

Petition

To the Local Boundary Commission to
Annex 2.63 Square Miles to the City of
Soldotna

By the Legislative Review Method

Authorized by City Resolution 2019-041(S), approved September 26, 2019
Amended December 23, 2019

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The City of Soldotna requests that the Local Boundary Commission grant this petition for annexation under Article X, Section 12 of the Constitution of the State of Alaska, AS 29.06.040(a) and (b), AS 44.33.812, and 3 AAC 110.140. This petition incorporates by reference all of the attached exhibits, figures and appendices.

“Territory” means the territory proposed for annexation. “City” means the City of Soldotna. “Proposed expanded boundaries of the city” means the City *plus* the territory.

INTRODUCTION

Soldotna’s location at the intersection of the Sterling Highway, Kenai Spur Highway, and Kalifornsky Beach Road has allowed the City and the areas around it to develop into a concentrated commercial, recreational, and employment hub for the central Kenai Peninsula region. Originally incorporated as a fourth-class city in 1960, with just 332 residents and 7.4 square miles, the community of Soldotna has seen significant growth and development over the last six decades. The official City limits, however, are essentially unchanged.

The City of Soldotna has invested heavily in providing parks and recreational amenities, as well as cultural programming over the decades to attract visitors to the area and promote a high quality of life for area residents. The City also plans for and funds strategic upgrades to critical infrastructure and public facilities, to keep up with increasing use and maintenance needs. City facilities such as major collector roads, the library, the Soldotna Regional Sports Complex and popular parks such as Soldotna Creek Park, must accommodate not only the residents of Soldotna but the larger regional population that lives very close to, but outside, the city limits. In several ways, Soldotna is much ‘bigger’ in terms of amenities and infrastructure than its modest 7.4 square mile footprint and 4,333 population would suggest.

Depending on whether a property is inside versus outside the City limits, there are dramatically different rules, regulations, tax structures, and voting rights that apply. The Soldotna community has grown and expanded far beyond the original boundaries, and those lines now bisect a larger community that is otherwise cohesive – both socially and economically – into different formal jurisdictions. Residential and commercial development extends across the corporate boundary in all directions. And as the areas outside the City grow, so too does the demand on the City of Soldotna’s resources and infrastructure.

With its centralized location at the intersection of the peninsula’s major highways and a strong retail sector, the City is able to fund the majority of its General Fund operations through a 3% sales tax the City levies on general retail sales. This has allowed the City to keep the property tax mill rate at a historic low of just 0.5 mills (the equivalent of fifty cents per every \$1,000 of assessed real property value). The overall mill rate paid on property inside Soldotna city limits is 0.9 mills lower than currently paid on property in the territory proposed for annexation.

Commercial development continues at the City’s periphery, and at an increasing rate as developable lands inside City limits become harder to come by. The result is that property and sales tax revenues are increasingly being shifted outside City limits. Multiple business owners in the territory proposed for annexation testified in public hearings, specifically citing their 3% sales tax advantage over their competitors inside City limits, as the reason they oppose annexation. This growth and development (both commercial and residential) increases the demand for City services and the cost of City infrastructure needed to support a larger area wide population, but without the ability for the City to obtain additional revenue to support the increases in demand.

In exploring the need and potential for changing the City of Soldotna's boundaries through annexation, the City is seeking to address critical concerns about maintaining its ability to plan for and deliver essential services in a cost-efficient and effective manner into the future. This petition is the culmination of significant analysis and efforts to engage the public over the past five years, but in reality is a continuation of the same conversation the City and public have been having for decades. Importantly, this petition proposes the first significant modification to the City of Soldotna's boundaries since the municipality first incorporated, almost sixty years ago.

Impetus Behind Incorporation

The City of Soldotna's interest in annexation today has parallel threads to its historical beginnings in the late 1950s and early 1960s. Dolly Farnsworth, one of the early Soldotna homesteaders and future Soldotna mayor, wrote of Soldotna's incorporation in her book *Immigrant's Daughter*. She describes a Soldotna that her husband left in 1957 and returned to in 1959 that was undergoing unheard of growth, development and opportunity¹.

Clark Fair, a local author, describes the early period this way:

“Some might have said that Soldotna in 1959 was starting to get a little too big for its britches. Statehood and the discovery of nearby oil had jolted awake the sleepy community, which had numbered only 21 residents in the 1950 U.S. Census but was now rapidly approaching 300 and already dreaming of big things to come.”²

At the time, the State of Alaska was encouraging and providing instruction for communities wishing to become incorporated under Title 29 but there wasn't community

¹ Dolly Mynarcik Farnsworth, *Immigrant's Daughter, The Extraordinary Life of Alaskan Pioneer Dolly Farnsworth* (WordBroker Communications, PC, 2015), 383-389.

² Kenai Peninsula Historical Association, *Snapshots at Statehood* (Bacchus Press), p. 227.

consensus regarding whether Soldotna should apply for incorporation. Based on Soldotna's population, it qualified as a fourth-class city, a designation that comes with fewer powers than some residents had wished.

A map of potential city boundaries was developed by supporters of incorporation. Because a vote would determine whether Soldotna could incorporate, the map was deliberately drawn to include those seeking incorporation, and to exclude those who opposed it. The result was a small community of just over 7 square miles, with areas 'carved out' of the boundary where residents opposed incorporation.

It has been over half a century since that decision was made, and the Soldotna city limits have not substantially changed despite significant changes to the community overall. Farnsworth explains that "In 1959, it wasn't a problem to be excluded, but years later, the excluded property owners would have been saved lots of headaches and their properties would have been more valuable if each had been included on that original map³."

The City of Soldotna's comprehensive plans, dating back to the 1970s, all mention annexation as a critical community issue, worthy of further consideration. The closest the City came to moving forward with an area-wide proposal to modify its boundaries was in 2008. Following a two-year process, the City Council unanimously approved a resolution authorizing the City Manager to submit a petition seeking to annex 2.17 square miles of territory into the City by legislative review. Subsequent to the meeting, Soldotna City Mayor Dave Carey vetoed the resolution and the Council did not seek to overturn the Mayor's veto. Therefore, the petition was never submitted to the Local Boundary Commission.

³ Farnsworth, *Immigrant's Daughter*, p. 387.

Soldotna continues to grow and develop, inside the city limits and beyond. The underlying concerns which caused the City to consider annexation as far back as the 1970s have only intensified. And the prospect of incorporation becomes more challenging, as development continues to occur outside the City.

The City of Soldotna is seeking annexation as a way of responding to growth and development which has already occurred, to more accurately align Soldotna's corporate boundaries with the community that has developed over the past half-century. And the City pursues annexation as a way to strategically look forward, recognize the development trends in the area and potential future needs, to ensure the long-term fiscal sustainability of the municipality. The City is committed to planning for and delivering essential services for City and area residents into the future.

History of Community

Native Alaskan Athabaskan peoples have lived in and used the areas around the Kenai River for many thousands of years prior to the City of Soldotna's establishment. The history of the municipality itself begins with homesteading that occurred in the late 1940s. The construction of the Sterling Highway from Anchorage, and the Kenai Spur Highway, occurred in the 1950s and resulted in increased settlement. Oil was discovered in nearby Swanson River in 1957, immediately boosting the population and economy of the entire area.

The City of Soldotna incorporated in 1960 with 332 residents and an area of 7.4 square miles. Along with the city of Kenai to the north, Soldotna quickly became a hub for the Central Peninsula region. Soldotna's central location at the intersection of the Kenai Spur and Sterling Highways, and the development of the oil industry on the peninsula and other parts of Alaska,

resulted in rapid population growth in the city's first three decades (1960 to 1990). Today, the city is the location of the Kenai Peninsula Borough and school district administrative offices, Central Peninsula Hospital, and the Kenai River Campus of Kenai Peninsula College.

Soldotna has matured into a service- and retail-oriented community with high levels of amenities and services. Sixty percent (60%) of all health care spending in the entire Kenai Peninsula Borough occurs within the City of Soldotna's small footprint, and residents come from a large area to gain access to high quality health care services. K-12 education is also significant, with 2,801 students attending a school inside the City of Soldotna, of which 600-700 (approximately 25%) are estimated to be City residents.

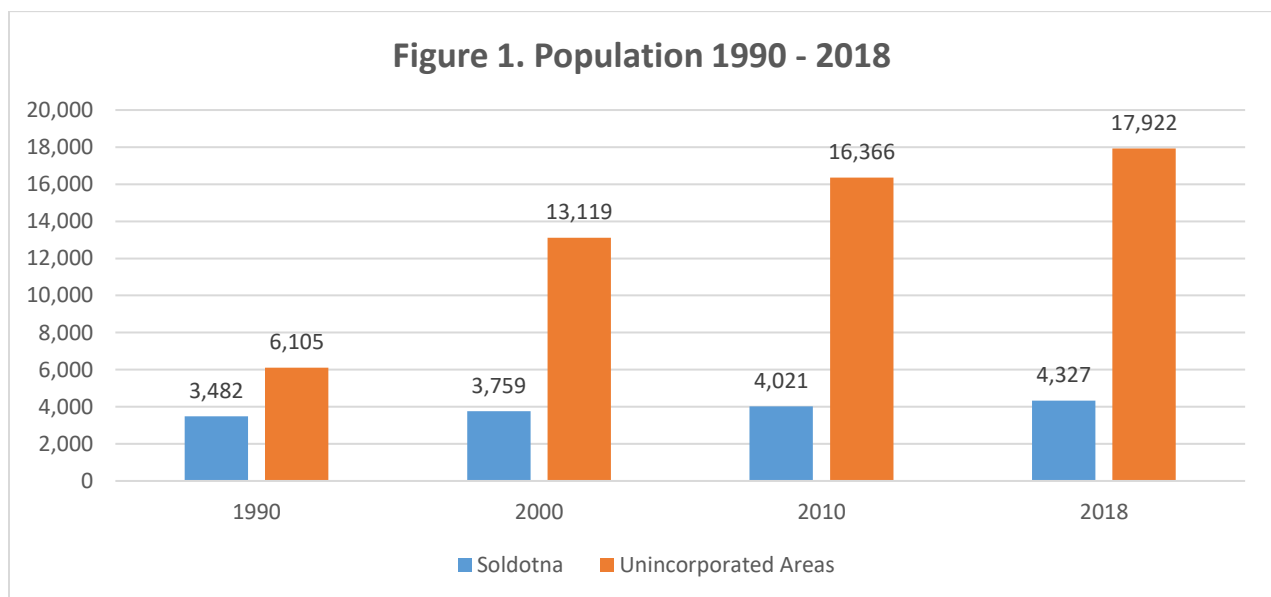
As previously mentioned, retail sales are a significant driver in Soldotna's economy and in providing revenue to fund City government services. Soldotna experiences the largest volume of retail sales of any City on the Peninsula, within a geographic footprint that is approximately 1/5 to 1/3 the size of neighboring municipalities. This statistic speaks to the City's dense concentration of commercial activity, but also highlights the circumstances which make it advantageous for businesses to locate very close to the City, in order to participate in our strong local economy.

The city's pattern of growth has been confined and shaped by natural and man-made features. The Kenai River, local wetlands, and the natural terrain have concentrated development in the western portion of Soldotna. Those factors have contributed to Soldotna becoming one of the most densely settled mid-sized cities in Alaska (with approximately 585 residents per square mile).

Today, much of the developable lands within the city have already been built on. Remaining vacant lands are mostly in-fill parcels, government tracts, and areas with wetlands

and high water tables. This pushes development outside but very close to the City, where land is more readily available and access to City amenities is still convenient. In recent decades, growth in the adjacent lands outside of the city limits has outpaced growth within city limits, in part because of the availability of developable land.

Figure 1, below, illustrates the rapid rate of growth since 1990 that has occurred in the unincorporated areas immediately surrounding Soldotna, compared to the population growth in the City itself.⁴



Why Annexation is Necessary

As the population grows and commercial areas develop adjacent to the City of Soldotna, greater demands are placed on City services and resources. The City has (thus far) been able to react to and accommodate the increases in demands for services. But growth adjacent to the City

⁴ *Unincorporated areas include Kalifornsky, Ridgeway, Sterling, and Funny River. Sources: US Census Bureau, American Fact Finder; Alaska Community Database; State of Alaska Department of Labor and Workforce Development, July 2018 Population Estimates.*

threatens to undermine the City's tax base, and also limits the City's ability to effectively plan for the expansion of services to (for example water and sewer utilities) in areas where they are requested. For example, individual requests to extend a water or sewer mainline to a business or residential property outside the City limits are not planned for in the City's master planning documents (such as the Water or Wastewater Master Plan recently updated in 2016), and therefore are considered on a case-by-case basis. One of the earliest examples of this was a request from the owners of a mobile home park outside the City Limits, to extend the City's water mainline to serve their property in 1992. In the decades since this initial request, the City has entered into service agreements to provide water and/or sewer services to more than two dozen properties outside the City limits. Development in areas adjacent to the City often resembles suburban or urban development patterns inside the City, and only the City of Soldotna (not the Borough or State of Alaska) is in a position to deliver essential water and sewer infrastructure to support such dense development.

The City of Soldotna provides several services that are not offered by the Borough government in the territory proposed for annexation, including parks and recreation; library; animal control; water and wastewater utilities, comprehensive zoning, economic development incentives such as a façade improvement program, local Police protection, and building code review and inspections for commercial and residential construction.

An adjustment to the Soldotna city limits is necessary, to provide equity among businesses and residents who receive municipal services, and those who are collecting and remitting taxes that enable the municipality to pay for the services. Businesses just outside the city limits compete with those located inside city limits for customers and business, but are at a 3% sales tax advantage. Businesses inside the city collect 3% in sales tax for the city in addition

to the 3% levied by the Kenai Peninsula Borough (for an effective rate of 6%). Businesses outside collect only the Borough's 3%. In some cases, these businesses are literally across the street from the City, while in other cases you have to drive past them in order to get to other parts of Soldotna.

