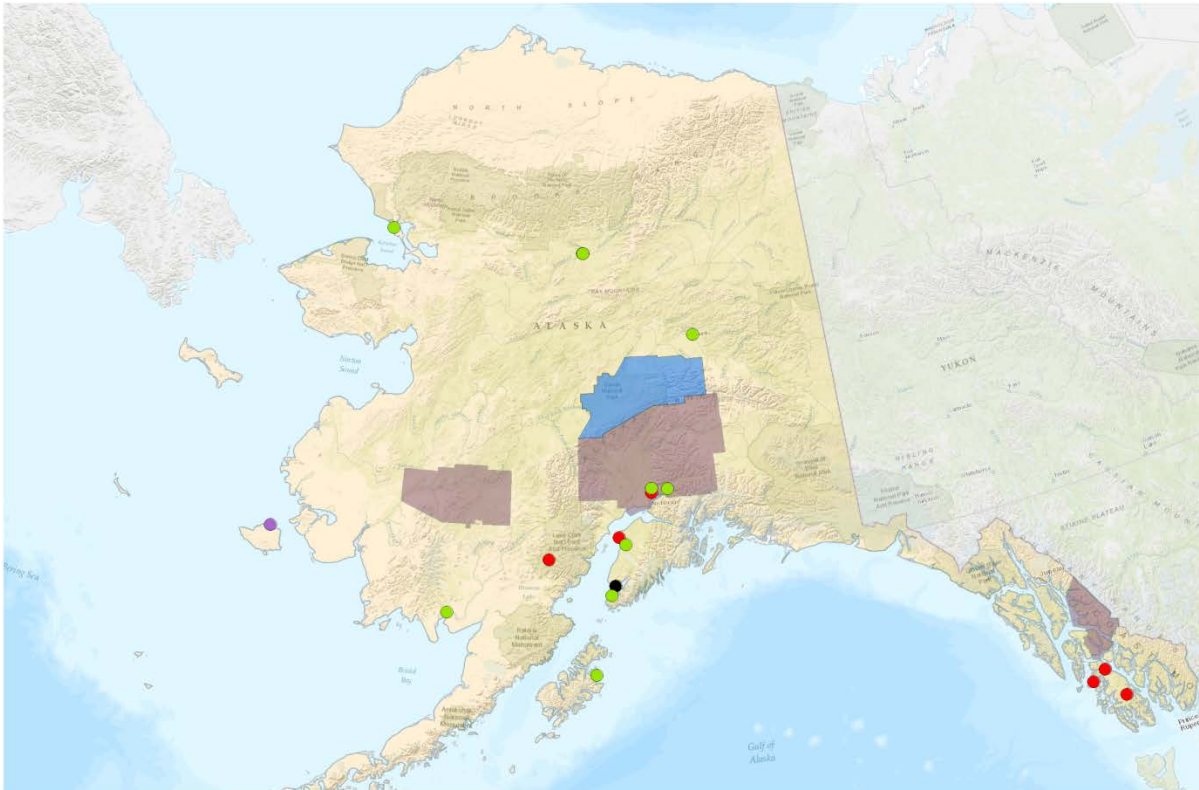


Local Boundary Commission
Report to the 29th Alaska State Legislature, 1st Session
February 2015



Inquiries or petitions to the LBC

- | | | |
|---|---|--|
| <ul style="list-style-type: none">● City incorporation<ul style="list-style-type: none">• Big Lake• Edna Bay• Hollis• Nikiski• Port Alsworth• Whale Pass | <ul style="list-style-type: none">● City annexation<ul style="list-style-type: none">• Allakaket• Dillingham• Houston• Kodiak• Kotzebue• North Pole• Palmer• Seldovia• Soldotna | <ul style="list-style-type: none"> Borough Detachment and Annexation<ul style="list-style-type: none">• Denali<ul style="list-style-type: none">● City Dissolution<ul style="list-style-type: none">• Mekoryuk● City Reclassification<ul style="list-style-type: none">• Homer |
| <ul style="list-style-type: none"> Borough Incorporation<ul style="list-style-type: none">• Kuspuk• Northern Matanuska-Susitna Borough• Petersburg | | |

Lynn Chrystal, Chair
John Harrington, First Judicial District
Robert Harcharek, Second Judicial District
Darroll Hargraves, Third Judicial District
Lavell Wilson, Fourth Judicial District



Local Boundary Commission
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<http://www.commerce.alaska.gov/dcra/lbc/lbc.htm>

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State of Alaska Local Boundary Commission

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February 2015

As members of the Local Boundary Commission (LBC), we are pleased to present our annual report to the Second Session of the Twenty-eighth Alaska State Legislature. This report describes the LBC and the activities of the commission and its staff. This report covers the first 10 months of the calendar year. The last two months of 2015 will be reported in the 2016 annual report.

The LBC approved a petition from the city of Allakaket to detach from and concurrently annex to that city. This proposed change is before you for legislative review per article 10, section 2, of Alaska's constitution.

The commission is pleased to dedicate this year's report to the surviving members of Alaska's constitutional convention: Former Lieutenant Governor John Coghill, Senator Vic Fischer, and Judge Seaborn Buckalew, Jr., as well as the Chief Clerk, Katie Hurley. Alaskans are grateful for their contributions, as well as those of their departed colleagues.

There are boundary issues, present since statehood, of particular interest to the commission, including:

1. Developing adequate incentives to encourage borough formation and annexation to existing boroughs.
2. Informing the Legislature and Alaskan citizens about the commission's role and duties.

The LBC is eager to work collaboratively with the Alaska State Legislature to address these local boundary change issues, and to help shape our state's future municipal landscape.

Very truly yours,
The Local Boundary Commission

Handwritten signature of Lynn Chrystal in cursive.

Lynn Chrystal, Chair

Handwritten signature of John Harrington in cursive.

John Harrington,
Commissioner

Handwritten signature of Robert A. Harcharek in cursive.

Robert A. Harcharek,
Commissioner

Handwritten signature of Darroll Hargraves in cursive.

Darroll Hargraves,
Commissioner

Handwritten signature of Lavell Wilson in cursive.

Lavell Wilson,
Commissioner

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Chapter 1: Background

Section 1 – Local Boundary Commission

Local Boundary Commission’s Constitutional Foundation

Article X of the Constitution of the State of Alaska created the Local Boundary Commission (also referred to as "LBC" or "commission").¹ The commission is responsible for establishing and modifying proposed municipal government boundaries. The Alaskans who drafted the state's constitution believed that local governments should have authority to determine which powers they would exercise, and they also asserted their belief that the state should set municipal boundaries because “local political decisions do not usually create proper boundaries and that boundaries should be established at the state level.”² Placing decision-making authority with a state body allows debate about boundary changes to be analyzed objectively, taking areawide or statewide needs into consideration.³

Local Boundary Commission’s Statutory Authority

Pursuant to 29.06.040(a):

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.

¹ Article X, section 12 states, “A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local government boundary change. It may present proposed changes to the Legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission or board, subject to law, may establish procedures whereby boundaries may be adjusted by local action.”

² *Fairview Public Utility District No. 1 v. City of Anchorage*, 368 P.2d 540, 543 (Alaska 1962) (citing Alaska Constitutional Convention Minutes of Committee on Local Government, November 28 and December 4, 1955).

