The Local Boundary Commission (LBC) complies with Title II of the Americans with Disabilities Act of 1990. Upon request, this report will be made available in large print or other accessible formats. Requests for such should be directed to the LBC staff at 907-269-4559/4587 or at lbc@alaska.gov. This report is also available on the commission’s website at: https://www.commerce.alaska.gov/web/dcra/LocalBoundaryCommission/Information.aspx

**Graphic Illustration Only** – The maps in this publication are intended to be used only as general reference guides. Source documents remain the official record.
January 2019

Members of the Alaska State Legislature,

On behalf of all members of the Local Boundary Commission, I am pleased to present this report of the commission to the First Session of the Thirty-First Alaska State Legislature. This report reviews the powers and duties of the LBC and our activities during 2018. Since our last report in January 2018, the LBC met two times, on February 20 and April 16-17. No local boundaries have changed in 2018.

This report presents information about the petitions received in 2018. It also contains details about many communities that expressed interest in pursuing boundary changes, including communities engaging in various levels of feasibility studies and drafting petitions. The report provides information about the research, analysis, and administrative work LBC staff performed for active petitions as well as for professionals and communities engaged in feasibility studies and drafting petitions. The commission also wishes to recognize the role the two-person staff played in providing information to the many Alaskans who contacted the staff with questions or interest in pursuing boundary changes in their own communities.

The commission respectfully requests that the Legislature consider the activities and issues addressed in this report.

Cordially,

The Local Boundary Commission

Lamar Cotten
Chair

John Harrington
Commissioner

Robert Harcharek
Commissioner

Debra Mack
Commissioner

Lavell Wilson
Commissioner
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CHAPTER 1: BACKGROUND

LOCAL BOUNDARY COMMISSION’S CONSTITUTIONAL FOUNDATION

The Local Boundary Commission (LBC or commission) is one of only five state boards or commissions established in the Constitution of the State of Alaska. Article X, section 12 of Alaska’s constitution created the LBC, stating:

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.

The commission is responsible for establishing and modifying proposed municipal government boundaries. The framers of the state constitution asserted their belief that the state should set municipal boundaries because “local political decisions do not usually create proper boundaries.”1 Furthermore, placing decision-making authority with a state body allows debate about boundary changes to be analyzed objectively and to take areawide or statewide needs into consideration.2

LBC DUTIES AND FUNCTIONS

The LBC acts on petitions for several different municipal (city and borough) boundary changes, including:

- Incorporating municipalities;
- Annexing to municipalities;
- Detaching from municipalities;
- Merging municipalities;
- Consolidating municipalities;
- Dissolving municipalities; and
- Reclassifying cities.

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2 Id.
LBC MEMBERSHIP

The LBC is an independent commission with five members. The governor appoints LBC members for five-year overlapping terms. One member is appointed from each of Alaska’s four judicial districts. The chair is appointed from the state at large.³

State law provides that members of the LBC must be appointed “on the basis of interest in public affairs, good judgment, knowledge and ability in the field of action of the department for which appointed, and with a view to providing diversity of interest and points of view in the membership.”⁴ LBC members receive no pay for their service. However, they are entitled to travel expense reimbursement and per diem authorized for members of boards and commissions.⁵ A biographical summary of current members can be found on the LBC website: https://www.commerce.alaska.gov/web/dcra/LocalBoundaryCommission.aspx.

Members:

Lamar Cotten, Chair, At Large, Anchorage
Terms Ends: January 31, 2023

John Harrington, First Judicial District, Ketchikan
Term Ends: January 31, 2021

Robert “Bob” Harcharek, Vice Chair, Second Judicial District, Utqiagvik (formerly Barrow)
Term Ends: January 31, 2019

Debra Mack, Third Judicial District, Anchorage
Term Ends: January 31, 2022

Lavell Wilson, Fourth Judicial District, Tok
Term Ends: January 31, 2020

³ AS 44.33.810
⁴ AS 39.05.060(b)
⁵ AS 39.20.180
CONSTITUTIONAL ORIGIN OF THE LOCAL GOVERNMENT AGENCY

Alaska’s constitution establishes an executive branch agency to advise and assist local governments.6 That agency is the Division of Community and Regional Affairs (DCRA) within the Department of Commerce, Community, and Economic Development (Commerce or department).7 DCRA performs the local government agency’s functions, including providing staff, research, and assistance to the LBC.8

LBC STAFF ROLE

LBC staff is required by law to investigate and analyze each boundary change proposal and to make recommendations regarding each proposal to the commission.9 For each petition, staff will write at least one report for the commission detailing its findings. Staff recommendations to the commission are based on properly interpreting the applicable legal standards and rationally applying those standards to each petition. Due process is best served by providing the commission with a thorough, credible, and objective analysis of every local boundary change proposal. Staff’s recommendations to the commission are not binding on the LBC.