Equally as important as cost-effective and strategic planning for infrastructure, is the City's ability to influence the quality and location of future development. Through building and zoning standards, new businesses and development can be guided to higher standards of quality, health, and safety. This is even more important as the density of development in the territory considered for annexation increases. These standards also provide the ability to guide the image and aesthetics of the community. The City of Soldotna has made significant investments toward infrastructure and programs that promote economic growth and improved quality of life, and these same opportunities would be extended into the territory proposed for annexation; areas that many residents already consider to be part of Soldotna.

The justifications for annexation are presented in much greater depth in Section 6 of the Petition. We recognize that the city limits of Soldotna started out very small, at a time when the needs of the community were very different than they are today. And the boundaries have not expanded to keep up with decades of growth and community development. To ensure the long term economic health of the City and to protect its ability to continue delivering essential services to residents now and in the future, an adjustment to the City limits is necessary. The City of Soldotna submits the boundary modifications requested in this petition, after careful consideration and significant input received over the past five years. The annexation proposed will align the Soldotna City limits more closely with existing development and municipal

services being provided to the broader Soldotna community, and will ensure the City's ability to provide cost effective and efficient delivery of municipal services into the future.

The City's Path & Process

Article X of the Alaska Constitution is based on the principle of maximum local self-governance, which is evident in the constitution's approach to changing municipal boundaries. The City of Soldotna has experienced, and will continue to experience, the very scenarios envisioned by the constitutional committee when they designed the process to allow for changing city boundaries. Over the past five years, the City has conducted a thorough, deliberative, and open process before arriving at the decision to submit a petition for Local Boundary Commission consideration. That process is described in detail, below.

Soldotna's comprehensive planning documents, dating back to the 1970's, include the topic of annexation among the City's goals and objectives. The City's current comprehensive plan, *Envision Soldotna 2030*, was adopted in 2011 and includes specific recommendations related to the process the City should follow in exploring the critical need to consider modifying the City boundaries through annexation. The planning process to draft and adopt *Envision Soldotna 2030*, included significant public participation. The need to consider annexation was included as a high priority goal in the 'Regional Growth and Development' chapter. Figure 2 on the following page shows an excerpt from the implementation chapter of the document, which recognized the deficiencies from the City's previous annexation effort (in 2008), and outlined a more thorough and inclusive process.

One of the plan's recommendations was to assemble a group of community leaders to further evaluate the need for annexation (beyond what was considered during the comprehensive

planning process). The City accomplished this in the second half of 2014, after the City Manager invited an advisory panel of twelve community and business leaders, both from within the city limits and outside, to advise the City administration whether annexation should remain a priority. The group met four times and reviewed the City's comprehensive plan and past annexation effort. They considered existing demographic, social, economic, and physical trends that had shaped Soldotna. And they researched the annexation process itself, by reading educational materials produced by the staff of the Local Boundary Commission. The group also invited and heard from Palmer's Community Development Director, as she shared Palmer's experience considering annexation, and offered suggestions for a successful process.

Figure 2. Annexation Implementation Goals from *Envision Soldotna 2030*

Regional Growth & Development <i>Soldotna will develop a forward-looking approach to regional growth and development, and will coordinate with neighboring communities and landowners to identify common interests and goals. The City will also explore opportunities to share infrastructure and public spaces with neighboring jurisdictions.</i>			
5 (57)	Explore annexation to promote orderly high-quality development, cost-effective extension of public services, opportunities for large-scale developments requiring larger parcels, protection of the City's sales tax base, and protection of the natural environment.	High	Administration
	<ul style="list-style-type: none"> • Assemble a panel of community and business leaders to evaluate the potential need for annexation and the appropriate areas to be annexed. People appointed to the panel must be impartial, represent a broad spectrum of interests, and be able to grasp the importance of the issue as well as its sensitivity and difficulty. Meetings of this panel should be open to the public and the process should be as open and transparent as possible. • Use a variety of methods to educate City and adjacent residents about the annexation process. • Develop a new city process to meet with prospective residents and stakeholders to identify the issues and concerns about annexation. • Define tentative territory of interest for annexation, consistent with City development priorities. • Prepare a preliminary draft annexation petition that addresses issues and concerns of potential annexes, evaluates annexation's impacts on city operations and finances, and presents a detailed transition plan to extend future city services to the tentative annexed territory. • Hold public review and comment on the preliminary draft annexation petition. • Present the (revised) draft annexation petition for formal hearing and final action by the city council • If approved, submit final petition to the local boundary commission Amend Future Land Use Map to incorporate annexed territory		

Source: *Envision Soldotna 2030, Comprehensive Plan. May 2011. Page 81.*

At its final meeting, the advisory group agreed on a set of statements (“statements of consensus”⁵) that outlined the existing situation, acknowledged that annexation was the appropriate method to address issues the City was experiencing from past and continued growth, and ultimately recommended the City initiate a formal process that was both inclusive and thorough, to continue exploring the issue.

In March of 2015, the City conducted a public work session to update the City Council on the advisory group’s work. The City Council reviewed the statements of consensus and the advisory committee’s recommendations on how to proceed.

City staff recommended that outside expertise would be critical, to assist the City in moving through the process. Specifically, engaging a consultant (rather than in-house City staff and resources) was identified as the best way to develop and implement a robust public outreach plan to facilitate public meetings, gather and share information, and provide advice on code and policy changes. Also, the City sought an independent and expert opinion from a consultant that could conduct an economic analysis as to the potential impacts of modifying the City boundaries through annexation.

The City Council decided to proceed with the financial analysis first, feeling it was critical to understand whether expanding the City limits was feasible from a financial standpoint, prior to engaging the public in another lengthy and most likely controversial discussion about annexation. The City appropriated \$50,000 for this purpose⁶, and in July of 2015, authorized a contract award to Northern Economics to conduct an economic analysis of the fiscal implication of different annexation scenarios⁷ including a ‘do-nothing’ alternative. The purpose of the fiscal

⁵ Statements of consensus can be found in Appendix A on page 249 of the Petition.

⁶ Council Ordinance 2015-018, appropriating \$50,000 for a fiscal impact analysis (included in Appendix A)

⁷ Northern Economics, Inc. *Analysis of the Fiscal Effects of Annexation for the City of Soldotna*. Prepared for the City of Soldotna. June 2016 (See Appendix A).

analysis was to understand the costs of delivering municipal services over a larger geographic area, and to determine whether revenue generated in those areas would be sufficient to cover the additional costs. The City Manager had stated in a public hearing that he was not interested in exploring annexation if it would *increase* the tax burden for existing City residents, or lower the current level of services being provided. Also, a robust fiscal analysis had not previously been performed, and the City Administration did not want to make the assumption that revenue in the study areas would be sufficient to cover the added expenses.

To provide the public with a single location they could go to find information about the City's annexation actions, City staff created and have continuously maintained a webpage devoted to the topic since April of 2015. The site (www.Soldotna.org/annexation) features announcements of meetings and decisions, links to adopted ordinances, a history of annexation actions and documents, City contact information, and links to the Local Boundary Commission web pages and resources. The City also started an email notification list so that interested citizens would be notified by email of upcoming meetings and agendas. Approximately 50 people signed up for the notifications from the City.

In October of 2015, City staff worked with Northern Economics to identify annexation study areas to be included in the analysis. To coincide with the study area selection, Soldotna City Manager Mark Dixon issued a press release⁸ on October 20, 2015, which provided the public with an update on the City's annexation efforts to date and explained the specific criteria the City had used in selecting the areas for inclusion in the analysis. Those criteria included:

⁸ Mark Dixon. "Voices of the Peninsula: Soldotna focuses areas for annexation study." *Peninsula Clarion*. October 24, 2015.

- Areas where residents and businesses are already receiving city services, such as emergency response, water and/or sewer utilities, or where extension of utilities can be reasonably achieved or anticipated;
- Existing or potential commercial highway corridors or nodes near the City, whose development has the potential to erode the City's sales tax base;
- Areas that are undeveloped or under-developed which provide opportunities for residential, commercial, or other types of development, and that may benefit from City services and standards prior to development; and
- Areas where health and safety issues may exist or where a request has been received by the City to offer services not available in the Borough.

The fiscal study looked at nine small areas adjacent to the existing City boundaries, totaling approximately 4.5 square miles when combined. By analyzing smaller geographic areas separately, the consultant was able to report results for each area independently and with a far more detailed analysis.

Each study area was analyzed in terms of existing and projected population growth, housing, land ownership, existing land use, and future land availability. The consultant built a model that estimated revenues according to the City's property and sales tax rates, as well as specific fees for services the City charges. The consultant also modeled the cost of each of the City departments according to a relevant metric (per capita, for example, or in the case of street maintenance per mile of maintained road), and projected the cost of delivering municipal services to each of the nine study areas. Build-out projections were also developed for each study area.

The fiscal analysis concluded that the financial effect to the City incorporating all nine areas was positive, meaning that anticipated revenues from those areas would be more than sufficient to offset the cost of providing municipal services, at or exceeding the current level provided within the City of Soldotna. Overall, the report estimated revenues would exceed expenditures by \$0.35 million annually, growing to \$0.85 million per year by 2030⁹. Because this petition seeks to incorporate 2.6 of the 4.5 square miles originally studied and evaluated, financial information has been updated and presented to reflect the modified (reduced) territory.

In June of 2016, the completed fiscal study was received by the City and released to the public. Northern Economics presented the findings of the study to the City Council at a public work session on June 22, 2016, and City staff hosted an open house on June 30, 2016, to answer questions from the public.

With the fiscal analysis demonstrating that the City of Soldotna has the financial capacity to serve additional areas, the Council voted unanimously in December of 2016 to proceed with a robust public engagement process. Funds were appropriated¹⁰ for the purpose of hiring a consultant, to design and implement a process to achieve broad public input. The Administration felt a third-party consultant would be better suited to effectively engage the public on this topic, both in terms of having specialized expertise in public engagement techniques and methods, and also because of the long history between the public and current (and previous) City Administrations around this topic. The process aimed to identify public concerns and comments, and explore solutions and ways to resolve them.

⁹ Northern Economics, *Analysis of the Fiscal Effects of Annexation for the City of Soldotna*, pg. 56. (Appendix A; page 301 of the Petition)

¹⁰ Ordinance 2016-032 appropriated \$50,000 for the purpose of entering into a contract with a public engagement consultant, to facilitate the public engagement process. (Appendix B; page 366 of the Petition)

In early June of 2017, the City hired the Athena Group¹¹ to engage citizens, identify issues and concerns, offer feedback on annexation, and to give people an opportunity to be heard.

The consultants employed a number of outreach methods, including:

- an online community feedback and discussion forum;
- open houses during the day with City staff who were available to answer questions from every City department;
- Community Conversations in the evening with Council Members invited to attend and participate;
- a presentation to the Chamber of Commerce members during one of their luncheons;
- one-on-one interviews with local landowners or individuals interested in the topic;
- traditional radio and newspaper media ads and interviews;
- social media ads; and
- Emails to community groups and large employers, asking for information to be shared within existing community networks.

To encourage broad participation, the City also mailed a letter to every landowner in all nine study areas as well as inside the City (2,084 mailers were sent), inviting them to participate in the public engagement process. During the process, incentives for participation were offered through the City Library and the Chamber of Commerce, and technology support was made available for computer users.

The online discussion forum was called “Soldotna.Consider.It” and it was open to participants for two months (September 1 thru October 30). Community Conversations, the facilitated discussions with community members to identify their major hopes and concerns,

¹¹ Resolution 2017-015, awarding a contract to the Athena Group (Appendix B; page 371 of the Petition)

were held on four separate evenings, to accommodate as many attendees as possible. One-on-one interviews with business owners and community members were conducted, as previously mentioned, at times convenient for those residents.

The goal of the engagement process was to reach 30% of the targeted population. The result, however, fell substantially short. During the months-long public engagement period, a little over 100 individuals participated in any of the given engagement methods (online, in writing, or in person combined), resulting in a response rate of closer to 2 percent. A copy of the consultant's report¹², which details the methods and findings, is presented in Appendix B.

The consultant's report warned that due to the low participation rate, making generalizations from the gathered input was limited¹³, and offered the following three reasons as to why participation may have been so low:

1. Fatigue with or resistance to discussing the issue among those who are and have been opposed to annexation;
2. A sense among city residents and businesses that annexation won't impact them in any significant way; and
3. Reluctance by those who do not hold strong opinions on the topic to get involved in controversy.

The major themes that emerged from the process included the question "why annex?" Where City staff members were available and creating resources to explain how a person's day-to-day life may differ if their property, home, or business was incorporated into the City limits - most participants struggled to understand why the City was even considering annexation in the first place. Another theme was around value; many residents simply didn't agree that the

¹² The Athena Group, *City of Soldotna Annexation Study Community Perspectives*, December 1, 2017.

¹³ The Athena Group, *City of Soldotna Annexation Study Community Perspectives*, p. 5 (page 325 of the Petition).

services the City could provide (or in some cases already was providing) were worth the ‘cost’ of what they would be giving up via annexation. Other themes included the view that City regulations are expensive and unnecessary; that government can’t be trusted; that annexation is seen as “forced” (particularly with the legislative review method); and that those outside city limits made a conscious choice to live there. Most participants in the process were opposed to annexation.

The Athena Group also looked at the potential for mitigating some of the concerns that were raised during the process¹⁴. The four items that were suggested in the report include:

1. Participants generally agreed that properties already receiving city sewer and water services are reasonable to annex;
2. Consider zoning that reflects character and conditions of annexed areas;
3. Consider a vote to determine consent for annexation; and
4. For two study areas (#2 and #9) there was little objection to annexation.