³ *Id.*

LBC Duties and Functions

The LBC acts on proposals for several different municipal (cities and boroughs) boundary changes. These are:

- Incorporating municipalities
- Annexing to municipalities
- Detaching from municipalities
- Merging municipalities
- Consolidating municipalities
- Reclassifying municipalities
- Dissolving municipalities

In addition to acting on the above proposals for municipal boundary changes, the LBC under AS 44.33.812 shall:

- Make studies of local government boundary problems
- Adopt regulations providing standards and procedures for municipal incorporation, annexation, merger, consolidation, detachment, dissolution and reclassification

Nature of the Commission

Boards and commissions frequently are classified as quasi-executive, quasi-legislative, or quasi-judicial, based on their functions within the Alaska constitution's separation of powers framework. The LBC is a quasi-legislative commission with quasi-executive and quasi-judicial attributes, all of which are discussed below.

Quasi-Legislative

In 1974, 1976, and again in 1993, the Alaska Supreme Court stated that Alaska's constitution gives the LBC legislative authority to make fundamental public policy decisions. The court stated that:

[T]he Local Boundary Commission has been given a broad power to decide in the unique circumstances presented by each petition whether borough government is appropriate. Necessarily, this is an exercise of delegated legislative authority to reach basic policy decisions. Accordingly, acceptance of the incorporation petition should be affirmed if we perceive in the record a reasonable basis of support for the Commission's reading of the standards and its evaluation of the evidence.⁴

⁴ *Mobil Oil Corp. v. Local Boundary Comm'n*, 518 P.2d 92, 98-99 (Alaska 1974). See also *Moore v. State*, 553 P.2d 8, n. 20 at 36 (Alaska 1976); and *Valleys Borough Support v. Local Boundary Comm'n*, 863 P.2d 232, 234 (Alaska 1993).

Under AS 44.33.812(a)(2), the LBC carries out another quasi-legislative duty when it adopts “regulations providing standards and procedures for municipal incorporation, annexation, detachment, merger, consolidation, reclassification, and dissolution. . . .”⁵

Quasi-Executive

Article X, section 12 of Alaska’s constitution placed the LBC in the state’s executive branch. One example of the commission’s quasi-executive duty under AS 44.33.812(a)(1) is to “make studies of local government boundary problems.”

Quasi-Judicial

Although it is part of the executive branch and exercises delegated legislative authority, the LBC also has a quasi-judicial nature. The LBC is mandated to apply established standards to facts, to hold hearings, and to follow due process in conducting petition hearings and rulings.

A reasonable basis of support must exist for the LBC’s reading of the standards and evaluating the evidence. The LBC’s quasi-legislative nature provides it with considerable discretion in applying those standards and weighing evidence.

Limits on Directly Contacting the LBC

When the LBC acts on a petition for a municipal boundary change, it does so in a quasi-judicial capacity. LBC proceedings regarding a municipal boundary change must be conducted in a manner that upholds everyone’s right to due process and equal protection. Those rights are preserved by ensuring that communications with the commission concerning municipal boundary proposals are conducted openly and publicly.

To regulate communications, the commission adopted 3 AAC 110.500(b) which expressly prohibits private (*ex parte*) contact between the LBC and any individual other than its staff, except during a public meeting called to address a municipal boundary proposal. The limitation takes effect upon a petition’s filing and remains in place through the last date available for the commission to reconsider a decision. If a LBC decision is judicially appealed, the *ex parte* limitation extends to the last date of court ordered proceedings. All communications with the commission must be through its staff.

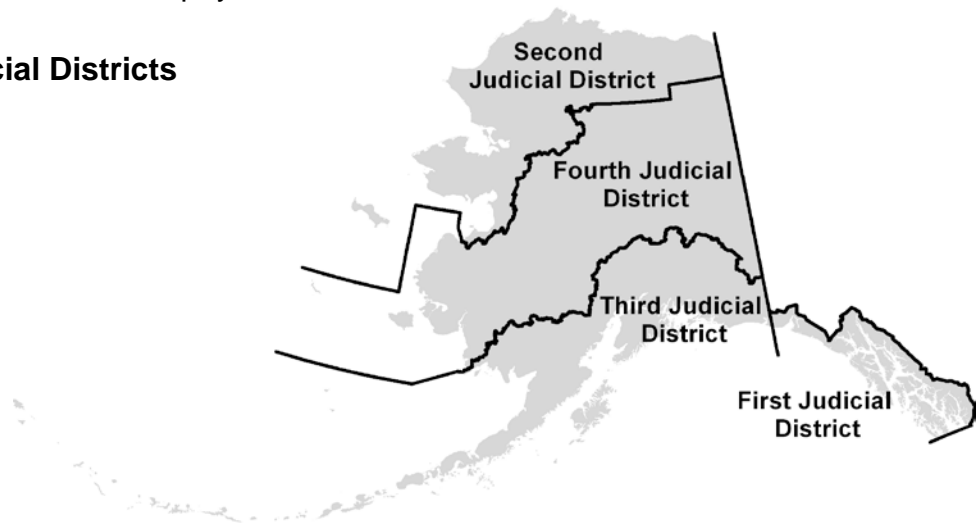
LBC Membership

The LBC is an autonomous commission. The governor appoints LBC members for five-year overlapping terms (AS 44.33.810). Notwithstanding their terms’ prescribed length, the commissioners serve at the pleasure of the governor (AS 39.05.060(d)). The LBC is

⁵ See *U.S. Smelting, Refining & Min. Co. v. Local Boundary Comm’n*, 489 P.2d 140 (Alaska 1971), discussing applying due process requirements to develop boundary change standards and procedures in commission proceedings.

comprised of five members (AS 44.33.810). One member is appointed from each of Alaska's four judicial districts. The chair is appointed from the state at large. Commission members receive no pay for their service.

Map of Alaska Judicial Districts



Member Biographies:

Member Biographies:



Lynn Chrystal, Chair, At Large Appointment, Wasilla

Governor Palin appointed Lynn Chrystal as the member from the Third Judicial District on March 27, 2007. Governor Parnell appointed him as the Local Boundary Commission's chair on September 10, 2009, and reappointed him on April 22, 2013. Although recently a Wasilla resident, Mr. Chrystal lived 39 years in Valdez and served as the mayor of Valdez and as a member of the city council. Mr. Chrystal retired in 2002 from the federal government after four years in the Air Force and 36 years with the National Weather Service. He has worked in Tin City, Barrow, Yakutat, and Valdez. Chair Chrystal has served on the boards of several civic groups and other organizations including the Resource Development Council, Pioneers of Alaska, and Copper Valley Electric Cooperative. His current term on the LBC ends January 31, 2018.



John Harrington, First Judicial District, Ketchikan

Governor Parnell appointed John Harrington of Ketchikan as the member from the First Judicial District on the Local Boundary Commission on September 10, 2009. Governor Parnell reappointed him on April 1, 2011. Mr. Harrington is a real estate manager and previously worked as an adult education coordinator in Ketchikan from 1985-97. He was also a special education teacher and administrator in Washington state from 1972-84. He currently serves on the Ketchikan Gateway Borough Assembly, and also served on the assembly from 2005

through 2011, chairing the borough's Planning Liaison and Economic Development Advisory Committee, among others. His community service includes chairing the North Tongass Fire and EMS Service Area Board from 2002-05, serving on the Ketchikan Charter Commission from 2003-04, and serving as an elected member of the Ketchikan Gateway Borough school board from 1988-94. Commissioner Harrington earned a bachelor's degree in psychology and history from Western Washington University and a master's degree in educational administration from Seattle University. His current term on the LBC ends January 31, 2016.



