(4) for annexation of adjacent municipally owned property or adjacent property by unanimous consent of voters and property owners, only the following procedures specified in 3 AAC 110.400 – 3 AAC 110.990 are required:

- (1) filing a petition under 3 AAC 110.420;
- (2) technical review of the petition under 3 AAC 110.440;
- (3) notice and service of the petition under 3 AAC 110.450 - 3 AAC

110.470, unless the petitioning municipality, at least 30 days before the adoption of its authorizing ordinance under AS 29.06.040(c)(2) or (c)(3), publishes notice of the annexation proposal in a newspaper of general circulation in the area or territory proposed for annexation and provides the notice to each owner of property abutting the boundaries proposed for annexation. That pre-ordinance notice

(A) must be published at least once in the format prescribed by 3 AAC 110.450(a)(1);

(B) must be served on each municipality within 20 miles of the boundaries of the area or territory proposed for change;

(C) must be posted in accordance with 3 AAC 110.450(a)(2) except that the posting shall occur on or before the date that the notice is published under (A) of this paragraph;

(D) must remain posted in accordance with 3 AAC 110.450(a)(3) except that the posting deadline is determined under (4)(B) of this subsection; and

(E) may be broadcast as a public service announcement under 3 AAC 110.450(a)(5) at the discretion of the petitioning municipality;

(4) responsive briefs and comments under 3 AAC 110.480, except that the time allowed under 3 AAC 110.640 for the filing of responsive briefs and comments is limited to 14 days from

(A) the date of first publication of the notice of filing of the petition; or

(B) the adoption of the ordinance required by AS 29.06.040(c)(2) or (c)(3) if the petitioning municipality published notice at least 30 days before adoption of the ordinance;

(5) a reply brief under 3 AAC 110.490, except that the time allowed under 3 AAC 110.640 for the filing of a reply brief is limited to seven days from the date that the petitioner received the responsive brief;

(6) a departmental report under 3 AAC 110.530, except that the department shall issue only one report concerning the local action annexation proposal at least 10 days before the public hearing under 3 AAC 110.550; interested persons may submit written comments to the department on its report no later than three days before the public hearing;

(7) the commission's public hearing under 3 AAC 110.550, except that the commission may conduct the hearing by teleconference;

(8) the decisional meeting under 3 AAC 110.570, except that the commission will convene a decisional meeting to examine the written briefs, exhibits, comments, and testimony and to reach a decision regarding the proposed change within 10 days of the last hearing on the petition;

(9) reconsideration under 3 AAC 110.580, except that a request for reconsideration must be filed within 10 days after a written statement of decision is mailed under 3 AAC 110.570(f); and

(10) the amendment and withdrawal provisions of 3 AAC 110.540 and 3 AAC 110.545.

(b) The commission may expand local action procedures for annexations under (a) of this section, so that those procedures include other requirements of 3 AAC 110.400 - 3 AAC 110.990, such as informational sessions, and public meetings and hearings, if the commission determines that the best interests of the state will be enhanced. (c) The commission may further relax, reduce, or eliminate local action procedures for annexation under (a) of this section if the commission determines that the best interests of the state will be enhanced.

(d) Repealed 5/19/2002.

(e) If the commission determines that the balanced best interests of the locality and the state are enhanced by statewide participation, the commission may convert a local action petition for an annexation described in (a) of this section to a legislative review petition.

(f) If the petitioning municipality publishes a pre-ordinance notice as provided for under (a)(3) of this section, the municipality shall file with the department a copy of

(1) the publisher's affidavit of publication of the notice;

(2) written comments submitted to the municipality regarding the annexation proposal; and

(3) the minutes of all council or assembly meetings at which the proposal was addressed by the petitioning municipality. (Eff. 7/31/92, Register 123; am 5/19/2002, Register 162; am __/__/__, Register ____)

Authority:	Art. X, sec. 1, Ak Const.	AS 29.06.040	AS 44.33.812
	Art. X, sec. 3, Ak Const.	AS 29.06.090	AS 44.33.814
	Art. X, sec. 7, Ak Const.	AS 29.06.450	AS 44.33.818
	Art. X, sec. 12, Ak Const.	AS 44.33.020	AS 44.33.826
	Art. X, sec. 14, Ak Const.		