Athena Group’s final report was delivered to the City Council at a public work session on December 13, 2017. The report concluded that trust around this topic was low, and the options to re-build trust were limited. Further, the options that are available must be considered in light of the city’s need to address the long-term problems associated with growth around its borders.

On March 28, 2018, the City Council conducted a public work session that reviewed the history of the City process to date; addressed why the city was considering annexation; what the possible next steps may be; and an overview of the State’s annexation application process. The work session also identified issues raised in the public input process that will likely require follow-up, including:

- Use of firearms within City limits (especially for agricultural areas);

¹⁴ The Athena Group, *City of Soldotna Annexation Study Community Perspectives*, p. 11 (page 331 of the Petition)

- Use of ATVs and off-road vehicles in rural areas;
- Allowance of farm animals in additional areas;
- Protection of agricultural lands;
- Paving and landscaping standards for urban versus rural areas;
- Other developmental standards (building codes, etc.).

The City Council considered Resolution 2018-003, directing the administration to prepare a draft petition for annexation by legislative review and identifying the areas for inclusion in the petition, at their regular meeting of March 28. After discussion and public testimony, this resolution was postponed to provide time to further consider each of the study areas.

On May 23, 2018, an additional Council work session was held to review all nine study areas and consider potential modifications.

On June 13, 2018, the City Council again held a public hearing on Resolution 2018-003, and adopted several modifications to a Substitute Resolution 2018-013, directing the City administration to prepare a draft petition for the potential annexation of adjoining areas as amended by the City Council. A copy of the Council resolution and supporting packet materials are included as Exhibit G.

It took City staff more than one year to draft the petition and compile the associated attachments, and in August 2019 the document was completed and shared with the public. The Petition included those areas identified by the City Council in June 2019, and was titled, “Petition to the Local Boundary Commission to Annex 3.78 square miles to the City of Soldotna by the Legislative Review Method.” A pre-submission hearing, in accordance with Alaska law, was conducted on September 7, 2019, in the Soldotna High School auditorium. A transcript of the proceedings is included in this petition as Exhibit H.

On September 12, 2019, at its regularly scheduled meeting, the City Council considered Resolution 2019-041, which would have authorized the City Manager to submit the petition to the Local Boundary Commission to annex 3.78 square miles to the City of Soldotna using the legislative review method. After taking public testimony, the City Council approved a motion to postpone the resolution to the September 26, 2019 meeting, to give the City Manager and staff sufficient time to prepare a potential amendment requested by a Council Member.

On September 26, 2019, the Council agenda included the original resolution (Council Resolution 2019-041) that had been postponed from the previous meeting, and also a substitute resolution (Council Resolution 2019-041(S)), which removed approximately 1.18 square miles of the territory proposed for annexation (the areas commonly referred to as ‘Area 4’ and ‘Area 5’). The Council again opened the public hearing, took public testimony, and following the close of the hearing, deliberated on the two versions of the resolution before them. A motion to amend by substitute (effectively bringing the substitute resolution in front of the body in lieu of the original version) was approved unanimously, as was the final vote on Council Resolution 2019-041 (S). A copy of the Resolution and associated Council minutes, are included in this petition as Exhibit F.

Throughout the process, the City Council and City staff have been sincere in the pursuit of a process that would engage the public, allow for sharing of information and concerns, and work cooperatively to identify mutually beneficial solutions. This petition was drafted and submitted, after considering everything learned and discussed over the past five years.

SECTION 1. NAME OF THE PETITIONER. 3AAC 110.420(b)(1)

The name of the Petitioner is the City of Soldotna (hereafter “City” or “Petitioner”). The City is located within the Kenai Peninsula Borough.

SECTION 2. PETITIONER’S REPRESENTATIVE. 3 AAC 110.420(b)(2)

The Petitioner designates the following individual to serve as its representative in all matters concerning this proposed annexation:

Name: Stephanie Queen, City Manager
Physical Address: 177 N. Birch Street, Soldotna, AK 99669
Mailing Address: 177 N. Birch Street, Soldotna, AK 99669
Phone Number: 907-714-1240
Fax Number: 907-262-1245
Email Address: squeen@soldotna.org

Petitioner’s Alternate Representative

The Petitioner designates the following person to act as alternate representative in matters regarding the annexation proposal in the event that the primary representative is absent, resigns, or fails to perform his or her duties:

Name: Brooks Chandler, City Attorney
Boyd, Chandler, Falconer & Munson, LLP
Physical Address: 911 West Eighth Ave., Anchorage, AK 99501
Mailing Address: 911 West Eighth Ave., Anchorage, AK 99501
Phone Number: 907-272-8401
Fax Number: 907-274-3698
Email Address: bcf@bcfaklaw.com

SECTION 3. NAME AND CLASS OF CITY FOR WHICH A CHANGE IS PROPOSED.

3 AAC 110.420(b)(3).

The name and class of the city proposing annexation is:

Name: City of Soldotna

Class: Home Rule City under Alaska Law; City Charter approved on October 12, 2016.

SECTION 4. GENERAL DESCRIPTION OF THE NATURE OF THE PROPOSED BOUNDARY CHANGE. 3 AAC 110.420(b)(4).

This petition, initiated by the City under the authority of 3 AAC 100.410(a)(4), requests that the Local Boundary Commission authorize the annexation of territory generally described as 2.63 square miles of adjacent land, to the City under the legislative review method.

SECTION 5. GENERAL DESCRIPTION OF THE TERRITORY PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(5).

The territory proposed by the City for annexation consists of approximately 2.63 square miles. The annexation area is located in the unincorporated portion of the Kenai Peninsula Borough (“KPB”) and is adjacent to the present boundaries of the City. The proposed annexation would increase the area of the City to approximately 10 square miles. The legal description of territory proposed for annexation is shown in **Exhibit A-1**; the existing City is shown on **Exhibit A-2**; and the legal description of the city boundaries after the proposed annexation is shown in **Exhibit A-3**. Maps and plats of the existing city boundaries and the territory proposed for annexation are shown on **Exhibit A-4**.

All of the territory the City is petitioning to annex is contiguous to current city boundaries. While study areas were evaluated individually during the fiscal impact analysis and public engagement process, it is not the intent of this Petition to offer each study area as a unique case for annexation. Instead, the City has provided a Petition that treats all of the City Council

identified areas as a single territory for consideration, recognizing that it represents a subset (smaller portion) of those areas previously studied in the fiscal impact analysis and public engagement process.

To facilitate references to the annexation studies earlier prepared by the City, the annexation territory will occasionally be broken into subunits and referred to as¹⁵:

- Area 1, or Funny River West
- Area 2, or Skyview
- Area 3, or K-Beach South
- Area 7, or Kenai Spur
- Area 9, or Funny River East

Area 1 – Funny River West. This 0.48 square mile annexation area is substantially surrounded by the City to the north, east and west. The 2015 estimated population of this area was 82 residents. The population is projected to increase by approximately 34 residents by 2030. The area primarily consists of private land (75%). Nearly half of the developed land is in residential use, with commercial and institutional uses accounting for most of the rest. The remaining non-private land (25%) is municipal owned and includes the City of Soldotna's airport. Most of this annexation area is developed, with only 22% undeveloped. Future development is likely to follow the existing development patterns and may contain a mix of commercial and residential uses. The area is similar to the adjacent land in the City, in terms of land uses, development patterns, and lot sizes, and as explained further in Exhibit D, Transition Plan, is already receiving some City services.

Area 2 – Skyview. At 1.05 square miles, this area consists mainly of Borough and Native Corporation owned lands. It is located south of the City limits and mostly west of the Sterling

¹⁵ The City, as part of the Fiscal Impact Analysis and Public Engagement Process, also studied four areas referred to as, "Area 4 – K-Beach Central," "Area 5 – K-Beach North," "Area 6 – Knight Drive," and "Area 8 – Sterling Highway" which are not included in this petition.

Hwy. Important land uses within this area include Skyview Middle School, Tsalteshi Trails system, Arc Lake Park (City-owned), a one-million-gallon drinking water reservoir and pump house (also City-owned), and a maintenance facility owned by the Alaska Department of Transportation and Public Facilities. Land ownership patterns, existing land uses, and topography make future private development unlikely in this area.

While there are no residents in this annexation Area 2, the presence of vital city facilities (the drinking water reservoir and pump house), a city park, and a public school warrant its inclusion in the annexation territory.

Area 3 – K-Beach South. This 0.19 square mile annexation area is on the City’s southern border and adjacent to the State maintained Kalifornsky Beach Road. The 2015 estimated population of this area is 38 residents and is projected to increase by 170 residents by 2030. The area primarily consists of private land (80%), about 73% of which is undeveloped. Residential uses predominate. Due to its location along an important transportation corridor and because vacant land is available and currently being marketed for sale or lease, this area would provide good opportunities for future residential and commercial development which would benefit from the extension of City utilities and land use controls, prior to continued development.

Area 7 – Kenai Spur. This 0.61 square mile annexation area extends north of current City limits. The 2015 estimated population of this area is 55 residents, and the population is projected to increase by 6 residents by 2030. Almost all land (99%) is privately owned, and 24% of the area is undeveloped. The three primary uses (by acreage) of land in the area are residential (34%), gravel pit (31%), and commercial (11%). This area includes about three-quarters of a mile of the Kenai Spur Highway as it heads north from city limits, has similar land uses and development patterns, and is often mistaken as already being part of the City.

Area 9 – Funny River West. At 0.26 square miles, this is one of the smaller annexation areas. It is estimated that there are two residents in this annexation area that is evenly split between privately held lands and State-owned lands. This annexation area is substantially surrounded by the City and is located south of the Kenai River on the City’s east side, near the municipal airport. It is anticipated that future development on the privately held lands will be residential in nature; however, no growth in population is projected for the year 2030.

SECTION 6. REASONS FOR THE PROPOSED BOUNDARY CHANGE. 3 AAC 110.420(b)(6).

The Petitioner believes the proposed annexation is in the best interest of the State, the territory proposed for annexation, the Borough, and the City. Annexation will promote maximum local self-government, promote the long-term economic and fiscal vitality of the City, facilitate more efficient provision of essential city services to a developing territory, and relieve the State and the Kenai Borough of the responsibility of providing services in the territory to be annexed. For the following reasons, the Petitioner seeks annexation of the territory:

A. To promote high-quality development, orderly growth, and to abate threats to public health and safety.

The proposed annexation territory contains both developed and undeveloped lands with the potential for development and new economic activity in the coming years. Annexation will permit implementation of building and zoning standards to encourage orderly development, the safe occupancy of buildings, and improved quality of building stock. Currently, neither the State of Alaska nor the Kenai Peninsula Borough provide building codes for residential structures in the territory proposed for annexation. Plan review

for new commercial structures in the Borough is conducted through the State Fire Marshall's office, in Anchorage.

The City of Soldotna has adopted the 2012 International Residential Code for residential structures, and provides both plan review and inspections for commercial and residential buildings.

In areas outside City limits, the State Fire Marshal performs only a "Life Safety Review" for the design of new commercial structures. The City has adopted and implements the *2012 International Building Code*, the *2012 International Fire Code and Mechanical Code*, the *2015 Uniform Plumbing Code*, the *2017 National Electrical Code*, and the *1997 Code for the Abatement of Dangerous Buildings* for commercial structures in its jurisdiction. The City's Building Official applies these standards and conducts plan review and inspections during construction, to ensure compliance.

The residential and commercial growth in the areas immediately adjacent to the City has been significant. According to Alaska Department of Labor and Workforce Development data, the three census designated places immediately outside city limits grew 9% from 2010 to 2017 while the City grew 4%. The rate of growth from 2000 to 2017 is even more significant: outside city limits, the neighboring census-designated places grew 39%, while the city grew in population 15.5%. To illustrate the population density around the City of Soldotna, the 2010 population within a five-mile radius of the existing city boundary is, is 13,741 people¹⁶. Exhibit A-4 includes a time-sequenced set of satellite imagery showing the growth within and around the City's boundaries.

¹⁶ Source: US Census Bureau, 2010.

The image, character, and aesthetics of the City are affected by the quality, location, and use of structures in the neighboring areas and gateways into Soldotna. With annexation, land use and building codes will guide development over time toward compatible uses and consistent building standards. This guidance will protect property values both inside City limits and within the annexation areas. In its current situation, existing properties within city limits and adjacent to some gateway areas may be negatively affected by the quality of construction, lack of nuisance abatement, and dissimilar land uses occurring just outside the city boundaries. Annexation will allow the City to thoughtfully guide new and existing development in a way that is compatible, sustainable, and will benefit the larger community.

As an example, along Funny River Road, different land uses and standards currently apply to the development inside and outside the city limits. The result is a diverse mix of uses (gravel pits, warehousing, residential, commercial, etc.) outside city limits that may be incompatible with uses in the city that were deliberately planned for and zoned according to public processes. This incompatibility can have a detrimental effect on the value and health of neighboring properties, and when it comes to gravel pits, can be a topic that garners much controversy. In January of 2018, the Kenai Peninsula Borough Assembly created a working group, to examine the current material site permit process in the borough and consider amendments to borough code. With annexation, density and allowable uses can be addressed through zoning, potentially alleviating problems associated with industrial and commercial uses and residential development.

The City has regulations governing development of property adjacent to the Kenai River, which are in addition to and exceed those standards administered by the Kenai Peninsula Borough. While the Borough has adopted protections on land development within

50-feet of anadromous streams, the City's Kenai River Overlay District (KROD) provides for the review and approval of development within 100-feet of the ordinary high water mark of the Kenai River. The KROD, first adopted in the mid-90's, is intended to provide opportunities for the development and use of land and enhancement of riparian habitat within all zoning districts along the Kenai River while establishing special overlay requirements to control erosion, ground or surface water contamination, or adverse alteration of the riparian habitat.