Robert "Bob" Harcharek, Vice Chair, Second Judicial District, Barrow

Governor Knowles appointed Robert "Bob" Harcharek as the member from the Second Judicial District on the Local Boundary Commission on July 18, 2002. Governor Murkowski reappointed him to the LBC on March 24, 2004, Governor Palin reappointed him on March 9, 2009, and Governor Parnell reappointed him on May 14, 2014. Commissioner Harcharek serves as the commission's vice chair. In 1977 he earned a Ph.D. in international and development education from the University of Pittsburgh. Commissioner Harcharek served for three years in Thailand as a Peace Corps volunteer. Dr. Harcharek has lived and worked on the North Slope for more than 30 years. He retired from the North Slope Borough as the Community and Capital Improvement Projects (CIP) Planner for the Department of Public Works. He served as a member of the Barrow City Council for fifteen years, and is currently Mayor and Chief Administrative Officer for the City of Barrow. His current LBC term ends January 31, 2019.



Darroll Hargraves, Third Judicial District, Wasilla

Governor Parnell appointed Darroll Hargraves of Wasilla to the Local Boundary Commission as the member from the Third Judicial District on June 1, 2013. He has previously served as a member and chair of the LBC. Commissioner Hargraves is the owner of School and Community Resources, a management and communications consulting firm. He is a retired school superintendent of the Nome and Ketchikan Gateway Borough school districts, and has served as a consulting superintendent of five school districts across the state. Commissioner Hargraves has served as the executive director of the Alaska Council of School Administrators. He has served as a member of several boards and commissions. Commissioner Hargraves was a charter member of the Alaska Council of Economic Education, and is currently a member of Commonwealth North and the Wasilla Chamber of Commerce. He holds a master's degree in education, an education specialist degree from University of Alaska Fairbanks, and an honorary doctorate of letters degree from Oakland City University. His term ends January 31, 2017.

**Lavell Wilson, Fourth Judicial District, Tok**

Governor Palin appointed Lavell Wilson, a Tok resident, as the member from the Fourth Judicial District on the Local Boundary Commission, June 4, 2007. Governor Parnell reappointed him on October 6, 2010.

Commissioner Wilson is a former member of the Alaska House of Representatives, serving the area outside of the Fairbanks North Star Borough in the Eighth State Legislature. He moved to Alaska in 1949 and has lived in the Northway/Tok area since. Commissioner Wilson attended the University of Alaska Fairbanks and Brigham Young University. Mr. Wilson became a licensed big game guide in 1963. Commissioner Wilson worked as a licensed aircraft mechanic, commercial pilot, and flight instructor for 40 Mile Air from 1981-1995, retiring as the company's chief pilot and office manager. He has also worked as a surveyor, teamster, and construction laborer, retiring from the Operating Engineer's Local 302 in Fairbanks. As a member of Local 302, he worked for 12 years on the U.S. Air Force's White Alice system, the ballistic missile defense site at Clear, and the radar site at Cape Newenham. His current term on the LBC ends January 31, 2015.

Section 2 – Local Government Agency

Constitutional Origin

Alaska's constitution called for establishing an executive branch agency to advise and assist local governments (article X, section 14). That agency is the Alaska Department of Commerce, Community, and Economic Development (Commerce, or department).⁶ Commerce serves as staff to the LBC per AS 44.33.020(a)(4). Within Commerce, the Division of Community and Regional Affairs (DCRA) performs the local government agency's functions. This includes providing staff, research, and assistance to the LBC.

LBC Staff Role

LBC staff is required by law⁷ to investigate and analyze each boundary change proposal and to make recommendations regarding it to the commission. For each petition, staff will write at least one report for the commission. The report(s) is publically available as well. Staff recommendations to the LBC are based on properly interpreting the applicable legal standards, and rationally applying those standards to the proceeding's evidence. Due process is best served by providing the LBC with a thorough, credible, and objective analysis of every local boundary change proposal.

Besides providing support to the commission, the LBC staff also delivers technical assistance to municipalities, to petitioners, to residents of areas impacted by existing or potential petitions, to respondents, to agencies, and to the general public. Assistance the LBC staff provides includes:

- Answering public, legislative, and other governmental inquiries relating to municipal government issues
- Writing reports on petitions for the LBC
- Drafting LBC decisions
- Traveling to communities to conduct public meetings and answer questions about proposed local boundary changes
- Drafting the LBC annual report to the Legislature
- Developing and updating municipal incorporation or boundary change forms
- Sending local boundary change forms and materials to interested persons
- Providing a link between the LBC and the public
- Maintaining Alaska municipal incorporation and other boundary change records
- Coordinating, scheduling, and attending LBC public meetings and hearings
- Developing orientation materials and providing training for new LBC members
- Maintaining and preserving LBC records in accordance with Alaska's public records laws

⁶ AS 44.33.020(a)(1) provides that Commerce "shall (1) advise and assist local governments."

⁷ See AS 29.04.040, AS 29.05.080, AS 29.06.110, and AS 29.06.480 - 29.06.490; 3 AAC 110.530.

The LBC staff contacts:

Local Boundary Commission staff
550 West Seventh Avenue, Suite 1640
Anchorage, Alaska 99501-3510

LBC@alaska.gov

Brent Williams: (907) 269-4559
brent.williams@alaska.gov

Section 3 – Petition Procedures

Procedures to establish or alter municipal boundaries and to reclassify cities are designed to ensure every proposal's reasonable and timely determination. The procedures are also intended to ensure that commission decisions are based on applying the standards to the facts.

Preparing and Filing a Petition

The LBC staff offers technical assistance, information, and forms to prospective petitioners. A petition can be prepared either as a legislative review petition or a local action petition. The petition should explain how the proposed boundary change meets the applicable constitutional, statutory, and regulatory standards. When a petition is prepared by the community, it is then submitted to staff for technical review. The staff will review the petition to identify any deficiencies in form or content. This can allow petitioners to correct or clarify the draft before it is either circulated for voter signatures or adopted by a municipal government. If the staff finds that the petition contains all the required information, Commerce then accepts it for filing.

Public Notice and Public Review

Once a petition is accepted for filing, the staff arranges extensive public notice. This provides ample opportunity for public comment on the petition. Interested parties are given at least seven weeks to submit responsive briefs and comments supporting or opposing a petition. The petitioner is provided at least two weeks to file a reply brief to public comments and/or responsive briefs.

Analysis

Following the public comment period on the petition, the LBC staff analyzes the petition, written comments, briefs, and other materials. Both the petitioner and the staff can conduct public informational meetings. If the petition is to incorporate, the staff must hold at least one public meeting within the boundaries proposed for incorporation. When the staff finishes its analysis, it issues a preliminary report with a recommendation to the commission as to whether the proposed boundary change meets the applicable standards. The preliminary report is available for public review and comment for a minimum of four weeks. After considering the comments, the LBC staff issues its publically available final report. The final report discusses comments received on the preliminary report, and notes any changes to the staff's recommendation. The final report must be issued at least three weeks prior to the LBC's public hearing.

Public Hearings and LBC Decisional Meeting

Following extensive public notice, the LBC conducts at least one public hearing. Before the hearing commission members review the petition, written comments, responsive briefs, reply briefs, and the staff reports. Typically the hearing is in or near the boundaries of the proposed change. Parties may present sworn witnesses, and the public has the chance to comment.

While the LBC has up to 90 days after the hearing to hold a decisional meeting, it usually does so immediately after the hearing. The decisional meeting is open to the public. At the decisional meeting the commission considers the entire record. Both the commission's interpretation of the applicable legal standards and its evaluation of the evidence in the proceeding must be reasonable.⁸ The LBC must proceed within its jurisdiction, conduct a fair hearing, and avoid any prejudicial abuse of discretion. Abuse of discretion occurs if the commission has not proceeded in the manner required by law, or if the evidence does not support its decision.