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

- Answering public, legislative, and other governmental inquiries relating to municipal government issues;
- Facilitating the petition and/or local boundary change process from start to finish, including technical reviews, publishing public notifications, accepting public comments, and much more;
- In depth analysis of petitions submitted to the LBC;
- 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;
- Developing and updating incorporation or boundary change petition forms;
- Sending local boundary change petition forms and materials to interested persons and municipalities;
- Providing a link between the LBC and the public;
- Maintaining and preserving Alaska municipal incorporation and other boundary change records in accordance with Alaska’s public records laws;

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6 Article X, section 14
7 AS 44.33.020(a)(1) provides that Commerce “shall (1) advise and assist local governments.”
8 AS 44.33.020(a)(4) provides that Commerce “shall (4) serve as staff for the Local Boundary Commission.”
9 AS 29.04.040, AS 29.05.080, AS 29.06.110, and AS 29.06.480 - 29.06.490; 3 AAC 110.530.
- Coordinating, scheduling, and attending LBC public meetings and hearings; and
- Developing orientation materials and providing training for new LBC members.

The Local Boundary Commission is served by two Local Government Specialist IV staff members, both located in the Anchorage DCRA office.
LOCAL BOUNDARY COMMISSION PETITION PROCESS

When the department receives a petition, staff performs a technical review to ensure a petition contains all required elements. This review is not an analysis of the merits of the petition. If the petition does not include all necessary information, staff sends it back to the petitioner to complete. When a petition passes technical review, it is accepted for filing. At this stage, staff works with the petitioner to ensure the public is notified and the petition is available for review as required by regulations. There are typically two public comment periods and two publicly available staff reports before the matter comes before the LBC in a public hearing. The reports contain a recommendation for the commissioners. At the public hearing, the LBC listens to the petitioners, any responding parties, and any public comments. At the decisional meeting, the commission discusses the record and reaches a decision. The commission may amend, approve, or deny a petition. If the LBC approves the petition, the next step depends on the type of petition. If a petition is a legislative review petition, the LBC recommendation is submitted to the legislature. The boundary change takes effect after 45 days, unless the legislature adopts a concurrent resolution to deny the recommendation. If the petition is a local action petition, the boundary change question is placed on the ballot for voter approval.
CHAPTER 2: LOCAL BOUNDARY CHANGES AND ACTIVITIES

SUBMITTED PETITIONS

All formally submitted reports and documents can be found on the LBC website:
https://www.commerce.alaska.gov/web/dera/LocalBoundary
Commission/PastPetitions.aspx.

NIKISKI CITY INCORPORATION, DRAFT AMENDED PETITION

In October 2016, residents of the community of Nikiski in the Kenai Peninsula Borough
submitted a local action petition to incorporate Nikiski as a home rule city. On December
30, 2016, LBC staff accepted the Nikiski incorporation petition for filing. The proposed city
would be 5,480 square miles and include the community of Nikiski, a portion of Cook Inlet,
the community of Tyonek, the community of Beluga, and a portion of the Lake Clark
National Park and Preserve. It would border the Lake and Peninsula Borough and the
unorganized borough to the west, the Matanuska-Susitna Borough to the north, and the
Municipality of Anchorage to the northeast.

Through 2017, the petition followed the statutory and regulatory petition process
including a public comment period, informational sessions, and an LBC staff preliminary
report. The report was based on a review of public comments and briefs as well as an
analysis of whether the petition met the standards set by regulations and statute. The
report recommended that the LBC deny the Nikiski incorporation petition because the
petition did not meet multiple standards for incorporation. Specifically the report indicated
the petition did not demonstrate a need for city government\textsuperscript{10} and it proposed to include large unpopulated areas\textsuperscript{11} as well as distinct communities\textsuperscript{12} within the boundaries. Following the report, a second public comment period was triggered then extended several times at the request of the petitioners. In September 2017, the petitioners requested petition proceedings be postponed until October 2018 while an amended petition was being prepared. This request was approved by the LBC chair.