One specific example of the difference in regulatory requirements inside versus outside the City limits occurred just recently. In 2017, a landowner applied to the Borough to subdivide an 80-foot wide property (0.74 acre) on the Kenai River, immediately adjacent to Soldotna City limits, to create two lots (each with an existing structure on them). The proposed lots would be substandard under the City's minimum lot width requirements, being between 45- and 56-feet in width each, and they also required and received depth-to-width ratio exception from Borough code. Around the same time, the landowner applied to the City of Soldotna, to connect the structures on the property to the City's water and sewer system. The Borough Planning Commission approved the subdivision, creating the new lots. But because these lots are outside the city limits, the city had no authority to comment or provide feedback on the proposal, even though the properties were served by City utilities. Furthermore, the petitioner used the fact that municipal utility services were available to justify borough approval of undersized lots, which would not have met minimum Department of Environmental Conservation (DEC) standards for onsite septic systems. In this way, the City is unwittingly facilitating property development outside the City limits by providing

utilities, while also not being able to require development to meet City (or even borough) standards. This example occurred literally next door to existing City limits.

Development in the territory proposed for annexation creates additional demands on city water and sewer systems, police protection, and other city amenities and resources such as parks and the library. As an example, the City's animal control office receives complaints and handles many animals from areas immediately adjacent to the City, even though it is not the City's policy to accept animals from non-residents. Annual reports show that when the Animal Control Officer can identify and contact the owner of a pet and return it to its home, some years as many as 50% of all impounded animals are returned to homes outside city limits. Areas where borough animals are most likely to come into the City and be picked up by Soldotna Animal Control include Poppy Lane just west of the City limits, Mackey Lake (Annexation Area 7), and Knight Drive just north of the city.

Assigning addresses to physical structures is an example where service delivery could be improved through annexation. In the annexation territory, the Borough uses a different address system to assign building numbers than is used by the City. This results in adjacent buildings (for example along Funny River Road which has portion inside, and outside the City limits along segments of the same street frontage), having non-sequential physical addresses. This has caused confusion for landowners in the past (and for individuals attempting to locate properties with these dual systems in place). The Borough E-911 and Geographic Information Systems have been able to accommodate the multiple different systems of addressing, however, to prevent any delays in dispatching emergency responders. As the Funny River Road example shows, though, there are numerous challenges in providing municipal services where the city boundaries bisect developed areas.

Soldotna is one of the smallest and most densely populated cities on the Kenai Peninsula. Available land is limited, which facilitates ‘sprawl’ into the unincorporated areas outside of city limits where more land is available, yet there are fewer municipal services. Sprawl is not orderly growth, and it is often more expensive and less efficient for the government entities providing essential services.

This is not only an issue for residents of the Borough, but for the City as well. Ultimately, the City does end up serving many of the properties outside city limits with water and/or sewer utilities, because of their close proximity to the municipal water and sewer system. If a utility mainline is not already in front of the property, the property owner can choose to extend it at their own cost. This is what Cook Inlet Academy did in 2007, by boring under Kalifornsky Beach Road, a state highway, to extend City water and sewer outside the City to their school. Earlier this year, a representative from the adjacent property called the City’s public works department to find out whether it would be feasible for them to also be connected to city utilities, should their onsite system eventually fail. This would require a second boring (or cutting the asphalt of the State-owned and maintained highway), to make the crossing. It is very inefficient to treat each separate request as a separate expansion of the City’s system, rather than plan methodically for system expansions that can serve not only current customers, but future ones as well. Responding to one-off requests may solve an immediate need, but impose wasteful inefficiencies on the City’s utility system overall, the costs of which are borne by all Soldotna utility customers.

Likewise, development near the community’s gateways can have a negative effect on the character and the aesthetics leading into the community due to the lack of building standards, land use controls, and beautification programs that exist in the City but not in the

territory proposed for annexation. This sentiment was expressed by borough residents who lamented the loss of vegetation and increase of development along Kalifornsky Beach Road, even as they affirmed that they did not feel the need for the City to offer solutions.

One non-regulatory program the City has successfully implemented in partnership with local businesses is the Storefront Improvement Program, which is a municipal matching grant that helps fund exterior improvements to commercial businesses in the City. No other similar program exists on the Kenai Peninsula, and the City has received inquiries from businesses outside the city limits inquiring whether they were eligible for the program. Since 2012, the City has awarded \$84,000 of municipal matching funds to fifteen separate projects. This effort, along with landscaping improvements installed and maintained by the City's Parks and Recreation Department along the highway corridors throughout Soldotna, are examples of municipal programs not currently available in the borough, that would be extended to the territory following annexation.

B. To provide services needed by the territory to be annexed for current residents and to accommodate growth.

As previously noted, Soldotna and the immediate surrounding area have experienced significant growth over the past two decades. The residents and property owners of these neighboring areas are often dependent on city services, as highlighted in the following examples:

- The Joyce K. Carver Memorial Public Library in Soldotna currently has 9,450 active library card users. Of those, only 2,078 (22%) are verified city residents.
- In 2015, 166 pet animals were handled and returned to their owners by Soldotna Animal Control officers: 58% were returned to owners from outside city limits; in

2017, 114 animals were handled and returned to their owners: 53% were returned to owners from outside city limits.

- There currently 23 properties in the territory proposed for annexation with municipal water and/or sewer service connections.

Because the annexation areas are contiguous to the City, the City will be able to efficiently extend city services after annexation. For example, the City police, public works, road maintenance, and code enforcement personnel must already travel through or alongside four annexation areas (Areas 1, 2, 3 and 9) to serve portions of the City. Two areas (1 and 9) are surrounded on three sides by the City. Irrational and irregular boundaries do not serve the State's interest in efficient local government.

Some parcels in the territory proposed for annexation have issues with existing on-site water and septic systems, such as poor soils, poor water quality, or inadequate separation distance between new and/or replacement systems. As the population and density in these areas increases, the demand for city water and sewer services which can accommodate higher density development will also increase.

The Soldotna Police Department works cooperatively with the Alaska State Troopers and may be dispatched to an incident within the territory proposed for annexation as back-up for a high priority call. In some cases, officers in the Soldotna Police Department will make courtesy or security drive-by visits to businesses outside city limits. Emergency 911 calls are dispatched through a central Soldotna Public Safety Communications Center, which is staffed by both Borough and State personnel and is jointly funded by the agencies who participate. Soldotna Police Department's staffing ratio is currently three officers per 1,000 population. According to Captain Maurice Hughes of E Detachment, the AK State Trooper

staffing ratio is slightly lower than one officer for every 1,000 residents. This information is included to provide additional context, and should not be taken alone in drawing conclusions about agency performance or efficiency. Incorporating the territory described into this petition would transfer responsibility for responding to public safety calls to the Soldotna Police Department, relieving the Alaska State Troopers of that responsibility and enabling them to be more available for other calls for service within the borough. Based on current staffing levels, the City expects to be able to deliver a higher level of service to the annexation territory.

The City of Soldotna has engaged in projects extending water and sewer service outside city limits to properties along Funny River Rd. (Area 1), Kalifornsky Beach Rd. (Area 3), and the Kenai Spur Highway (Area 7). Individual property owners and businesses value these services and have entered into payment agreements with the City for them.

All of the annexation areas have significant land for future growth. For example, In Area 1, approximately 22 percent of the area remains vacant and available for development. In Area 3, most of the properties along Kalifornsky Beach Road are undeveloped and may be very suitable for commercial development. Many of the benefits the city can provide, such as strategic extension of utilities for more cost-effective development, or land use planning to accommodate strategic and orderly growth, are more impactful before development occurs.

C. To provide more reasonable and equitable taxes for those who already benefit from City government, infrastructure, and services.

The proposed annexation will allow the City of Soldotna to collect tax revenues from a significant existing and growing population living and conducting business in areas

immediately adjacent to the City. These residents and businesses presently use city services and infrastructure, but do not pay property taxes or collect city sales taxes to support them. Annexation will eliminate the inequity between city residents and property owners who pay the full range of municipal taxes and fees, and those in the area to be annexed who currently do not. It will also provide equity between city businesses that collect both a city and KPB sales tax (for an effective general sales tax rate of 6%) compared to those outside the city that only collect the KPB's sales tax (and therefore have a lower sales tax rate of 3%).

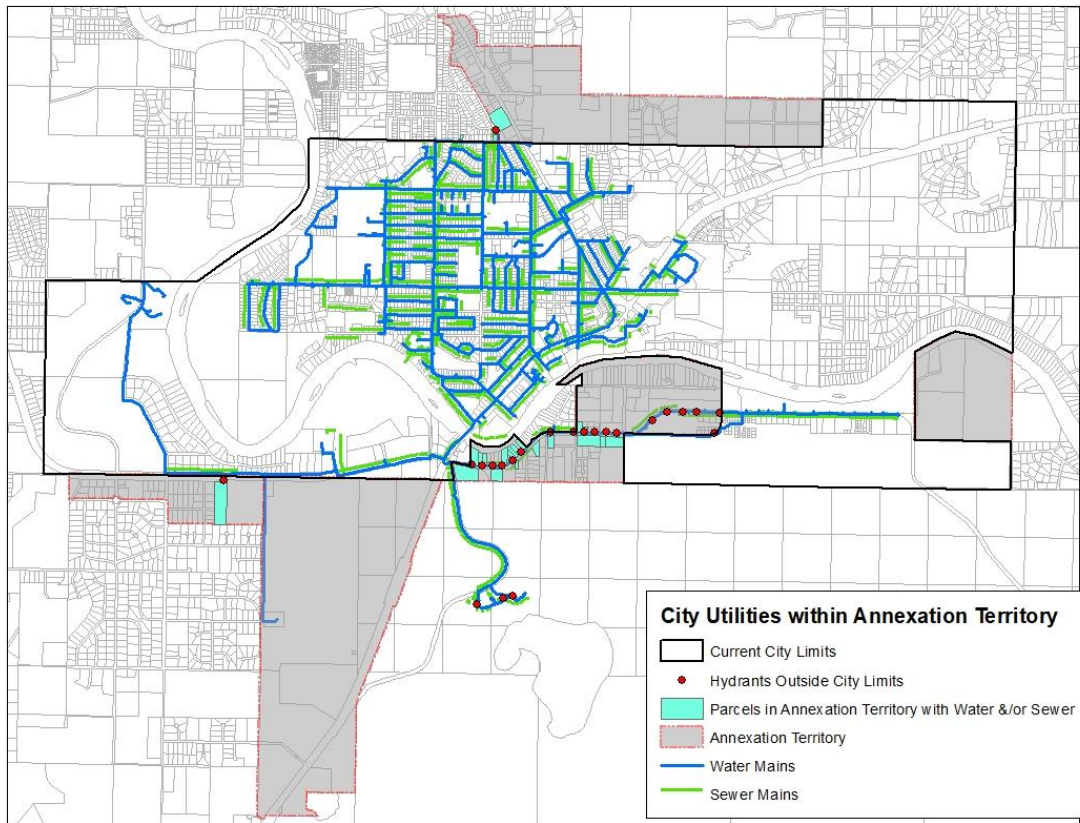
Approximately 177 residents live within the territory proposed for annexation. Residents of these areas regularly use City of Soldotna infrastructure to access area schools and large regional amenities located in the City. In recent years, the City of Soldotna has invested millions of dollars in infrastructure upgrades to its major collector streets. Wear and tear of asphalt surfaces is related to higher traffic counts from school traffic, but also from non-city residents accessing Central Peninsula Hospital (with an estimated service population of 37,196), the Soldotna Post Office (with 4,058 PO box holders), Kenai Peninsula Borough and school district administrative buildings, etc.

Whether it's building in extra capacity in City facilities to accommodate a broader regional population (as the City did in 2013, when the library was nearly doubled in size to its current 9,800 sq. ft.), or the added use of city infrastructure which causes more frequent repair and replacement (as in recent road projects), the City seeks a more equitable distribution of those who use City services, versus those land and business owners who collect the taxes that pay for them.

Many residents and businesses in the territory receive, either directly or indirectly, the benefits of city water service and sewer services. In and adjacent to annexation areas 1, 2, 3,

and 7, water mains have been extended (See Figure 3 below), providing improved fire protection capability through fire hydrants. Fire protection services are provided regionally through Central Emergency Services, a borough service area, but the City does not charge the service area for fire-fighting water supply and these areas may receive better insurance ratings and reduced rates as a result. City water and sewer service is directly available to and is utilized by residents and businesses located in some parts of the territory. The cost of constructing the mains to service these properties, and that benefit these areas, was not paid for by the residents of the areas to be annexed. As previously noted, there are 23 properties connecting to city sewer and/or water, that are outside of city limits and within the proposed annexation areas.

Figure 3. Properties in Annexation Territory, Served by City Water and Sewer.



D. To protect and broaden the City's tax base and to provide the City with a sustainable principal revenue source and promote economic vitality.

To ensure the ability of the City of Soldotna to plan for and secure long-term economic and financial health for residents, it is necessary that the City expand its tax base to include those areas already benefiting from their proximity to the City and those that may continue to develop in the near future. Areas around the City have experienced significant development (commercial and residential), and will continue to do so. With proximity comes the use of services provided by the City without commensurate payment for those services. The City seeks to broaden its tax base to ensure its long-term ability to provide the very services that are in such demand. See Appendix A, for a detailed analysis of the fiscal impact of annexation.

As development occurs outside city boundaries, it deprives the City of tax revenues that could otherwise be collected. It also sets up a disparity between like businesses that operate under two different taxing and regulatory environments. This two-tier system provides incentives for businesses to locate just outside city limits, with damaging effect on the City's economy and tax base. Current examples include a local home improvement and building materials store (just outside of city limits in Area 1 but connected to the City's sewer system), competing with a hardware store inside the City that offers many of the same products. Likewise, the many lodges, recreational guides and tourism-oriented businesses, gas stations and convenience stores, bars and restaurants operating just outside city limits have a 3% sales tax advantage over similar and competing businesses in the City.