The LBC may act by:

- Approving the petition as presented
- Amending the petition (e.g., expanding or contracting the proposed boundaries)
- Imposing conditions on approving the petition (e.g., requiring voter approval of a proposition authorizing levying taxes to ensure financial viability)
- Denying the petition

Written Decision

Within 30 days of its decisional meeting, the LBC must adopt a written decision stating the basis for its decision. Copies of the decision are provided to the petitioner, respondents, and others who request them. At that point the decision becomes final, but any person may ask the LBC to reconsider its decision. Such requests must be filed within 18 days after the decision is mailed. The LBC may order reconsideration on its own motion. If the LBC does not act on a reconsideration request within 30 days of when the decision was mailed, the request is automatically denied.

Implementation of Decision

3 AAC 110.630(a) specifies conditions that must be met before a LBC final decision is effective. If the LBC approves a legislative review petition, it goes to the Legislature, which can disapprove it by a majority of both houses per article 10, section 12 of Alaska's constitution. If the LBC approves a local action petition, it typically goes to the

⁸ See *Keane v. Local Boundary Commission*, 893 P.2d 1239, 1241 (Alaska 1995). When an administrative decision involves expertise regarding either complex subject matter or fundamental policy formulation, the court defers to the decision if the decision has a reasonable basis.

voters for approval.⁹ A petition that has been approved by the commission takes effect upon satisfying any stipulations imposed by the commission. If an election is held, it must be certified by the director of elections or the appropriate municipal official. If all of 3 AAC 110.630(a)'s requirements have been met, the department shall issue a certificate describing the changed boundaries of the municipality.

⁹ Unless it is a local action annexation petition either with unanimous consent or if the municipality already own the land. In those cases, no election is necessary.

Section 4 – Municipal Government Overview

Article 10, section 2 of the Constitution of the State of Alaska provides for two types of municipalities: Boroughs and cities. Article 10, section 2 also says that the state may delegate taxing powers only to organized boroughs and cities. Boroughs are regional municipalities and cities are community municipalities. Under AS 29.03.010, those Alaska regions not in an organized borough constitute a single unorganized borough.

Boroughs

Article 10, section 3 of Alaska's constitution states "[t]he entire State shall be divided into boroughs, organized or unorganized." Alaska law provides for the following classes of organized boroughs:

- Home rule: Unified and non-unified
- General: First class and second class

There are 11 home rule boroughs, making them the most popular form of organized borough. There are seven second class boroughs. There is only one first class borough, the Municipality of Skagway.

By law, every organized borough must exercise the following powers areawide:

- Public education
- Tax assessment and collection where municipal taxes are levied
- Planning
- Platting
- Regulation of land use

Home rule boroughs have charters (constitutions). Article X, section 11, of Alaska's constitution provides that home rule boroughs "may exercise all legislative powers not prohibited by law or by charter." AS 29.10.200 lists 61 specific limitations on home rule municipalities.

Alaska's unified home rule boroughs can have no city governments within them.¹⁰ When a unified municipality is formed, all city governments within the unified municipality are automatically dissolved. No city can ever form again as long as the borough remains a unified borough. Non-unified home rule boroughs may have cities within them.

¹⁰ A unified municipality is defined as a borough by 3 AAC 110.990(1). Article X, section 2 of Alaska's constitution recognizes only boroughs and cities as municipalities. Further, the Legislature treats unified municipalities as boroughs. For example, the statutes use the same standards for borough incorporation as they do for incorporation of a unified municipality (AS 29.05.031). By contrast, the Legislature has established separate standards for city incorporation (AS 29.05.011).

There are four unified boroughs in Alaska:

- City and Borough of Juneau
- City and Borough of Sitka
- City and Borough of Wrangell
- Municipality of Anchorage

There are four other organized boroughs in Alaska that also have no city governments within them. They are the Bristol Bay Borough, the Haines Borough, the Municipality of Skagway, and the City and Borough of Yakutat. City governments can legally be formed in those boroughs.

General law boroughs (first and second class) are empowered exclusively by statutes. Those statutes allow general law boroughs to assume a broad array of powers. First class boroughs have greater powers than second class boroughs. A principal distinction relates to how their powers are assumed. A first class borough may by ordinance exercise any power not prohibited by law on a non-areawide basis (i.e., in the area of the borough outside of cities). It can acquire additional powers through an areawide election, or if a city transfers those powers. In contrast, in a second class borough voters must approve the borough's authority to exercise many non-areawide powers, unless a city transfers those powers.

The legislature has deemed the area of the state not incorporated as a borough as a single unorganized borough.¹¹ Over half of the state is located in the unorganized borough. Assemblies are the governing body of organized boroughs. Under Alaska's constitution, the legislature functions as the assembly in the unorganized borough.¹² The state provides services that an organized borough does, including education, planning and zoning. Cities, tribal governments, or community associations can provide community services in the unorganized borough. Community services can include water and power utilities, and road maintenance.

Cities

There are three city government classifications:

- Home rule
- First class
- Second class

A city government's powers and duties vary both with its particular classification, and whether it is located within an organized borough. A fundamental distinction among city

¹¹ AS 29.03.010

¹² Article 10, section 6¹² AS 29.03.010

¹² Article 10, section 6

governments is that home rule cities in the unorganized borough must, and first class cities in the unorganized borough may, provide for education, planning, platting, and land use regulation. Second class cities are not permitted to exercise education powers.

Generally, first class cities have more powers than second class cities. Examples of differences between first and second class cities include taxing authority and the mayor's powers and duties. Further, a community must have at least 400 permanent residents to form a first class city.

First class and home rule cities in the unorganized borough constitute a city school district and shall establish, operate, and maintain a system of public schools. Second class cities in the unorganized borough may not establish as city school district.

A city in an organized borough may exercise planning, platting, and land use regulation if that authority is delegated by that organized borough. Second class cities in the unorganized borough are permitted, but not required, to exercise planning, platting, and land use regulation.

Unified home rule boroughs (4)

Municipality of Anchorage
City and Borough of Juneau
City and Borough of Sitka
City and Borough of Wrangell

Non-unified home rule boroughs (7)

Denali Borough
Haines Borough
Lake and Peninsula Borough
North Slope Borough
Northwest Arctic Borough
Petersburg Borough
City and Borough of Yakutat

First class borough (1)

Municipality of Skagway

Second class boroughs (7)

Aleutians East Borough
Bristol Bay Borough
Fairbanks North Star Borough
Kenai Peninsula Borough
Ketchikan Gateway Borough
Kodiak Island Borough
Matanuska-Susitna Borough

Home rule cities (10)