Appendix C

Public notice and agenda for LBC hearing on September 17, 2007.

**State of Alaska
Local Boundary Commission (LBC)**

**Notice of Public Hearing and Decisional Meeting Regarding Proposal by City of Wasilla to
Annex 134.5 Acres with Consent of All Property Owners and Resident Voters**

**September 17, 2007 – 2 p.m.
Wasilla City Council Chambers, Wasilla City Hall
290 East Herning Avenue, Wasilla, Alaska**

On the date and at the time noted above, the LBC will convene a public hearing under 3 AAC 110.560 regarding the June 29, 2007, Petition by the City of Wasilla to annex an estimated 134.5 acres upon consent of all property owners and resident registered voters in four territories adjoining the existing boundaries of the City of Wasilla. The four territories include 36.55 acres comprised of the 43-lot Meadow Ridge Subdivision and three adjoining lots; 29.94 acres comprised of the Maney Acres Subdivision; 65.98 acres south of the Wasilla Airport at the northern projection of Clapp Road; and 2.03 acres fronting Cottonwood Creek and the Palmer-Wasilla Highway. The hearing will be conducted by teleconference. The Wasilla City Council Chambers will be among the teleconference sites.

Following the public hearing, the LBC may convene a decisional meeting under 3 AAC 110.570, to act on the proposal. The hearing agenda and information concerning hearing, decisional meeting, and other aspects of the annexation proposal may be obtained from:

LBC Staff
Department of Commerce, Community, and Economic Development
550 West Seventh Avenue, Suite 1770
Anchorage, Alaska 99501-3510

Telephone: (907) 269-4501
Fax: (907) 269-4539
E-mail: LBC@commerce.state.ak.us

The annexation petition and meeting agenda are available online at <http://www.commerce.state.ak.us/dca/lbc/lbc.htm> (Wasilla annexation quick link). Printed materials and additional information are also available from LBC Staff.

Persons interested in receiving future LBC notices by electronic mail may subscribe to the LBC notice list service by visiting the LBC Website set out above, clicking on the link to the *LBC Subscription Service*, and following the instructions.

Teleconference sites for the proceedings may be added for the convenience of the public and/or LBC members. Individuals with disabilities who need auxiliary aids, services, or special modifications to participate should contact LBC Staff.



State of Alaska Local Boundary Commission

550 West Seventh Avenue, Suite 1770 • Anchorage, Alaska 99501
Telephone: 907-269-4501 • Fax 907-269-4539

AGENDA

PUBLIC HEARING AND DECISIONAL MEETING REGARDING PROPOSAL BY CITY OF WASILLA TO ANNEX 134.5 ACRES WITH CONSENT OF ALL PROPERTY OWNERS AND RESIDENT VOTERS

**September 17, 2007 – 2 p.m.
Wasilla City Council Chambers, Wasilla City Hall*
290 East Herning Avenue, Wasilla, Alaska**

- I. Call to order
- II. Roll call and determination of quorum
- III. Approval of agenda
- IV. Comments by members of the Local Boundary Commission
- V. Comments by members of the public concerning matters not on the agenda
- VI. Public hearing on June 29, 2007, Petition by the City of Wasilla to annex approximately 134.5 acres upon unanimous consent of all property owners and all resident registered voters
 - A. Summary by Staff of its conclusions and recommendations
 - B. Petitioner's opening statement (limited to 10 minutes)
 - C. Sworn testimony of witnesses called by the Petitioner
 - D. Period of public comment by interested persons (limited to 3 minutes per person)
 - E. Petitioner's closing statement (limited to 10 minutes)
- VII. Decisional session (optional at this time)
- VIII. Comments from Commissioners and Staff
- IX. Adjourn

*The meeting will be conducted by teleconference originating at 550 West Seventh Avenue, Suite 1760.