Because of State budgetary constraints in recent years, the City has received no State financial assistance for capital projects in recent years and does not anticipate that funding

will be restored in the future. State legislative grants have traditionally been a reliable funding source for large capital projects which benefit Soldotna residents and the broader community. In response, the City has reduced its budget for new capital projects, and has for the past several years concentrated largely on the maintenance of existing facilities and infrastructure. With less funding from the State, it is imperative that the City be self-reliant in maintaining and funding investment in capital assets and infrastructure. With annexation, the cost of city facilities and services would be more fairly shared by the population that utilizes the services and infrastructure.

E. To address significant City interests in the extraterritorial areas.

The City of Soldotna is responsible for, or has a significant interest in, many facilities or activities in the areas to be annexed.

- A portion of the City-owned and operated airport is adjacent to Funny River Road in Area 1. With the airport expansion in 2010, the airport has grown into the adjacent city-owned lands that are inside the airport fence, but *outside of* city limits. The improvements include taxiways and lease lots for airport users. Significant portions of Area 1 and Area 9 are within the flight path to the airport and activities there can now be conducted in a manner that could negatively affect airport use.

Having the newly constructed airport lease lots outside city limits (but inside the airport fence), causes challenges for regulating private development on those parcels. All airplane hangers inside the city limits must comply with local building codes, but the City does not have a delegation from the State to regulate building codes on portions of the airport that lie outside City limits.

- The City has water and sewer mains extended through Area 1 and along Funny River Road all the way to the western boundary of Area 9 – Funny River East. These lines currently serve 18 properties in Area 1 – Funny River West.
- The City has extended and provided water and sewer service to some properties in Areas 1, 3, and 7. Maintenance of this infrastructure and regulation of use of these facilities are important to the City. However, because these properties are not governed by other city regulations, for example municipal codes which would regulate the type of effluent that a commercial business puts down the drain, the City is accepting and treating effluent without the regulatory framework imposed on other utility users that is intended to protect the City’s wastewater treatment system against dangerous and costly permitting issues. In these cases, properties outside the City enjoy the benefit of City infrastructure, but without the additional requirements the City has adopted in municipal code that are intended to protect that infrastructure.
- The City currently has road right-of-ways adjacent to areas outside the city that can be developed in a manner that affects the ability of the city to construct and maintain roads in those city rights-of-way. An example of this is the gravel pit that is adjacent to Knight Drive and east of the Kenai Spur Highway. Excavation of materials to the toe of the road right of way has impaired use of the right-of-way. This gravel pit is outside City limits, therefore regulated through the Kenai Peninsula Borough’s code rather than the Soldotna Municipal Code.
- The City currently owns and operates ARC Lake Park located in Area 2. This 22-acre park provides recreational activities in all seasons, and provides wintertime access to the lands within the Kenai National Wildlife Refuge.

- In 2014, the City constructed a one-million-gallon water storage tank in Area 2 - Skyview. The tank was constructed to provide a water source for standby use and for fire suppression, and is located on the south side of the Kenai River. Prior to this, the only available back-up supply was on the north side of the river. The new tank provides a water source to residents on the south side of the river in the event the water supply infrastructure north of the river is compromised. The tank also improves the hydraulic conditions of the city's distribution system, allowing for better volume and pressures to the full extent of the network. This tank also allows for expansion capability.

F. **Protection of the natural environment**

The City adopted a Kenai River Overlay zoning district (KROD) in 1990. The district encompasses all lands within 100 feet of the ordinary high water mark of the Kenai River. Lands outside city limits are subject to the Kenai Peninsula Borough's 50-foot habitat protection ordinance, first adopted in 1996 and modified several times since. Through annexation, the City's standards would provide a greater degree of protection along this important anadromous stream.

The City also has the ability to provide sewer services to properties in environmentally sensitive locations (for example adjacent to the Kenai River) to reduce impacts from aging or failed septic systems.

Some aspects of the City's zoning standards also provide a layer of environmental protection, for example by preventing the clear-cutting of all trees from residential property prior to development without a landscape plan. City staff work with landowners to encourage the retention of a minimum amount of natural vegetation, which is important to area wildlife (and

property values). Commercially-zoned properties inside the city limits are not held to the same clearing restriction, but are required to install landscaping as part of a site plan review and zoning permit process for new development. No similar requirements currently exist for commercial development in the territory proposed for annexation.

The Soldotna City Council recently took additional steps to protect the natural environment, by adopting regulations prohibiting commercial businesses in the City from providing customers with single-use disposable plastic shopping bags, except in limited circumstances. In discussing the ordinance which adopted the new regulations, it was clear the City's aim was to decrease the number of littered disposable plastic shopping bags in the community which can be harmful to the environment, pose a danger to wildlife, and cause unsightly litter.

G. Additional reasons for annexation specific to each area. (Please also see the annexation area Fact Sheets in Appendix B, beginning on page 354 of the Petition.)

1) Area 1 – Funny River West

- a. Area 1 is surrounded on three sides by the city.
- b. City water and sewer mains already serve this area.
- c. Several properties (18) are already connected to city water and sewer with the ability for future connections as residents elect.
- d. Portions of this annexation area are in the airport flight path creating safety implications for the airport.
- e. Riverfront properties would be subject to the Kenai River Overlay District.
- f. Work with KPB to address inconsistent addressing.
- g. Gain efficiencies for city departments that already have to drive through this area, to serve other portions of the City (police, road maintenance, animal control, etc.).

2) Area 2 – Skyview

- a. Contains a city-owned, one million gallon drinking water reservoir and pump house that serves the city's water utility system.
- b. Is the southern gateway into the city. Responsible land use controls will guide development within this area to encourage appropriate land uses and to reduce sprawl.
- c. Contains two important recreational assets: Tsalteshi Trail system, and the City-owned Arc Lake Park.

- d. Though the Tsalteshi Trail system is operated by a non-profit, on Borough-owned land, the City of Soldotna has provided \$135,000 in funding to the organization over the past 10 years, through the City's annual operating budget.
 - e. Contains Skyview middle-school. Soldotna Police would already respond to emergencies at the school.
- 3) Area 3 – K-Beach South
- a. The City has an interest in ensuring both sides of the highway corridor develop in an orderly, and consistent manner. Currently, only the north side of Kalifornsky Beach Road is within City limits.
 - b. Due to its close proximity, the City has a large interest in future land uses and development patterns. This area has large parcels of undeveloped land, which would benefit from the orderly extension of utilities, and land use planning, prior to development. Currently, many of these vacant parcels are advertised for sale or lease.
 - c. City maintenance crews already travel through this area to service and maintain roads and utility infrastructure that are located on the north side of Kalifornsky Beach Road.
 - d. Water and sewer have already been extended into this annexation area to serve Cook Inlet Academy School, and could be extended further to serve additional properties south of K-Beach Road.
 - e. Water and sewer mains already extend along Kalifornsky Beach Road to Chugach Drive. Future land uses could be accommodated by these services.
- 4) Area 7 – Kenai Spur
- a. This area has experienced consistent commercial development along the Kenai Spur Highway which is likely to continue.
 - b. Like Area 2, the Kenai Spur is a gateway to Soldotna and the public often confuses this area as already being in Soldotna. Responsible land use controls will guide development within this area to encourage appropriate and compatible land uses.
 - c. A large strip mall and mini-storage facility located about 800 feet north of the City is already served by City water infrastructure.
 - d. City maintenance crews provide winter maintenance to the sidewalks along the State highway in this area.
- 5) Area 9 – Funny River East
- a. City sewer and water infrastructure already extend to the western boundary of this annexation area.
 - b. Is surrounded on three sides by the City.
 - c. Immediately adjacent to City-owned airport use land.
- 6) All Areas:
- a. All areas contain major transportation corridors into the City's commercial core areas. Patterns and quality of development can be guided to a higher level through land use and building standards.

- b. Annexation will enfranchise individuals within the annexation areas. Residents are affected by decisions of the City, but currently have a limited voice in city government.

SECTION 7. LEGAL DESCRIPTIONS, MAPS, AND PLATS. 3 AAC 110.420(b)(7).

- a) **Legal Description of the Territory Proposed for Annexation. Exhibit A-1** provides a legal metes and bounds description of the territory.
- b) **Legal Description of the Existing City. Exhibit A-2** provides a legal metes and bounds description of the existing city's boundaries.
- c) **Legal Description of Proposed Post-Annexation Boundaries. Exhibit A-3** provides a legal metes and bounds description, including the USGS quad information and dates, of the proposed post-annexation city boundaries.
- d) **Maps and Plats. Exhibit A-4** provides a map showing the existing boundaries of the city and the boundaries of the annexation territory.

SECTION 8. Size of the Territory Proposed for Annexation. 3 AAC 110.420(b)(8).

- a) The existing City of Soldotna encompasses 7.37 square miles.
- b) The annexation territory encompasses 2.63 square miles.
- c) The City of Soldotna after the proposed annexation would encompass 10.00 square miles.

SECTION 9. Data Estimating the Population of the Territory Proposed for Annexation. 3 AAC 110.420(b)(9).

- a) The estimated population within the current boundaries of the city is 4,317 persons.¹⁷

¹⁷ Population estimates in Section 9 of the Petition are based on U.S. Census data gathered and presented in the attached Appendix A, *Analysis of the Fiscal Effects of Annexation for the City of Soldotna*.

- b) The estimated population within the annexation territory is 177 persons.
- c) The estimated population of the city after the proposed annexation is 4,494 persons.

SECTION 10. Information relating to Public Notice and Service of the Petition. 3 AAC 110.420(b)(10).

Please see **Exhibit B**.

SECTION 11. Tax Data. 3 AAC 110.420(b)(12).

- a) **The assessed or estimated value of taxable property in the territory proposed for annexation.**

Real property: \$53,524,400¹⁸
 Personal property: Not Available¹⁹
 Total: \$53,524,400

- b) **Projected taxable sales in the territory proposed for annexation.**

The projected value of taxable sales within the annexation territory is \$23,276,982²⁰.

- c) **Taxes currently levied by municipal governments within the territory proposed for annexation.**

Taxes levied within the TERRITORY PROPOSED FOR ANNEXATION		
Taxing Jurisdiction	Property tax (mills)	Sales tax (%)
Kenai Peninsula Borough (KPB)	4.70	3%
KPB Road Service Area	1.40	
Central Emergency Services	2.85	
Central Peninsula Hospital	0.01	
TOTALS:	8.96 mills	3%

¹⁸ Source: Kenai Peninsula Borough Finance Director (October 11, 2019)

¹⁹ The Kenai Peninsula Borough reported that due to the mobility of personal property, the taxable value of personal property cannot be accurately provided.

²⁰ Source: Kenai Peninsula Borough Finance Director (October 7, 2019)

While it is not required under this section, the current existing taxes within the City of Soldotna are provided below for comparison purposes. The property tax rate paid by residents of Soldotna is 0.9 mills less than the tax rate paid by borough residents within the territory proposed for annexation. Although three out of four tax mills are exactly the same whether a City resident or non-resident (there is no difference in tax rate or exemptions applied for taxes paid to KPB, CES, and CPH), the City of Soldotna mill rate of 0.5 is lower than the Borough Road Service Area rate of 1.4, therefore resulting in a reduced overall property tax rate for City residents. Soldotna city sales tax rates are currently set at 3%.

Taxes levied inside the SOLDOTNA CITY LIMITS		
Taxing Jurisdiction	Property tax (mills)	Sales tax (%)
Kenai Peninsula Borough (KPB)	4.70	3%
City of Soldotna	0.50	3% ²¹
Central Emergency Services	2.85	
Central Peninsula Hospital	0.01	
TOTALS:	8.06 mills	6%

SECTION 12. Budget Information. 3 AAC 110.420(b)(13)(B).

Exhibit C presents projected revenue, operating expenditures, and capital expenditures for the City, for one full fiscal year beyond the reasonably anticipated date to complete any transition set out in 3 AAC 110.900.

²¹ In addition to the 3% sales tax levied on general sales, the City levies a 1.5% consumer sales tax - for a total of 4.5% - on retail sales of marijuana and marijuana products.

SECTION 13. Existing Long Term Municipal Debt. 3 AAC 110.420(b)(14).

Name/Type of Debt	Purpose of Debt	Date debt will be fully paid
Soldotna Public Library/General Obligation Bond	Library expansion to serve increased population (remaining balance: \$1,670,000)	2031 ²²

SECTION 14. Municipal Powers and Functions. 3 AAC 110.420(b)(15).

Municipality for which a change is proposed, OR alternative service providers	Powers and functions before the proposed change	Powers and functions after the proposed change.
Kenai Peninsula Borough (KPB)	Education Platting Tax assessment & collection Sales tax Fire & EMS Services	No Change
KPB	Planning Land use regulation	City of Soldotna would assume planning and land use regulation responsibilities.
KPB Road Service Area	Road construction & maintenance	City of Soldotna would assume road construction & maintenance responsibilities
State of Alaska	Law enforcement (Troopers) Fish & Game State road maintenance	City of Soldotna would become the primary provider of law enforcement. No change regarding State road maintenance or fish and game management.

The City of Soldotna currently exercises the following general powers and functions:

- 1) Construction and maintenance of streets, roads, sidewalks, paths, and trails, including snow removal, and street cleaning and sweeping
- 2) Water Distribution, including fire hydrants
- 3) Sewers collection and Sewage Treatment
- 4) Animal Control

²² The City has the option to call the bonds on August 1, 2020.