Cordova	Kodiak
Fairbanks	Nenana
Kenai	North Pole
Ketchikan	Palmer

Seward
Valdez

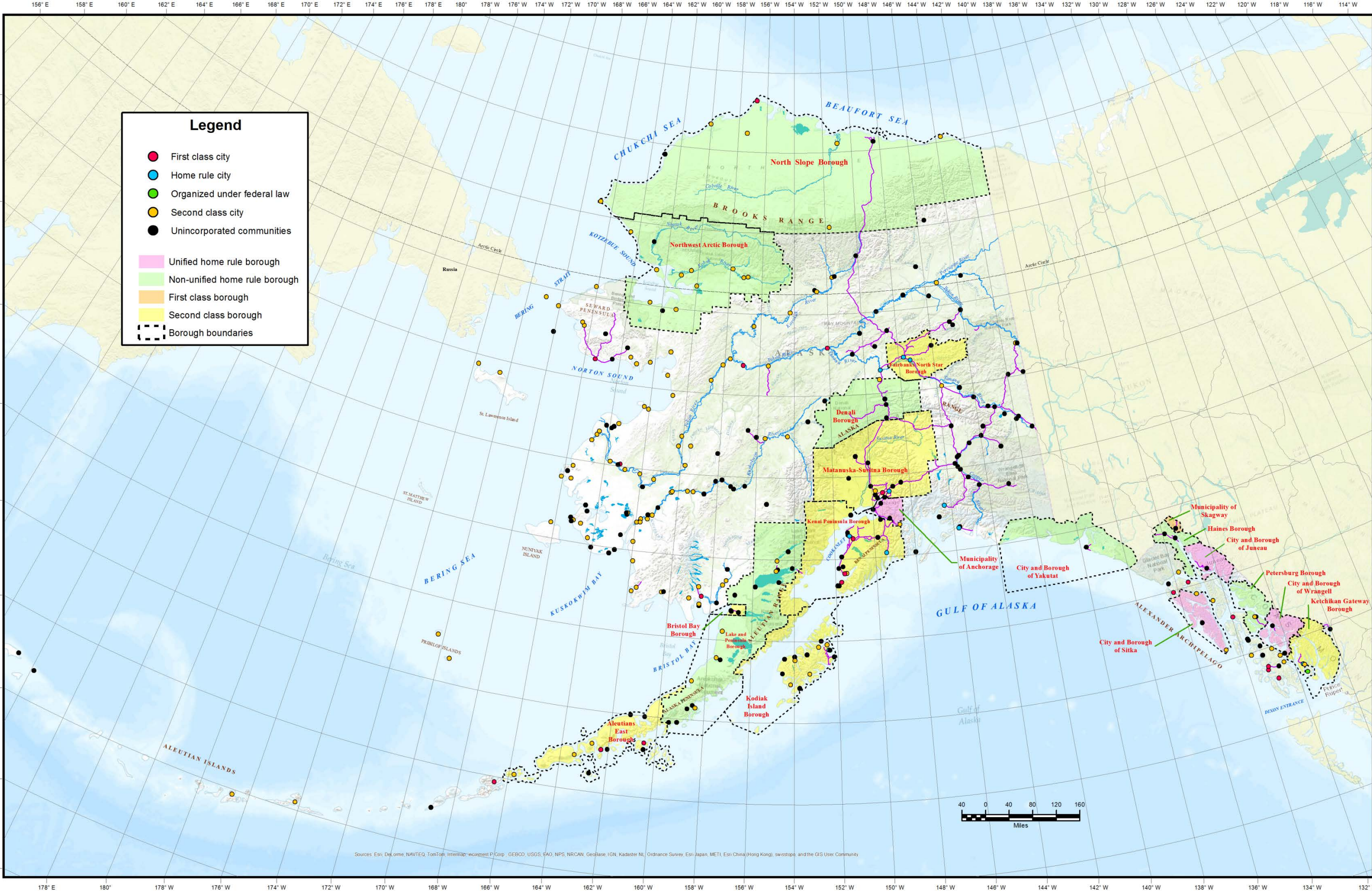
First class cities (19)

Barrow	Hoonah
Craig	Hydaburg
Dillingham	Kake
Galena	King Cove
Homer	Klawock

Nome	Soldatna
Pelican	Tanana
Saint Mary's	Unalaska
Sand Point	Wasilla
Seldovia	

Second class cities (115)

Adak	Eagle	Koyukuk	Port Heiden
Akhiok	Edna Bay	Kupreanof	Port Lions
Akiak	Eek	Kwethluk	Quinhagak
Akutan	Egegik	Larsen Bay	Ruby
Alakanuk	Ekwok	Lower Kalskag	Russian Mission
Aleknagik	Elim	Manokotak	Saint George
Allakaket	Emmonak	Marshall	Saint Michael
Ambler	False Pass	McGrath	Saint Paul
Anaktuvak Pass	Fort Yukon	Mekoryuk	Savoonga
Anderson	Gambell	Mountain Village	Saxman
Angoon	Golovin	Napakiaik	Scammon Bay
Aniak	Goodnews Bay	Napaskiak	Selawik
Anvik	Grayling	New Stuyahok	Shagaluk
Atka	Gustavus	Newhalen	Shaktolik
Atkasuk	Holy Cross	Nightmute	Shishmaref
Bethel	Hooper Bay	Nikolai	Shungnak
Bettles	Houston	Nondalton	Stebbins
Brevig Mission	Hughes	Noorvik	Teller
Buckland	Huslia	Nuiqsuit	Tenakee Springs
Chefornak	Kachemak	Nulato	Thorne Bay
Chevak	Kaktovik	Nunam Iqua	Togiak
Chignik	Kaltag	Nunapitchuk	Toksook Bay
Chuathbaluk	Kasaan	Old Harbor	Unalakleet
Clark's Point	Kiana	Ouzinkie	Upper Kalskag
Coffman Cove	Kivalina	Pilot Point	Wainwright
Cold Bay	Kobuk	Pilot Station	Wales
Deering	Kotlik	Platinum	White Mountain
Delta Junction	Kotzebue	Point Hope	Whittier
Diomede	Koyuk	Port Alexander	



Chapter 2: Local Boundary Changes and Activities

Section 1 – City Incorporation



Big Lake

Location:	Big Lake is a community on the shore of Big Lake, in the Chugach Mountains. It lies 13 miles southwest of Wasilla, and is adjacent to Houston and Knik-Fairview. Early inhabitants were the Dena'ina Athabascans. Lower housing costs and the semi-rural lifestyle have supported growth in the Matanuska-Susitna Valley.
Population:	3,590 (2013 Alaska Department of Labor estimate)
Classification:	Unincorporated
Borough:	Matanuska-Susitna Borough

On November 7, 2013, the *Petition to the Local Boundary Commission for Incorporation of Big Lake as a Second-Class City within the Organized Borough Using the Local Option Method* was returned to the petitioner's representative because there was an insufficient number of valid voter signatures. In December the petitioners had decided not to proceed with the petition, but on January 28 the petitioner's representative

resubmitted the petition with the required number of signatures. After the petition was returned to the petitioners to complete, the petition was accepted for filing on July 24, 2014. The city, if approved by the LBC and the voters, would consist of 113.33 square miles of territory and approximately 3,399 people.

The City of Houston annexation petition was accepted for filing on July 25, 2014. In July the chair consolidated the two petitions because both affect a portion of the proposed boundaries. On September 23, staff traveled to the Houston High School to conduct a departmental informational meeting regarding both petitions. 19 residents from both Big Lake and Houston attended the meeting.

The comment period on both petitions lasted until October 3, 2014. After analyzing the petition and comments, the LBC staff wrote a preliminary report, which recommended that the commission approve the Houston annexation petition without amendment. The report recommended that the LBC approve the Big Lake incorporation petition, but amend it by removing less populated territory north and west of Horseshoe Lake and north of the Papoose Twins Lakes, territory to the west of Burma Road and south of Diamond Lake, and territory east of Stephan Lake and Anna Lake. The territory recommended for the Big Lake incorporation is approximately 68 square miles. A public comment period on the report will last until January 16, 2015.

Edna Bay

Location:	Edna Bay is located on the southeast coast of Kosciusko Island, northwest of Prince of Wales Island. It lies 90 miles northwest of Ketchikan.
Population:	49 (2013 Alaska Department of Labor estimate)
Classification:	Unincorporated
Borough:	Unorganized borough

In 2013, Edna Bay submitted had a petition to incorporate as a second class city. It used the local option method, which requires an election if the LBC approves the petition. The proposed city consists of 27 square miles. The two staff reports found that the petition met the standards and recommended that the commission approve the petition. The LBC held a hearing in Edna Bay on May 15, 2014. Witnesses were sworn in and testified, and public comments were taken. On May 16, the commission held its decisional meeting. The commission found that the petition met the standards, and voted 4 - 0 to approve the petition.

On September 16, Edna Bay held its by-mail election on whether to incorporate as a second class city, and if so, to choose a city council. Edna Bay became a city on

October 2 when the Division of Elections certified the election results. The voters of Edna Bay had voted in favor of incorporation 33 to 6. On October 16, the city council held its initial meeting and elected Heather Richter as mayor.