A draft amended petition for home rule city incorporation of Nikiski was submitted to LBC staff for an informal technical review in October 2018. When time and capacity allows, an informal technical review may be conducted as a courtesy by LBC staff before petitioners begin the process of collecting signatures for a petition, in order to first assist petitioners in ensuring all elements of a petition are present. Neither the informal technical review nor the formal technical review identify whether a petition meets all of the standards – such an analysis requires public comment and in depth analysis of statutes and regulations. In this case, LBC staff was available to provide an informal technical review, and thus staff responded to the petitioners with a list of petition deficiencies. Most required aspects of a petition were present, aside from the required signatures. However, based on the previous analysis provided in the preliminary report and a brief analysis of the draft amended petition, the informal technical review by LBC staff indicated areas where the petition’s ability to meet the statutory and regulatory standards had not been sufficiently addressed. This informal technical review was provided in late October 2018.

LBC staff awaits petitioners’ submission of a final amended petition, which will trigger a renewed petition process. The commission chair will establish the most appropriate step in the incorporation process to recommence, and will provide an amended timeline. If, after the process, the LBC approves the petition, the question of incorporation would then be put to a vote of qualified voters within the proposed home rule city boundaries. Incorporation elections are administered by the Alaska Division of Elections.

\textsuperscript{10} 3 AAC 110.010

\textsuperscript{11} 3 AAC 110.040(b)(2)

\textsuperscript{12} 3 AAC 110.920
In 2011, the City and Borough of Juneau postponed a petition to annex the area between the City and Borough of Juneau and the Petersburg Borough, which includes the Tracy Arm-Ford’s Terror Wilderness area. In 2018, the Juneau Assembly voted to direct its staff to prepare and submit a petition for annexation by legislative review. This annexation would include the area between Juneau and Petersburg as well as portions of Admiralty Island (Funter Bay, Glass Peninsula, and Pack Creek), Horse Island, and Colt Island, near Admiralty Island. Following opposition from the community of Angoon (the only community on Admiralty Island) and other residents of Admiralty Island and Juneau, the borough removed Funter Bay from the proposed annexation territory.

LBC staff has assisted Juneau staff and other interested parties throughout 2018 by providing information and documentation including GIS files, past annexations, LBC processes, annexation methods, annexation standards, and much more.

At the time of the latest update, LBC staff was informed that a petition will likely be submitted in early 2019.
The City of Hoonah hired a consulting firm to conduct initial feasibility studies into a possible Glacier Bay and Chatham Strait borough, and to engage all communities in the region in conversations of a potential borough. The consultant was asked to consider either separate Glacier Bay and Chatham Strait boroughs, or a combined single borough.

The consultant communicated with all of the communities within the possible borough, and reports that there is some interest but a larger amount of skepticism at this time. The City of Hoonah is still interested in forming a borough and is considering other options, including a smaller borough. As of mid-November, the city was putting together a working committee to begin the petition process, and has requested an incorporation petition template and other information on the process from LBC staff.

Hoonah’s initial feasibility study prompted the City of Pelican and the City of Kake to explore the possibility of borough formation and/or annexation separate from the larger discussed borough. These inquiries will be discussed later in this report under the “Expressed Interest” section.

Throughout the process, LBC staff assisted communities and the consultant by providing information about the borough incorporation process, taxation, fisheries, state and federal funding to municipalities, education, assembly apportionment, and much more.
GIRDWOOD DETACHMENT & CITY INCORPORATION

The community of Girdwood has formed the Girdwood Governance Association (GGA), a non-profit corporation composed of private citizens interested in detaching from the Municipality of Anchorage and forming a city. The group understands that borough detachment is unlikely to meet constitutional, statutory, and regulatory standards without incorporating into an existing or new borough. The group is therefore spearheading an effort to form a Prince William Sound borough, in which they would be included. Further information on the borough can be found on the following page.

GGA’s current goal is to eventually submit a petition which includes several boundary changes together:

- Detachment of the community of Girdwood and other adjoining areas including Portage and the area west of Girdwood and Portage;
- Incorporation of the City of Girdwood; and
- Incorporation of a Prince William Sound borough.

LBC staff have been available to answer several questions pertaining to the detachment and incorporation process and standards, taxation, state and federal funding sources, and much more. Staff provided a training on the LBC, petition process, and standards at a meeting in Whittier in December 2018. See the following section for details.
As discussed above under "Girdwood Detachment and City Incorporation", the Girdwood Governance Association (GGA) has begun discussions with the City of Cordova, the City of Whittier, and other communities in the Prince William Sound area about the incorporation of a Prince William Sound borough. The City of Whittier, the City of Cordova, and the GGA contributed to a Prince William Sound borough phase 1 financial feasibility study conducted by a consultant and completed in late November 2018. The outcome of the study identified financial feasibility, and prompted the associated communities to hold a meeting in mid-December. Staff provided a training on the LBC, petition process, and standards at a meeting in Whittier which included the City of Whittier, City of Cordova, City of Valdez, Girdwood Governance Association, Girdwood Board of Supervisors, Chugach REAA, and other interested entities.