- 5) Police Protection
- 6) Parks, playgrounds, campgrounds, and recreation
- 7) Public Library
- 8) Airports and Aviation
- 9) Planning, Zoning, Land use regulation, and Economic Development
- 10) City Utility Easements
- 11) Taxation
- 12) Building Permits & Codes
- 13) Fire Marshal Plan Review (Under deferral agreement with the State of Alaska)

All city powers and functions that are currently exercised within current city boundaries will be exercised in the proposed annexation territory after annexation becomes complete.

Exhibit D (Transition Plan) addresses how Petitioner will phase-in the exercise of city powers and functions to the territory proposed for annexation.

SECTION 15. Transition Plan. 3 AAC 110.420(b)(16).

See **Exhibit D**.

SECTION 16. City Council Composition and Apportionment. 3 AAC 110.420(b)(17).

The Soldotna City Council is the legislative body of the City of Soldotna and is comprised of six (6) members, all of whom are elected at-large to designated seats. A council member's term is three years. The following is a list of the current composition of the Soldotna City Council.

Council Members	Seat	Term Ends
Council Member Paul Whitney	A	2021
Vacant	B	2020
Council Member Jordan Chilson	C	2021

Council Member Dave Carey	D	2022
Council Member Lisa Parker	E	2019
Council Member Justin Ruffridge	F	2020

The Office of the Mayor is also an elected position who serves as the ceremonial head of government, executing official City documents on authorization of the governing body. The Mayor presides over City Council meetings, may vote in the case of a tie, and has limited veto power. The Mayor appoints members to City Boards and Commissions, which are then confirmed by the City Council. The Mayor is elected at large and serves a term of three years. Soldotna Mayor, Dr. Nels Anderson, passed away in September 2019 and the position is currently vacant. A special election to elect the next Mayor is scheduled for December 17, 2019, for a term that ends in 2020.

Based upon the size of the annexation both in area and population, the City plans no changes to the composition or apportionment of the City Council following the annexation.

SECTION 17. Supporting Brief. 3 AAC 110.420(b)(19).

See **Exhibit E**.

SECTION 18. Documentation Demonstrating that the Petitioner is Authorized to File the Petition under 3 AAC 110.410. 3 AAC 110.420(b)(20).

Exhibit F provides a certified copy of the city council resolution authorizing the filing of this petition.

SECTION 19. Petitioner's Affidavit. 3 AAC 110.420(b)(22).

See **Exhibit G.**

Exhibit A

Legal Descriptions and Maps

Exhibit A includes the following materials:

Exhibit A-1. Legal Metes and Bound Description of the Territory Proposed for Annexation;

Exhibit A-2. Legal Metes and Bound Description of the Existing City;

Exhibit A-3. Legal Metes and Bound Description of the City Boundaries After the Proposed
Annexation;

Exhibit A-4. Maps and Plats.

City of Soldotna geographic information system (GIS) data is projected using the North
American Datum of 1983 (NAD 83).

Exhibit A-1

Legal Metes and Bound Description of the Territory Proposed For Annexation

LEGAL DESCRIPTION OF AREA 1

This is a metes and bounds legal description for the proposed Area 1 annexation lands into the City of Soldotna, State of Alaska.

The Basis of Bearings for this description is the South boundary of Section 36, Township 5 North, Range 11 West, Seward Meridian, Alaska; that being along the First Standard Parallel North. The Bearing as listed on the original General Land Office Plat as accepted June 13, 1923 between the southwest corner of Section 36 and the southeast corner of Section 36 being East.

Beginning at the Section Corner common to Section 32 and Section 33, T5N, R10W, Seward Meridian, Alaska, on the township line, that being the True Point of Beginning of this description;

Thence, along the Section Line common to Section 32 and Section 33, T5N, R10W, Seward Meridian, Alaska, N00° 50' 43"E 1320.1 feet, more or less, to the S 1/16 Corner common to Section 32 and Section 33, T5N, R10W, Seward Meridian, Alaska;

Thence, continuing along the Section Line common to Section 32 and Section 33, T5N, R10W, Seward Meridian, Alaska, N00° 50' 43"E 30.0 feet, more or less, to a point along said Section line at the intersection of southern boundary of Tract D2A, Soldotna Airport Property, Plat 2013-23 extended westerly and the Section line;

Thence, departing said Section line and along the extension of and the southern boundary of Tract D2B, Soldotna Airport Property, Plat 2013-23, KRD, S88° 57' 47"E 2298.0 feet, more or less, to the point of curvature of a curve concave to the northwest;

Thence, along said curve concave to the northwest with a radius of 342.9 feet through a central angle of 90° 08' 03" and a length of 539.5 feet to a point on the north-south ¼ Section line of Section 33, T5N, R10W, Seward Meridian, Alaska;

Thence departing said boundary and along said north-south ¼ Section line, Section 33, T5N, R10W, Seward Meridian, Alaska, N00° 52' 34"E 1444.9 feet, more or less, to the intersection of the said ¼ Section line with the centerline of the Kenai River;

Thence along the centerline meander of the Kenai River the following six courses,

N72° 50' 08"W 1134.4 feet, more or less,

N85° 54' 46"W 701.8 feet, more or less,

S85° 33' 35"W 852.2 feet, more or less,

S85° 34' 03"W 633.8 feet, more or less,

S73° 53' 11"W 665.6 feet, more or less,

S49° 57' 32"W 797.5 feet, more or less, to a point on the centerline of the Kenai River;

Thence, departing said centerline, S88° 55' 48"E 250.0 feet, more or less, to the bank of the Kenai river and the most westerly corner of Lot 2A, Derkevorkian Subdivision Wackler Addition, Plat 2007-50 KRD;

Thence, along the meanders of left bank of the Kenai River, adjacent to Lot 2A, Derkevorkian Subdivision Wackler Addition, Plat 2007-50 KRD, N55° 01' 34"E 43.2 feet, more or less, to the southwest corner of Lot L-1A, Derkevorkian Subdivision Wackler Addition, Plat 2007-50 KRD;

Thence, along the meanders of left bank of the Kenai River, adjacent to Lot L-1A, Derkevorkian Subdivision Wackler Addition, Plat 2007-50 KRD the following three courses,

N55° 01' 30"E 107.2 feet, more or less,

N54° 56' 47"E 369.5 feet, more or less,

N62° 59' 53"E 38.5 feet, more or less to the northeast corner of L-1A, Derkevorkian Subdivision Wackler Addition, Plat 2007-50 KRD;

Thence, departing said meander and along the east boundary and the extension thereof of L-1A, Derkevorkian Subdivision Wackler Addition, Plat 2007-50 KRD, S00° 49' 49"W 323.5 feet, more or less to the east-west ¼ Section line of Section 32, T5N, R10W, Seward Meridian, Alaska;

Thence, departing said property line and along the east-west ¼ Section line of Section 32, T5N, R10W, Seward Meridian, Alaska, N88° 59' 28"W 155.0 feet, more or less, to the centerline of Oehler road and the CE 1/16 corner of Section 32, T5N, R10W, Seward Meridian, Alaska;

Thence, departing said ¼ Section line and along the southeast 1/16 line S00° 50' 42"W 1266.1 feet, more or less, to the intersection of the southeast 1/16 line and the north line of the Funny River Road ROW;

Thence, departing said 1/16 Section line and along the north line of the Funny River Road ROW, N89° 23' 36"W 662.9 feet, more or less;

Thence, continuing on said Funny River Road ROW, along a curve concave to the southeast with a radius of 557.46, through a central angle of 45°08' and a length of 439.1, more or less;

Thence, continuing on said Funny River Road ROW, S46° 24' 16"W 395.5 feet, more or less, to the most southerly corner of Lot 27, Derkevorkian Subdivision No. 2, Plat 77-52 KRD;

Thence, departing said ROW and along the southwesterly boundary of Lot 27, Derkevorkian Subdivision No. 2, Plat 77-52 KRD, and the extension thereof, N43° 54' 49"W 473.4 feet, more or less, to the centerline of the Kenai River;

Thence along the centerline meander of the Kenai River the following ten courses,

S37° 55' 59"W 85.0 feet, more or less,

S46° 00' 41"W 138.2 feet, more or less,

S56° 01' 25"W 138.2 feet, more or less,

S65° 59' 37"W 138.2 feet, more or less,

S75° 58' 37"W 138.2 feet, more or less,

S86° 03' 30"W 138.2 feet, more or less,

N83° 58' 29"W 138.2 feet, more or less,

N74° 02' 27"W 138.2 feet, more or less,

N64° 01' 56"W 138.2 feet, more or less,

N53° 54' 28"W 138.4 feet, more or less, to a point at the intersection of the centerline of the Kenai River and the extension of the east boundary of Lot 3-A Tachick Subdivision Part Three, Plat 86-160 KRD;

Thence, departing said centerline, S00° 58' 42"W 705.1 feet, more or less, along the extension of and the east boundary of Lot 3-A Tachick Subdivision Part Three, Plat 86-160 KRD, to the centerline of Funny River Road as shown on said Tachick Subdivision Plat;

Thence, N79° 04' 09"W 544.6 feet, more or less, along the centerline of Funny River Road to the intersection with the centerline of Ski Hill Road as shown on the Replat of Tracts 10 & 11 Derkevorkian Subdivision, Plat 78-60 KRD;

Thence along the Centerline of Ski Hill Road, S08° 43' 37"E 503.1 feet, more or less, to the south Section line of Section 32, T5N, R10W, Seward Meridian, Alaska;

Thence departing said Ski Hill Road ROW, and along the south line of Section 32, T5N, R10W, Seward Meridian, Alaska, S89° 01' 54"E 4622.7 feet, more or less, to the Section Corner common to Section 32 and Section 33, T5N, R10W, Seward Meridian, Alaska, on the Township line, that being the True Point of Beginning of this description.

The proposed Annexation Area 1 is 305.8 Acres, more or less.

LEGAL DESCRIPTION OF AREA 2

This is a metes and bounds legal description for the proposed Area 2 annexation lands into the City of Soldotna, State of Alaska.

The Basis of Bearings for this description is the South boundary of Section 36, Township 5 North, Range 11 West, Seward Meridian, Alaska; that being along the First Standard Parallel

North. The Bearing as listed on the original General Land Office Plat as accepted June 13, 1923 between the southwest corner of Section 36 and the southeast corner of Section 36 being East.

Beginning at the N ¼ Corner Section 1, T4N, R11W, Seward Meridian, Alaska, that being the True Point of Beginning of this description;

Thence, along the north-south centerline, Section 1, T4N, R11W, Seward Meridian, Alaska, S00° 57' 35"W 5269.8 feet, more or less, to the ¼ Corner common to Section 1 and Section 12, T4N, R11W, Seward Meridian, Alaska;

Thence, S00° 58' 12"W 3960.5 feet, more or less, along the north-south centerline Section 12, Township 4N, Range 11W, Seward Meridian, Alaska, to the CS 1/16 Corner, Section 12, Township 4N, Range 11W, Seward Meridian, Alaska, on the north ROW of Taryn Court;

Thence, S59° 24' 50"E 176.9 feet, more or less, on the north ROW of Taryn Court to the west ROW of Sterling Highway;

Thence, along said west ROW of the Sterling Highway along a non-tangential curve concave to the southeast with a radius of 5929.3 feet through a central angle of 03° 59' 48" and a length of 413.6 feet, more or less;

Thence, continuing along said ROW, N33° 52' 22"E 192.2 feet, more or less, to a point along the Sterling Highway ROW perpendicular to the western most corner on the Sterling Highway ROW of Tract 2, Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD;

Thence, S53° 08' 55"E 200.0 feet, more or less, across the Sterling Highway ROW to the western most corner of Tract 2 along the Sterling Highway ROW, Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD;

Thence, S00° 57' 12"W 293.5 feet, more or less, along the western boundary of Tract 2, Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD to the southwestern most corner of said tract;

Thence, S89° 02' 37"E 886.7 feet, more or less, along the southern boundary of said Tract 2 and the north boundary of the unsubdivided SW ¼ SE ¼ Section 12, Township 4N, Range 11W, Seward Meridian, Alaska to a point on the westerly bank of Arc Lake;

Thence, along the meanders of Arc Lake the following 28 courses,

S17° 46' 09"E 57.7 feet, more or less,

S33° 21' 16"E 40.4 feet, more or less,

S78° 32' 22"E 46.6 feet, more or less,

N85° 35' 48"E 33.6 feet, more or less,

S84° 11' 15"E 27.1 feet, more or less,

S75° 39' 44"E 36.4 feet, more or less,

S89° 18' 44"E 41.7 feet, more or less,
N66° 17' 00"E 59.7 feet, more or less,
N69° 50' 57"E 29.0 feet, more or less,
N75° 29' 59"E 38.9 feet, more or less,
N72° 21' 01"E 46.2 feet, more or less,
N27° 38' 38"E 32.7 feet, more or less,
N43° 14' 29"E 59.0 feet, more or less,
N57° 53' 00"E 42.3 feet, more or less,
S88° 48' 07"E 47.9 feet, more or less,
N70° 19' 39"E 53.5 feet, more or less,
N01° 08' 54"E 98.3 feet, more or less,
N33° 39' 48"E 34.8 feet, more or less,
N63° 07' 10"E 35.4 feet, more or less,
N56° 00' 39"E 33.1 feet, more or less,
N23° 59' 40"E 43.0 feet, more or less,
N09° 05' 58"W 46.8 feet, more or less,
N16° 04' 10"W 63.2 feet, more or less,
N15° 52' 02"W 56.9 feet, more or less,
N19° 12' 45"E 59.8 feet, more or less,
N04° 18' 01"W 64.2 feet, more or less,
N16° 18' 45"W 41.9 feet, more or less,

N03° 48' 07"E 64.1 feet, more or less, to a point along the southern boundary of Tract 2, Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD;

Thence, departing said meanders of Arc Lake, S89° 02' 40"E 465.1 feet, more or less, to the N-S 1/64 Section 12, Township 4N, Range 11W, Seward Meridian, Alaska;