Hollis

Location:	Hollis is a community on Prince of Wales Island. It has a temperate maritime climate characterized by cloudiness and frequent fog. Hollis is on the island's road system, and has the island's state ferry landing.
Population:	120 (2013 Alaska Department of Labor estimate)
Classification:	Unincorporated
Borough:	Unorganized borough

Residents of the community of Hollis on Prince of Wales Island are working on a petition to incorporate as a second class city. The petition seeks to incorporate 39.5 square miles of land and 8.5 square miles of water, submerged lands and tidelands for a total of 48 square miles. No petition from Hollis has been formally submitted to the Local Boundary Commission to date.

Nikiski

Location:	Nikiski is a community on the Kenai Peninsula. It is located nine miles of the City of Kenai, and is off the Sterling Highway. Traditionally home to the Kenaitze, the area was homesteaded in the 1940s and grew with the discovery of oil on the Kenai Peninsula in 1957.
Population:	4,593 (2013 Alaska Department of Labor estimate)
Classification:	Unincorporated
Borough:	Kenai Peninsula Borough

A community resident asked about the city incorporation process. Staff answered her questions, and sent pertinent forms and information.

Port Alsworth

Location:	Port Alsworth lies on the east shore of Lake Clark. It is within Lake Clark National Park and Preserve. Port Alsworth was originally a native village, but its population today is primarily non-Native.
Population:	4,593 (2013 Alaska Department of Labor estimate)
Classification:	Unincorporated
Borough:	Unorganized borough

A Port Alsworth resident contacted LBC and other DCRA staff. The resident stated that the community is experiencing growing pains, and inquired about incorporating as a second class city to accommodate the community's growth. The resident would like the community to have a higher form of government than the community council that exists now. Staff sent the resident a city incorporation petition form, statutes, and regulatory standards.

Whale Pass

Location:	Whale Pass lies on the northeast coast of Prince of Wales Island. Many Whale Pass residents are homesteaders who enjoy a subsistence lifestyle.
Population:	39 (2013 Alaska Department of Labor estimate)
Classification:	Unincorporated
Borough:	Unorganized borough

A Whale Pass resident called to ask questions about possibly incorporating Whale Pass as a second class city. Staff answered his questions, and sent him a city incorporation petition form.

Section 2 – Borough Incorporation



- Kuspuk
- Northern Matanuska-Susitna
- Petersburg

Kuspuk

Location:	The Kuspuk School District is on the mid-Kuskokwim River from Lower Kalskag to Stony River. It is only reachable by air and river. The district encompasses over 12,000 square miles and includes eight villages. The area's people are predominately Yup'ik Eskimo and Athabaskan Indians. The area relies on a subsistence economy.
Population:	1,500
Classification:	Non-unified home rule borough

During the summer the LBC staff met with Kuskokwim Corporation (TKC) officials. They are interested in incorporating a borough in the region using the Kuspuk REAA boundary lines. It would include the Donlin Creek gold mine. Staff provided them the statutes and regulations pertaining to borough incorporation and petition procedures.

Northern Matanuska-Susitna

Location:	The Matanuska-Susitna Borough lies in Southcentral Alaska. It incorporated in 1964, and comprises 12,774.6 square miles. The borough's population has soared from 5,188 in 1960 to 99,074 as of 2013.
Population:	99,074 (2013 DCCED certified estimate)
Classification:	Second class Borough

Staff received an inquiry from a Talkeetna resident. He said that individuals in the north end of the Matanuska-Susitna Borough are at the "idea stage" of possibly petitioning to detach from the Matanuska-Susitna Borough and forming their own borough. Staff reviewed the standards and process with him, and sent him pertinent information.

Petersburg

Location:	The new Petersburg Borough is located between the City and Borough of Juneau and the City and Borough of Wrangell. The borough encompasses 3,829 square miles of land and water.
Population:	3,216 (2013 DCCED certified estimate)
Classification:	Non-unified home rule borough

In 2013, the City and Borough of Juneau ("Juneau" or "CBJ") appealed the LBC's decision approving incorporation of the Petersburg Borough to the Alaska Superior Court. The CBJ had sought to annex some of the area that became part of the Petersburg Borough. On February 28, 2014, the court upheld the LBC's decision. On June 27, Juneau requested a stay of the February 28 order. On July 23, the Superior Court denied that request.

On March 28 Juneau appealed the Superior Court's decision to the Alaska Supreme Court. On August 26, the CBJ asked that court to stay the superior court's order. On September 25, the Alaska Supreme Court denied Juneau's motion for a stay of the order. The parties are submitting briefs to the Alaska Supreme Court and will argue before that court in the late winter or early spring.

Section 3 – City Annexation



- Allakaket
- Dillingham
- Houston
- Kodiak
- Kotzebue
- North Pole
- Palmer
- Seldovia
- Soldotna

Allakaket

Location:	Allakaket is on the south bank of the Koyukuk River, southwest of its confluence with the Alatna River. Subsistence activities provide the majority of food sources. The village of Alatna is located directly across the river. Allakaket is mainly an Athabascan community while Kobuk Eskimos live in Alatna. The city encompasses 4.3 square miles.
Population:	108 (2012 DCCED certified)
Classification:	Second class city
Borough:	Unorganized borough

In 2013 the City of Allakaket had petitioned to detach 174 acres of detach land important to the Alatna community, and concurrently annex 12.3 square miles of land and water. Allakaket residents had moved to higher ground outside of city limits after the 1994 flood. The residents wished to be included in the city again. On October 14,

2014, the LBC held a hearing in Allakaket to decide whether to approve the city's petition. The commission voted to approve the petition after it changing it from local action to legislative review because nobody lives in the territory proposed for detachment who can vote on the proposed detachment. Without the change the proposed detachment could not go forward. The proposed boundary change will go to the Legislature during the first 10 days of the 2015 session. The Legislature then has 45 days to disapprove the proposed boundary change. If the Legislature does not disapprove it, the boundary change becomes effective at the end of the 45 days.

Dillingham

Location:	Dillingham is located at the extreme northern end of Nushagak Bay in northern Bristol Bay, at the Wood and Nushagak rivers' confluence. It lies 327 miles southwest of Anchorage. The city encompasses 33.6 square miles of land and 2.1 square miles of water.
Population:	2,395 (2013 DCCED certified)
Classification:	First class city
Borough:	Unorganized borough

In 2010 the City of Dillingham ("Dillingham" or (City")) petitioned to annex 399 unpopulated square miles of Nushagak Bay in order to collect a fishing tax. It used the local action method. After a lengthy process, the LBC approved the petition in December of 2011. The Dillingham voters approved the annexation, and it became effective on April 12, 2012.

The Native Village of Ekuk appealed the decision to the Alaska Superior Court. On March 27, 2014, the Alaska Superior Court vacated the LBC's decision, and remanded the petition to the LBC to process by the legislative review method. The court decision stated that proceeding by local action violated the respondent's due process rights. The court also said that the LBC had the authority to change the petition method to legislative review, and should have done so. On May 16 the Superior Court denied the LBC's April 8 request for reconsideration of the Superior Court's order.

On June 11, 2014, the LBC approved a resolution directing the City to refile a petition to annex territory in accordance with the requirements for legislative review, if it desired to proceed with its petition. Dillingham prepared another petition to annex about 399 square miles of Nushagak Bay, this time under the legislative review method. All petitioners are required to hold a hearing on legislative review annexation petitions before submitting them to the LBC. The City held its required pre-submission hearing on

September 24. At this time, the City of Dillingham has not submitted the legislative review annexation petition to the LBC.