Feasibility studies conducted in 1988 and 1997 also recommended Prince William Sound borough incorporation. A 2003 study also identified the Prince William Sound model borough as financially feasible and potentially meeting all of the standards.

There is discussion among those interested in incorporating a Prince William Sound borough of not including the City of Valdez in the borough's boundaries. Despite Valdez’s inclusion in the model borough boundaries for the region, the city thus far expresses firm opposition to a Prince William Sound borough. Additionally, Chenega Corporation, Chenega
IRA Council, Tatitlek Corporation, Native Village of Tatitlek, Chugach Alaska Corporation, Eyak Corporation, and the Girdwood Board of Supervisors have expressed some level of either opposition or ambivalence to the Girdwood detachment/city incorporation and Prince William Sound borough incorporation. Reception from the City of Whittier and the City of Cordova are mixed thus far.

LBC staff have provided extensive assistance, information, documents, and research to the municipalities and other entities in the area, the consultants who conducted the study, and to individuals throughout the region.

In June 2018, the Soldotna City Council approved a resolution which directing city staff to prepare an annexation petition. The annexation is a recommendation from the city’s comprehensive plan, adopted in 2011, and would include several tracts of land adjoining the city.

LBC staff has provided information and documentation to city staff engaged in drafting the petition. LBC staff has not yet been informed of a specific timeline anticipated for the completion of a draft petition.
COMMUNITIES THAT EXPRESSED INTEREST IN BOUNDARY CHANGES

Representatives, staff, or residents of the following communities have reached out to LBC staff in 2018 seeking information on boundary changes, but have not indicated whether petitions are actually under way. In many cases, residents or city officials are simply seeking information; however, others are actively planning and preparing proposals to submit to the LBC, though they are only in the early stages of the process and petitions are not anticipated to be filed soon.

CITY OF PELICAN

A Pelican City Council member, at the direction of the city council, sought information on annexation. The city was considering an annexation of large portions of land and water, including the community of Elfin Cove and everything between Pelican and Elfin Cove. LBC staff provided the city annexation packet and links to other resources on the web, and was available for follow-up questions and assistance. After reviewing the standards for city annexation, the city decided instead to consider borough incorporation, to include the same general area. LBC staff provided the borough incorporation packet, but no further contact was made by the city. These inquiries followed meetings held between a consultant hired by the City of Hoonah and the City of Pelican to consider borough incorporation for the larger region of Glacier Bay and/or Chatham Strait.

CITY OF KAKE

The City of Kake submitted a draft petition for the incorporation of a single-community borough for informal technical review. Only a partial review was conducted, as several issues pertaining to petition completeness and accuracy were identified immediately. In response, the city decided to instead pursue an annexation. Later in the year, LBC staff met with City of Kake staff in Anchorage and provided information about the annexation process, standards, timelines, and petition content. The city plans to submit an annexation petition in 2019.

KODIAK ISLAND BOROUGH & CITY OF KODIAK

The City of Kodiak and the Kodiak Island Borough has expressed an interest in consolidating the city and borough governments. LBC staff traveled to Kodiak to provide a training on merger, consolidation, unification, and annexation, and has provided information and answers to questions pertaining to these topics. There has been no further action on this matter, as far as LBC staff is aware.
YUKON-KOYUKUK REGION

The Yukon-Koyukuk REAA continues expressing an interest in the idea of borough formation. The area includes Kaltag, Galena, Ruby, Huslia, Hughes, Koyukuk, Bettles, Wiseman, Allakaket, Minto, Manley Hot Springs, Atlatna, Evansville, Nulato, and Tanana. LBC staff assisted throughout 2018 by answering questions regarding taxation, statutory and regulatory standards for borough incorporation, school service provision, and much more. A feasibility study was commissioned by the school district and completed in October 2017. In early 2018, LBC staff met with the Yukon-Koyukuk School District and other interested individuals to discuss borough formation. Staff has also provided information and borough incorporation packets. A consultant provided a borough incorporation presentation to the REAA in August 2018. The presentation focused on financial feasibility and the benefits of borough incorporation.