Thence, N00° 57' 12"E 658.1 feet, more or less, to the ¼ corner common to Section 12, Township 4N, Range 11W, and Section 7, Township 4N, Range 10W Seward Meridian, Alaska;

Thence, along the east boundary of Tract 1A Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD, N00° 57' 11"E 1760.2 feet, more or less, to the intersection with the south ROW line of the Sterling Highway and Ski Hill Road;

Thence, crossing the ROW for Ski Hill Road, N14° 56' 48"E 255.0 feet, more or less, to the southeast ROW of the Sterling Highway and the north ROW of Ski Hill Road;

Thence, along the southeast ROW of the Sterling Highway ROW, N21° 17' 28"E 2605.1 feet, more or less, to an angle point along the Sterling Highway ROW;

Thence, continuing along the southeast ROW of the Sterling Highway ROW, S68° 52' 34"E 50.0 feet, more or less, to an angle point along the Sterling Highway ROW;

Thence, continuing along the southeast ROW of the Sterling Highway ROW, N21° 17' 28"E 1300.0 feet, more or less, to an angle point along the Sterling Highway ROW;

Thence, continuing along the southeast ROW of the Sterling Highway ROW, N68° 43' 27"W 82.0 feet, more or less, to an angle point along the Sterling Highway ROW;

Thence, continuing along the southeast ROW of the Sterling Highway ROW, N21° 17' 51"E 2375.2 feet, more or less, to the intersection of the southeast boundary of the Sterling Highway ROW with the north boundary of Section 6, Township 4N, Range 10W Seward Meridian, Alaska;

Thence, along the north boundary of Section 6, Township 4N, Range 10W Seward Meridian, Alaska, N89° 00' 08"W 2240.0 feet, more or less, to the section corner common to Section 1, Township 4N, Range 11W, and Section 6, Township 4N, Range 10W Seward Meridian, Alaska;

Thence, along the north boundary of Section 1, Township 4N, Range 11W Seward Meridian, Alaska, N88° 59' 53"W 2614.7 feet, more or less, to the N ¼ Corner Section 1, T4N, R11W, Seward Meridian, Alaska, that being the True Point of Beginning of this description.

The proposed Annexation Area 2 is 706.9 Acres, more or less.

LEGAL DESCRIPTION OF AREA 3

This is a metes and bounds legal description for the proposed Area 3 annexation lands into the City of Soldotna, State of Alaska.

The Basis of Bearings for this description is the South boundary of Section 36, Township 5 North, Range 11 West, Seward Meridian, Alaska; that being along the First Standard Parallel North. The Bearing as listed on the original General Land Office Plat as accepted June 13, 1923 between the southwest corner of Section 36 and the southeast corner of Section 36 being East.

Beginning at the North ¼ corner of Section 2 Township 4N, Range 11W, Seward Meridian, Alaska,

Thence, S00° 57' 19"W 742.7 feet, more or less, crossing Kalifornsky Beach Road and along the west boundary of Tract A Damon Plaza Subdivision #2 to the northwest ROW of Regents Lane as shown on the Plat of Damon Plaza Subdivision #2, recorded as plat 87-62 in the Kenai Recording District (KRD);

Thence, departing the west boundary of Tract A, N58° 04' 01"E 138.5 feet, more or less, to the southwest corner of Lot 10, Block 1, Damon Plaza Subdivision #2;

Thence, S88° 54' 36"E 1083.4 feet, more or less, along the north ROW of Damon Avenue to the intersection of north ROW of Damon Avenue and west side of a circular tract, Tract B Damon Plaza Subdivision #2;

Thence, along the northerly circular boundary of Tract B Damon Plaza Subdivision #2, on a nontangential curve concave to the south with a radius of 100 feet through a central angle of 145° 24' 15" and an arc length of 253.8 feet, more or less;

Thence, departing Tract B Damon Plaza Subdivision #2, S88° 53' 09"E 1298.7 feet, more or less, along the extension of the north ROW of Damon Avenue to the east ROW line of Skyline Drive;

Thence, S00° 58' 09"W 637.3 feet, more or less, along the east ROW of Skyline Drive to the southeast corner of Lot 1, Block 2, Skyline Business Park Subdivision, recorded as plat 79-18 KRD;

Thence, departing said ROW, S88° 59' 38"E 1269.2 feet, more or less, along the south boundary of Skyline Business Park Subdivision to the southeast corner of Lot 1-C, Block 3, Skyline Business Park Subdivision Part 3, recorded as plat 84-293 KRD;

Thence, departing Skyline subdivision, S89° 02' 36"E 1319.9 feet, more or less, along the south line of the NE ¼ NW¼ to the east ROW boundary of Washington Drive and the Center-North 1/16th corner, Section 1, T4N, R11W, Seward Meridian, Alaska;

Thence, along the east boundary of the NE¼ NW¼, Section 1, T4N, R11W, Seward Meridian, Alaska, N00° 59' 39"E 1310.1 feet, more or less, to the north ¼ corner of Section 1, T4N, R11W, Seward Meridian, Alaska;

Thence, N89° 00' 47"W 2640.0 feet, more or less, along the north boundary of Section 1, T4N, R11W, Seward Meridian, Alaska, to the Section corner common to Section 1 and Section 2, T4N, R11W, Seward Meridian, Alaska;

Thence, N89° 00' 47"W 2640.0 feet, more or less, along the north boundary of Section 2, T4N, R11W, Seward Meridian, Alaska, to the north ¼ corner of Section 2 Township 4N, Range 11W, Seward Meridian, Alaska; and the True Point of Beginning for this description.

The proposed Annexation Area 3 is 119.4 Acres, more or less.

LEGAL DESCRIPTION OF AREA 7

This is a metes and bounds legal description for the proposed Area 7 annexation lands into the City of Soldotna, State of Alaska.

The Basis of Bearings for this description is the South boundary of Section 36, Township 5 North, Range 11 West, Seward Meridian, Alaska; that being along the First Standard Parallel North. The Bearing as listed on the original General Land Office Plat as accepted June 13, 1923 between the southwest corner of Section 36 and the southeast corner of Section 36 being East.

Beginning at the section corner common to Section 21, 22, 27, 28, T5N, R10W, Seward Meridian, Alaska, that being the True Point of Beginning of this description;

Thence, along the section line common to Section 21 and 28, Township 5N, Range 10W, Seward Meridian, Alaska, N89° 01' 47"W 5280.1 feet, more or less, to the Section Corner common to Section 20, 21, 28, 29, T5N, R10W, Seward Meridian, Alaska;

Thence, along the section line common to Section 20 and 29, Township 5N, Range 10W, Seward Meridian, Alaska, N88° 58' 41"W 1319.9 feet, more or less, to the E 1/16 corner Sections 20 and 29, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the west boundary of the E1/2 SE1/4 Section 20, Township 5N, Range 10W, Seward Meridian, Alaska, N00° 51' 47"E 1315.4 feet, more or less, to the SE 1/16 corner Section 20, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the north boundary of the N1/2 SW1/4 SE1/4 Section 20, Township 5N, Range 10W, Seward Meridian, Alaska, N89° 05' 09"W 1319.2 feet, more or less, to the Center South 1/16 corner Section 20, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the ¼ Section line Section 20, Township 5N, Range 10W, Seward Meridian, Alaska, S00° 54' 53"W 30.0 feet, more or less, to the intersection of the south ROW of Delta Avenue and the ¼ Section line Section 20, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the southern ROW of Delta Avenue, N88° 52' 06"W 1320.2 feet, more or less, to the northwest corner of the deeded parcel recorded as Document 2017-004091-0;

Thence, along the eastern boundary of Lot 1-A, Irons Subdivision Enterprise Addition, Plat 86-42, KRD, N00° 57' 38"E 5.5 feet, more or less, to the northeast corner of said Lot 1-A;

Thence, along the southern ROW of Delta Avenue, N89° 01' 11"W 190.3 feet, more or less, to the point of curvature of a curve on said ROW;

Thence, along the Southern ROW of Delta Avenue, along a curve concave to the south with a radius of 270.0 feet, through a central angle of 03° 21' 46" and an arc length of 15.8 feet, more or less, to the intersection of the extension of the west ROW of Omega Street with south ROW of Delta Avenue, on said curve;

Thence, departing said southern ROW of Delta Avenue, N00° 46' 42"E 282.7 feet, more or less crossing Delta Avenue and along the west ROW of Omega Street to the Point of Curvature on the west boundary of Lot 3A, Block 13, Irons Subdivision 1984 Addition, Plat 84-286, KRD;

Thence, continuing along the Southwest ROW of Omega Street, along a curve concave to the southwest with a radius of 200.0 feet, through a central angle of 29° 51' 56" and an arc length of 104.3 feet, more or less, to the end of said curve;

Thence, continuing along the Southwest ROW of Omega Street, N29° 04' 29"W 275.15 feet, more or less, to the southeast corner of Tract B, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD;

Thence, continuing along the Southwest ROW of Omega Street, along a curve concave to the northeast with a radius of 50.0 feet, through a central angle of 90° 37' 58" and an arc length of 79.09 feet, more or less, to the most southerly corner of Tract A, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD;

Thence, departing said ROW, N36° 53' 34"W 134.5 feet, more or less, along the east boundary of Tract B, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD;

Thence, continuing along Tract B, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD, N70° 39' 29"W 189.2 feet, more or less;

Thence, continuing along Tract B, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD, S60° 56' 04"W 122.9 feet, more or less, to the northwest corner of said Tract B and the west ROW of the Kenai Spur Highway;

Thence, crossing said ROW, N86° 27' 03"W 143.1 feet, more or less, to a point 51.9 feet, more or less, northerly along the west ROW of the Kenai Spur Highway from the northeast corner of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD;

Thence, N89° 26' 26"W 128.1 feet, more or less;

Thence, N69° 28' 05"W 58.5 feet, more or less;

Thence, N89° 25' 47"W 176.2 feet, more or less; to a point 65.0 feet north along the easterly ROW of Kobuk Street from the northwest corner of Lot 24B, Block 8, Irons Subdivision Lots 24A & 24B, Block 8, Plat 81-139, KRD;

Thence, along the easterly ROW of Kobuk Street, S00° 33' 06"W 65.0 feet, more or less; to the northwest corner of Lot 24B, Block 8, Irons Subdivision Lots 24A & 24B, Block 8, Plat 81-139, KRD;

Thence, along the northern boundary of Lot 24B, Block 8, Irons Subdivision Lots 24A & 24B, Block 8, Plat 81-139, KRD, S89° 27' 07"E 157.2 feet, more or less; to the northwest corner Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD;

Thence, along the western boundary of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD, S00° 50' 41"W 150.3 feet, more or less; to the southwest corner of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD;

Thence, along the southern boundary of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD, S71° 47' 42"E 157.7 feet, more or less; to the southernmost corner of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD;

Thence, along the western boundary of Lot 1-A, Block 8, Irons Subdivision Vest Replat, Plat 2018-76, KRD, and the extension thereof, S30° 08' 03"E 300.8 feet, more or less; to a point on the south ROW of Irons Avenue;

Thence, along the Southern ROW of Irons Avenue, along a nontangential curve concave to the southeast with a radius of 107.44 feet, through a central angle of 44° 47' 47" and an arc length of 84.0 feet, more or less, to the point of tangency on the west boundary of Lot 4A, Block 9, Irons Subdivision Patterson Replat, Plat 2012-64, KRD;

Thence, along the Eastern ROW of Irons Avenue, S06° 11' 49"W 449.1 feet, more or less; to the southwest corner of Lot 8, Block 9, Block 7 and Lot 8 of Block 9 Irons Subdivision, Plat 72-05, KRD;

Thence, along the Eastern ROW of Irons Avenue, S00° 48' 41"W 324.8 feet, more or less; to the northern Point of Curvature on Lot 11, Block 9, Portions of Block 3A, 9, and 10 of the Irons Subdivision, Plat 74-111, KRD;

Thence, along the ROW of Jowers Drive, along a curve concave to the northeast with a radius of 20.0 feet, through a central angle of 90° 00' 42" and an arc length of 31.4 feet, more or less, to the Point of Tangency on the south boundary of Lot 11, Block 9, Portions of Block 3A, 9, and 10 of the Irons Subdivision, Plat 74-111, KRD;

Thence, along the northern ROW of Jowers Drive, S89° 13' 19"E 203.1 feet, more or less; to the northern Point of Curvature on Lot 13, Block 9, Portions of Block 3A, 9, and 10 of the Irons Subdivision, Plat 74-111, KRD;

Thence, along the ROW of Jowers Drive, along a curve concave to the southwest with a radius of 110.0 feet, through a central angle of 60° 11' 15" and an arc length of 115.6 feet, more or less, to the southernmost corner of Lot 13, Block 9, Portions of Block 3A, 9, and 10 of the Irons Subdivision, Plat 74-111, KRD;

Thence, along the Eastern ROW of Jowers Drive, S29° 06' 42"E 1967.9 feet, more or less; to a Point of Curvature on Lot 1A, Block 5, Irons Subdivision Block 5 1011 Addition, Plat 2011-82, KRD;

Thence, along the eastern ROW of Jowers Drive, along a curve concave to the southwest with a radius of 330.0 feet, through a central angle of 29° 58' 00" and an arc length of 167.1 feet, more or less;

Thence, along the Eastern ROW of Jowers Drive, S00° 53' 23"W 118.0 feet, more or less; to the centerline of Knight Drive and the southern boundary of the N1/2 N1/2 Section 29, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the southern boundary of the N1/2 N1/2 Section 29, Township 5N, Range 10W, Seward Meridian, Alaska, S89° 00' 40"E 3528.4 feet, more or less; to the N 1/16 corner common to Sections 28, 29, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the southern boundary of the N1/2 N1/2 Section 28, Township 5N, Range 10W, Seward Meridian, Alaska, S89° 01' 37"E 5280.1 feet, more or less; to the N 1/16 corner common to Sections 27, 28, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the Section line common to Section 27 and Section 28, Township 5N, Range 10W, Seward Meridian, Alaska, N00° 48' 15"E 1320.1 feet, more or less; to the Section Corner common to Section 21, 22, 27, 28, T5N, R10W, Seward Meridian, Alaska, and the True Point of Beginning of this description.