Houston

Location:	Houston is located along the Little Susitna River. It is on the George Parks Highway 18 miles northwest of Wasilla. Houston is a residential rural community that experiences consistent growth. The city consists of 23.5 square miles.
Population:	2,039 (2013 DCCED certified estimate)
Classification:	Second class city
Borough:	Matanuska–Susitna Borough

On January 21, 2014, the City of Houston submitted a petition to annex approximately 2.43 square miles of territory by unanimous consent. The petition was accepted for filing on July 25. In July the chair consolidated the Houston annexation and Big Lake incorporation petitions because both affect a portion of the proposed boundaries. On September 23, staff traveled to the Houston High School to conduct a departmental informational meeting regarding both petitions. 19 residents from both Big Lake and Houston attended the meeting.

The comment period on both petitions lasted until October 3, 2014. After analyzing the petition and comments, the LBC staff wrote a preliminary report recommending that the commission approve Houston's petition without amendment. A public comment period on the report will last until January 16, 2015

Kodiak

Location:	Kodiak is located near the northeastern tip of Kodiak Island. It is one of the three leading fishing ports in the United States. The city consists of 4.9 square miles.
Population:	6,331 (2013 DCCED certified estimate)
Classification:	Second class city
Borough:	Kodiak Island Borough

Staff sent an annexation petition form and other information to an attorney representing the City of Kodiak, per her request. The city is considering an annexation that would cover a small territory straddling the city line.

Kotzebue

Location:	Kotzebue is 26 miles above the Arctic Circle on a three-mile long spit. The city comprises 28.7 square miles. This site has been occupied by Inupiat for at least 600 years. Subsistence activities are an integral part of their lifestyle. Each summer, the North Tent City fish camp is set up to dry and smoke the season's catch.
Population:	3,202 (2013 DCCED certified estimate)
Classification:	Second class city
Borough:	Northwest Arctic Borough

On April 24, Kotzebue formally submitted a petition to annex 148 square miles by legislative review. The territory proposed for annexation consists of a proposed deep water port at Cape Blossom, and land between there and the existing city. The petition was returned to the petitioner's representative to hold a required hearing on the petition prior to submitting it to the LBC. The city plans to hold the hearing on December 11.

North Pole

Location:	North Pole is in interior Alaska, 14 miles southeast of Fairbanks. The city was incorporated in 1953. Growth from Fairbanks and nearby Eielson Air Force Base has increased development over the years. Letters from children all over the world are mailed to North Pole at each year at Christmas.
Population:	2,209 (2013 DCCED certified estimate)
Classification:	Home rule city
Borough:	Fairbanks North Star Borough

In May staff sent the city annexation standards, and a timeline of the procedures, per the mayor's request. On July 28 staff attended a North Pole workshop at the city's request to discuss annexing territory using the legislative review process. North Pole is concerned about sulfolane contamination in the area and is exploring the possibility of annexing affected properties. The city is also looking into alternatives to annexation, including extraterritorial jurisdiction of the city water utility, and a water distribution system from an outside service provider at a "rural" service level.

Palmer

Location:	Palmer is located in the center of the lush farmlands of the Matanuska Valley, 42 miles northeast of Anchorage on the Glenn Highway. The city encompasses 3.8 square miles of land.
Population:	6,085 (2013 DCCED certified estimate)
Classification:	Home rule city
Borough:	Matanuska-Susitna Borough

Per the city's request, LBC staff met in October with Palmer city officials to answer their annexation questions and provide a background on city annexation. The city council has expressed an interest in annexation.

Seldovia

Location:	Seldovia is on the Kenai Peninsula on the south shore of Kachemak Bay. The city encompasses 0.6 square miles of land and water.
Population:	245 (2013 DCCED certified estimate)
Classification:	First class city
Borough:	Kenai Peninsula Borough

A Seldovia area resident was interested in the city annexing some territory. He encouraged the city to petition the LBC to annex territory to Seldovia, using the legislative review method. The city was not interested in doing so. The community member requested the LBC to use its constitutional authority to proactively initiate the process of annexation, without a petition from the city. People had the misimpression that there is an active annexation proposal, which was not the case. The interest this request aroused was unusual for a non-petition. Staff received many more calls and emails about this request than for many petitions.

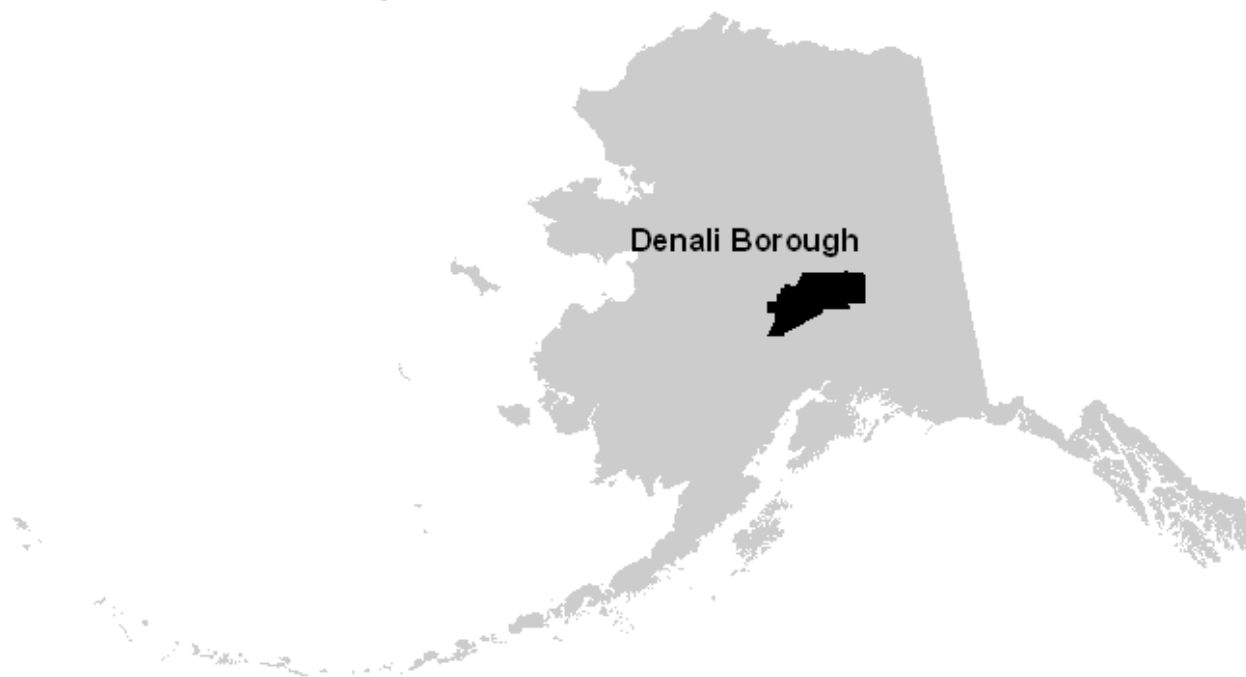
The LBC chair added this request as a *discussion item*, not an action item, for the next commission meeting. On January 16 the commission held a public meeting. City officials and citizens expressed their opinions about a possible annexation, with the majority opposed. As the request was a discussion item, and with no commissioner advocating that the LBC take up the request, the chair stated that the issue is dropped and is not an agenda item for the future.

Soldotna

Location:	Soldotna is on the Kenai Peninsula at the junction of the Sterling and Kenai Spur Highways. The city encompasses 7.4 square miles of land and water.
Population:	4,284 (2013 DCCED certified estimate)
Classification:	First class city
Borough:	Kenai Peninsula Borough

The Soldotna city planner called and asked questions about the city annexation process. The city is interested in filing such a petition, but it would be in the future. Per his request, staff sent the planner annexation regulations, and told him that it would be available to answer questions.