COOPER RIVER BASIN

The Cooper Valley Chamber of Commerce has expressed an interest in borough incorporation. Information and resources have been forwarded to the chamber president, and further discussions are ongoing regarding borough incorporation and how LBC staff may assist through the process. LBC staff attendance was requested for an upcoming Chamber of Commerce meeting in Copper Center, but travel funds were not sufficient to allow for the trip. Offers have been made to attend and provide training remotely in 2019.

CITY OF CORDOVA

The City of Cordova reports some new development to the south of their city boundaries and anticipates eventually providing services to this newly-developing area. The city is not interested in annexing the area too soon, but hopes to annex in time to begin service provision. Timelines and standards are being discussed, with the assistance of LBC staff, though no action has yet taken place.
CHAPTER 3: ADDITIONAL 2018 ACTIVITIES

ACTIVITIES OF THE BOARD AND STAFF

The Local Boundary Commission held two meetings in 2018, the first on February 20\textsuperscript{th}. In this meeting, the commission approved the annual report, approved an amendment to an error in the City of Palmer certificate, provided updates to the commission, and conducted several other technicalities.

The second meeting was a work session held April 16-17. The work session covered many vital topics which the commission addresses in its normal course of business including reviewing petitions, technical reviews, department reports, many complex legal issues, decisional meetings, legislative review, reconsideration, judicial review, and more. The Assistant Attorney General attended the work session and provided information and training to the commission and staff.

LBC staff received two draft petitions in 2018 for informal technical review. A draft petition was received from the City of Kake for the incorporation of a Kake borough. A brief informal technical review identified several large issues with the petition, and the city decided to discontinue its pursuit of a single-community borough.

A draft amended petition was also received from members of the community of Nikiski for city incorporation. An extensive informal technical review was provided in response, indicating several areas of potential concern. The informal technical review is not as extensive of an assessment as the preliminary report, and this was explained to the petitioners.

LBC staff anticipates several petitions in 2018, including both drafts for informal review and completed petitions for filing.

Also in 2018, LBC staff completed an archiving project. Over 60 boxes including paper and cassette tapes dating back to the 1960s were organized into coherent files, scanned as appropriate, and sent to the Alaska State Libraries Archives and Museum. The completion of this project will preserve LBC historical documents for posterity, so that all Alaskans can access the information for years to come.

The completion of this project also resulted in the location of several important historic documents, including municipal change certificates. These documents have been archived on-site, and staff is in the process of scanning the most important documents electronically for security and ease of access. Such documents go back as far as the early 1900s, when municipalities were being organized under federal law.

LBC staff continues work toward completion of a spreadsheet displaying all boundary changes attempted and completed since statehood. The spreadsheet, upon completion, will be utilized to create interactive maps for the new Alaska Community Database Online.
LBC Chair Lynn Chrystal resigned from his position on January 31, 2018. Mr. Chrystal was appointed to the commission in 2007 by Governor Sarah Palin. He was appointed chair in 2009. Although he now lives in Wasilla, Mr. Chrystal lived in Valdez for 39 years and served as the mayor of Valdez and as a member of the city council. He retired in 2002 from federal government after four years in the Air Force and 36 years with the National Weather Service.

Governor Bill Walker appointed Lamar Cotten to be the new LBC chair beginning February 1, 2018. Mr. Cotten previously served on the LBC as the member from the third judicial district from 1988 to 1993. Mr. Cotten served as deputy commissioner of the Department of Community and Regional Affairs. He also has extensive experience as a municipal manager at both the city and borough levels. Mr. Cotten currently works as a community development consultant. His term as LBC chair extends through January 31, 2023.
CHAPTER 3: CONCLUSION

The LBC has not processed any petitions in 2018. However, LBC staff continues working closely with the community of Nikiski city incorporation efforts.

As this report has indicated, there are many areas across Alaska considering borough incorporation. They include:

- The Chatham Strait/Glacier Bay area,
- Prince William Sound,
- The Yukon-Koyukuk, and
- The Copper River Basin.

Additionally:

- The communities of Nikiski and Girdwood are working toward city incorporation;
- Girdwood is seeking detachment; and
- The cities of Juneau, Soldotna, Kake, and Cordova are at various stages in the annexation process.

LBC staff will be busy in 2019 assisting all of these communities and others while they prepare petitions, and guiding them through the extensive boundary change process itself.

LBC staff is dedicated to ensuring communities understand the boundary change process and guiding them through the process, cumulating in presenting sufficient information to the Local Boundary Commission to complete their constitutional mandate of considering proposed boundary changes.

The LBC is pleased to continue serving the people of Alaska by fulfilling its constitutionally mandated authority to consider any proposed boundary change. The staff is also pleased to continue providing assistance to the public, potential petitioners, and the commission itself.