Section 4 – Borough Detachment and Annexation



- Denali

Denali

Location:	Denali Borough lies in Interior Alaska, between the Fairbanks North Star and Matanuska-Susitna Boroughs. Nearly all its residents live along the Parks Highway. Much of the borough is in Denali National Park, home to the highest mountain in North America. Denali Borough incorporated in December 1990, and comprises 12,774.6 square miles.
Population:	1,793 (2013 DCCED certified estimate)
Classification:	Non-unified home rule borough

The Ahtna Corporation desires that its land holdings in the Matanuska-Susitna Borough be detached from that borough and annexed to the Denali Borough. Ahtna lands straddle those boroughs. An Ahtna official asked how those lands could lie entirely in the Denali Borough. Per her request, staff sent her information and a petition form, and also copied Denali and Matanuska-Susitna borough officials so that everyone was aware.

The Denali Borough had earlier expressed an interest in detaching Ahtna land from the Matanuska-Susitna Borough and annexing it into the Denali Borough. Staff sent the Denali Borough a petition form for detachment and concurrent annexation.

Section 5 – City Dissolution



- Mekoryuk

Mekoryuk

Location:	Mekoryuk is at the mouth of Shoal Bay on the north shore of Nunivak Island in the Bering Sea. The island lies 30 miles off the coast. The city is 149 miles west of Bethel, and encompasses 7.5 square miles of land and water.
Population:	201 (2013 DCCED certified estimate)
Classification:	Second class city
Borough:	Unorganized borough

Staff received an inquiry from a Native Village of Mekoryuk official regarding city dissolution. Per his request, staff sent him statutes, regulations, and other information on dissolution standards and procedures. The official was apparently inquiring on behalf of the native village, not the city.

Section 6 – City Reclassification



- Homer

Homer

Location:	Homer lies on the southwestern edge of the Kenai Peninsula at the junction of the Sterling and Kenai Spur Highways. The city encompasses 25.5 square miles of land and water. Its economy is based on commercial fishing and tourism.
Population:	4,284 (2013 DCCED certified estimate)
Classification:	First class city
Borough:	Kenai Peninsula Borough

In October, Homer residents voted 604 to 502 to not approve a home rule charter commission. That means that Homer will remain a first class city, and not begin the process of possibly becoming a home rule city.

Section 7 – General Requests and Notable Events

LBC staff handled dozens of requests during 2014 that did not concern proposed local boundary changes. They included requests for: City incorporation dates and records, city dissolution records, city annexation records, borough formation, city and borough consolidation, unconsolidating a borough, municipal taxation, forming or revitalizing a community, changing the name of federal census areas, census area boundaries, maps showing regional corporations and village corporations, ANCSA 14(c)(3) land transfers, a list of cities and boroughs and their classifications, publications, municipal certificates, LBC records, LBC minutes and transcripts, and other related information. There were also questions about: Past petitions, petition procedures, LBC regulations, the commission's website, municipal services, and other subjects.

These requests and questions came from Alaskan citizens, legislative offices, the media, and municipal, state, and federal officials. Staff answered questions efficiently, accurately, and courteously. If the requests were outside of the LBC's purview, staff referred the person to the proper agency for assistance.

Vic Fischer Turns 90

May 5th was Vic Fischer's 90th birthday. Dr. Fischer served in the territorial legislature, was a delegate to the convention that drafted Alaska's constitution (he chaired the local government committee that created what would become DCRA), served in the state senate, and has contributed to Alaska in many other ways.

DCRA Director Scott Ruby Retires

On Friday, August 5, DCRA Director Scott Ruby retired as director after 29 years with DCRA – his entire career. He had served as director since January 2011.

Section 8 – Local Boundary Commission Activities

LBC Annual Report

The commission approved its annual report on January 16, 2014. The department sent it to the Legislature on January 21, the first day of the session.

Commissioner Harcharek Reappointed

On May 14, Gov. Parnell reappointed Bob Harcharek of Barrow as the member from the Second Judicial District. Commissioner Harcharek has extensive LBC experience due to his 12 years on the LBC, and serves as the commission's vice chair.

LBC Meetings

On January 16, the LBC met to discuss a request from Seldovia resident Kris Lethin that the LBC use its constitutional authority to proactively initiate the process of annexing territory to Seldovia, without a petition from the city. The LBC also met and approved the 2013 Local Boundary Commission annual report. The commission approved the October 10, 2013 meeting minutes, and suspended for 2014 3 AAC 110.690(b), which requires that telephonic attendees bear the cost of calling.

The LBC met on May 15 in Edna Bay to hold the hearing for the Edna Bay incorporation petition. On May 16, the LBC held its decisional meeting. It approved the petition 4 to 0.

On June 4, the LBC met to approve the written decision for the Edna Bay incorporation petition, and to approve the January 16, 2014 minutes.

On June 11, the LBC met and passed a resolution that carried out the March 27, 2014 superior court order concerning the Dillingham annexation petition. That order stated that the LBC was to direct refiling of that 2010 local option petition as a legislative review petition. It also suspended 3 AAC 110.700(d) for the Dillingham petition, should it be submitted. The suspension makes it easier for the public to submit comments because paper originals of electronic comments were no longer required.

On October 15, the LBC held a hearing in Allakaket. The petition proposed detaching territory from the city, and concurrently annexing other territory. After amendment, the LBC approved the petition 5-0.

On November 6, the commission met to approve the written decision for the Allakaket petition. It also applied 3 AAC 110.590(b) to the Houston annexation petition so that the petition's procedures included other requirements that the Big Lake incorporation petition had. The commission did so because the Houston petition was consolidated

with the Big Lake petition, and so both petitions needed to have the same procedures and schedule. The LBC also suspended 3 AAC 100.700(d) so that paper originals of electronic comments on the Houston annexation petition were not required. It also suspended 3 AAC 110.690(b) for 2015, thus allowing telephonic attendees to call in for free. The commission also approved the June 4, 2014 minutes.

Chapter 3: Conclusion

In May, the commission considered a petition from Edna Bay to incorporate as a second class city. It found that the petition met the standards and approved it. The decision made by the LBC provides Edna Bay with maximum local self-government.

On July 28, LBC staff attended a North Pole city workshop to discuss annexing territory to the city using the legislative review process and procedures. The city had requested that an LBC staff person attend that workshop.

On September 23, LBC staff traveled to Houston to conduct an informational meeting for the Big Lake and Houston petitions.

In October, the LBC visited Allakaket and approved a petition to detach territory and concurrently annex territory to the city. This enabled residents who had relocated to higher ground after the 1994 flood to once again be city residents.

The staff spent the majority of its time in 2014 assisting Alaska residents by answering questions about possible local boundary changes, by providing petition forms and other information, and by reviewing and analyzing the residents' petitions. The questions were answered efficiently, accurately, and courteously. Even though most inquiries did not result in a petition being submitted to date, the information provided is still appreciated by the citizens and their communities.

The LBC staff continues to work hard to make petition forms much shorter and more user friendly. Partly as a result, more petitions are expected to be submitted in 2015. Petitions expected to be before the LBC in 2015 include an annexation petition from the City of Dillingham, a petition to detach land from the City of Fairbanks, a petition to incorporate Whale Pass as a second class city, a petition to incorporate Big Lake as a second class city, and an annexation petition from the City of Houston.

In conclusion, the LBC is pleased to continue serving the people of Alaska by fulfilling its constitutionally-mandated authority to consider any proposed local government boundary change. The staff is pleased to continue providing assistance to the public and potential petitioners.

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