The proposed Annexation Area 7 is 385.3 Acres, more or less.

LEGAL DESCRIPTION OF AREA 9

This is a metes and bounds legal description for the proposed Area 9 annexation lands into the City of Soldotna, State of Alaska.

The Basis of Bearings for this description is the South boundary of Section 36, Township 5 North, Range 11 West, Seward Meridian, Alaska; that being along the First Standard Parallel North. The Bearing as listed on the original General Land Office Plat as accepted June 13, 1923 between the southwest corner of Section 36 and the southeast corner of Section 36 being East.

Beginning at the ¼ Corner common to Sections 34 and 35, T5N, R10W, Seward Meridian, Alaska, that being the True Point of Beginning of this description;

Thence, along the Section line common to Section 34 and 35, Township 5N, Range 10W, Seward Meridian, Alaska, N00° 52' 12"E 1084.1 feet, more or less, to the intersection with the centerline of the Kenai River;

Thence, along the centerline meander of the Kenai River the following six courses,

N64° 05' 11"W 722.8 feet, more or less,

N68° 45' 04"W 429.8 feet, more or less,

N76° 01' 08"W 307.6 feet, more or less,

N76° 01' 07"W 205.7 feet, more or less,

S67° 14' 10"W 505.2 feet, more or less,

S60° 02' 55"W 720.0 feet, more or less, to the intersection of the north-south center ¼ Section line and the centerline of the Kenai River;

Thence, along the north-south ¼ Section line of 34, Township 5N, Range 10W, Seward Meridian, Alaska, S00° 49' 34"W 2396.2 feet, more or less, to the center south 1/16 corner Section 34, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the north ROW of Kenai River Avenue, S88° 57' 01"E 2637.0 feet, more or less, to the south 1/16 corner common to Section 34 & Section 35, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the Section line common to Section 34 and 35, Township 5N, Range 10W, Seward Meridian, Alaska, N00° 51' 36"E 1319.9 feet, more or less, to ¼ Corner common to Sections 34 and 35, T5N, R10W, Seward Meridian, Alaska, and the True Point of Beginning of this description

The proposed Annexation Area 9 is 164.7 Acres, more or less.

Exhibit A-2

Legal Metes and Bound Description of the Existing City

A copy of the City's official Municipal Certificate and legal metes and bounds description of the existing City is provided on the following pages:

Alaska Department of Commerce, Community, and Economic Development

Certificate of Boundaries of the City of Soldotna

I, Emil Notti, Commissioner of the Alaska Department of Commerce, Community, and Economic Development, hereby certify that the following is a true and accurate description of the corporate boundaries of the City of Soldotna. The boundaries described below include approximately 1.722 acres comprised of 0.127 acres of right-of-way (Oehler Road) and 1.595 acres of uplands (Lot L-1 Oehler Subdivision according to plat filed as KN 90-33), which were annexed to the City of Soldotna on August 22, 2007.¹

The existing corporate boundaries of the City of Soldotna are described as follows:

Commencing at the Southwest Corner of Section 36, T5N, R11W, Seward Meridian, Alaska, being the Point of Beginning;
thence, East 11,218.5 feet, more or less, along the south township line of T5N, Basis of Bearing for this description according to BLM datum of record to the centerline of the Ski Hill Road (Old Sterling Highway);
thence N 09° 41' W 497.32 feet, more or less, along said centerline to the point of intersection with the centerline of the Funny River Road;
thence S 80° 04' E 555.00 feet, more or less, along the Funny River Road centerline to the point of intersection with the southerly extension of the eastern boundary of Tachick Subdivision Part Three;
thence N 00° 10' 55" W 699.45 feet, more or less, along said eastern boundary extended to the centerline of the Kenai River;
thence upstream along the centerline of the Kenai River as follows: S 75° 01' 22" E 477.37 feet, more or less; thence N 69° 17' 59" E 453.99 feet, more or less; thence N 59° 29' 36" E 299.87 feet, more or less, to the intersection with the extension of southwest boundary of Derkvorkian Subdivision Number Two Amended;
thence S 45° 08' 30" E 492.61 feet, more or less, along said southwest boundary to the northern right-of-way line of the Funny River Road;
thence N 44° 51' 30" E 379.65 feet, more or less, along said RW line to the point of beginning for a tangent curve;
thence northeasterly along a curve whose center bears southeast having a central angle 20° 41' 29", a radius 557.46 feet, and a curve length of 201.32 feet, more or less, to a point of intersection with the South 1/16 line of Section 32, T5N, R10W, Seward Meridian, Alaska;
thence N 89° 59' 30" E 913.31 feet, more or less, along said South 1/16 line to the Southeast 1/16 Corner of Section 32, T5N, R10W, Seward Meridian, Alaska, identical to the centerline intersection of Funny River Road and Oehler Road;
thence N 00° 07' W 1320.02 feet along the centerline of Oehler Road to the Center East 1/16 Corner of Section 32, T5N, R10W, Seward Meridian, Alaska;

¹ The Local Boundary Commission accepted a petition by the City of Soldotna for annexation of the estimated 1.722 acres on June 28, 2007. On August 22, 2007, the City of Soldotna provided evidence to the Commission that the U.S. Justice Department interposed no objection to the annexation under the terms of the federal Voting Rights Act, 42 U.S.C. 1973(c). See letter of August 16, 2007, from John Tanner, Chief of the Voting Section of the Civil Rights Division of the U.S. Justice Department (Justice Department file: DJ 166-012-3-2007-3523). Pursuant to 3 AAC 110.630, the annexation took effect August 22, 2007.

thence N 89° 59' 30" E 155.03 feet, more or less, along the east-west centerline of said Section 32, identical to the centerline of Oehler Road to the point of intersection with the southerly extension of the common boundary between Lot L-1 and Lot K-1 Oehler Subdivision;

thence N 00° 03' 33" W 293.58 feet, more or less, along the common boundary between Lot L-1 and Lot K-1 Oehler Subdivision to the point of intersection with the ordinary high waterline of the Kenai River;

thence along the southerly bank of the Kenai River following the downstream meanders of the ordinary high waterline as follows: S 62° 00' 27" W 38.47 feet, more or less; S 54° 00' 27" W 477.25 feet, more or less; S 54° 00' 27" W 42.55 feet, more or less, to the point of intersection of said meanders and the east-west centerline of said Section 32;

thence S 89° 59' 30" W 250.00 feet, more or less, across submerged lands to the point of intersection with the centerline of the Kenai River;

thence along said centerline river meanders as follows: N 48° 59' 30" W 800.00 feet, more or less; thence N 73° 52' 47" E 665.61 feet, more or less; thence N 85° 33' 59" E 1485.94 feet, more or less; thence S 85° 55' 22" E 701.78 feet, more or less; thence S 73° 24' 56" E 1136.99 feet, more or less, to the north-south centerline of Section 33, T5N, R10W, Seward Meridian, Alaska;

thence S 00° 02' 13" E 1369.70 feet, more or less, along said centerline to the point of curvature of the western R/W Line of Funny River Road;

thence along a curve to the right having a central angle of 90° 02' 10", a radius of 400.00 feet, a curve length of 565.86 feet, more or less, and having a point of intersection identical to the Center South 1/16 Corner of Section 33, T5N, R10W, Seward Meridian, Alaska to a point of tangency situated along the northern edge of the Funny River Road and identical to the South 1/16 line to the Section 33, T5N, R10W, Seward Meridian, Alaska;

thence S 89° 59' 57" W 2242.53 feet, more or less, along said 1/16 line to the South 1/16 Corner common with Section 33 and Section 32, T5N, R10W, Seward Meridian, Alaska;

thence S 00° 07' E 1319.90 feet, more or less, to the Section Corner common to Section 33 and Section 32 and the township line between T5N and T4N, R10W, Seward Meridian, Alaska;

thence East 10,561.87 feet, more or less, along the south township line of T5N to the Section Corner common to Section 34 and Section 35 of said south township line, R10W, Seward Meridian, Alaska;

thence N 00° 03' 00" W 1320.06 feet, more or less, along the section line common to Section 34 and Section 35 to the South 1/16 Corner common to said sections;

thence N 89° 58' 15" W 2637.90 feet, more or less, along the South 1/16 line of Section 34, T5N, R10W, Seward Meridian, Alaska to the Center South 1/16 position;

thence N 00° 03' 07" W 2409.30 feet, more or less, along the north-south centerline of said Section 34 to the center of the Kenai River;

thence along said river centerline meanders as follows: N 60° 03' 01" E 719.96 feet, more or less; thence N 67° 12' 47" E 505.28 feet, more or less; thence S 76° 00' 59" E 513.27 feet, more or less; thence S 68° 45' 29" E 1122.10 feet, more or less, to a point of intersection of the centerline of said river and the section line common with Section 34 and Section 35, T5N, R10W, Seward Meridian, Alaska;

thence N 00° 03' W 6807.55 feet, more or less, along the section line to the Northeast Corner of Section 27, T5N, R10W, Seward Meridian, Alaska;

thence N 89° 58' W 5280.38 feet, more or less, along the section line common to Section 27 and Section 22 to the Northwest Corner of Section 27, T5N, R10W, Seward Meridian, Alaska;

thence S 00° 05' E 1318.78 feet, more or less, along the section line common to Section 27 and Section 28, T5N, R10W, Seward Meridian, Alaska to the North 1/16 Corner of said sections;

Certificate of Boundaries (effective August 22, 2007)
City of Soldotna
Page 3 of 3

thence N 89° 59' 30" W 5280.21 feet, more or less, along the North 1/16 line of Section 28 to the North 1/16 Corner common to Section 28 and Section 29, T5N, R10W, Seward Meridian, Alaska;

thence S 89° 59' 30" W 5281.44 feet, more or less, along the North 1/16 line of Section 29 to the North 1/16 Corner common to Section 29 and Section 30, T5N, R10W, Seward Meridian, Alaska;

thence N 89° 59' 30" W 3400.00 feet, more or less, along the North 1/16 line of Section 30 to the center of the Kenai River;

thence along the centerline of the Kenai River meanders as follows: S 00° 00' 30" W 1300.00 feet, more or less; thence S 26° 54' 32" W 518.61 feet, more or less, thence S 46° 34' 53" W 1000.05 feet, more or less; thence S 57° 11' 14" W 1054.95 feet, more or less; thence S 54° 09' 03" W 1614.32 feet, more or less, to a point on the east-west section line common to Section 25 and Section 36, T5N, R11W, Seward Meridian, Alaska;

thence N 89° 59' W 4000.00 feet, more or less, along said section line to the Northwest Corner of Section 36, T5N, R11W, Seward Meridian, Alaska;

thence S 00° 02' E 5281.35 feet, more or less, along the section line common to Section 35 and Section 36 to the Southwest Corner of Section 36, T5N, R11W, Seward Meridian, Alaska, the Point of Beginning, thus embracing 7.383 square miles, more or less, all in the Kenai Recording District, Third Judicial District, State of Alaska.

Signed this 17th day of September, 2007.



Emil Notti, Commissioner

Alaska Department of Commerce, Community, and Economic Development

ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

This is to certify that on the 17th day of September, 2007, before me, the undersigned, a Notary Public, duly commissioned and sworn as such, personally came Emil Notti, to me known to be the Commissioner of the Alaska Department of Commerce, Community, and Economic Development, who signed the foregoing Certificate of Boundaries of the City of Soldotna.


Notary Public for the State of Alaska
My Commission expires: March 6, 2010

Record in the Kenai Recording District

Return to:

Dan Bockhorst

Local Boundary Commission Staff

Department of Commerce, Community, and Economic Development

550 West Seventh Avenue, Suite 1770

Anchorage, AK 99501-3510

Exhibit A-3

Legal Metes and Bound Description of the City Boundaries

After the Proposed Annexation

The boundaries described below include approximately 6401 Acres, comprised of 4720 Acres of existing lands, and 1681 Acres which are proposed annexation lands to the City of Soldotna.

The Basis of Bearings for this description is the South boundary of Section 36, Township 5 North, Range 11 West, Seward Meridian, Alaska; that being along the First Standard Parallel North. The Bearing as listed on the original General Land Office Plat as accepted June 13, 1923 between the southwest corner of Section 36 and the southeast corner of Section 36 being East.

Beginning at the Section corner common to Section 35 and 36, T5N, R11W, Seward Meridian, Alaska, along the Township line, that being the True Point of Beginning of this description;

Thence, S89° 00' 59"E 738.6 feet, more or less, along the South boundary of section 36 T5N, R11W, Seward Meridian, Alaska and the north ROW for Gas Well Road to the North ¼ corner of Section 2 Township 4N, Range 11W, Seward Meridian, Alaska;

Thence, S00° 57' 19"W 742.7 feet, more or less, crossing Kalifornsky Beach Road and along the west boundary of Tract A Damon Plaza Subdivision #2 to the northwest ROW of Regents Lane as shown on the Plat of Damon Plaza Subdivision #2, recorded as plat 87-62 in the Kenai Recording District (KRD);

Thence, departing the west boundary of Tract A, N58° 04' 01"E 138.5 feet, more or less, to the southwest corner of Lot 10, Block 1, Damon Plaza Subdivision #2;

Thence, S88° 54' 36"E 1083.4 feet, more or less, along the north ROW of Damon Avenue to the intersection of north ROW of Damon Avenue and west side of a circular tract, Tract B Damon Plaza Subdivision #2;

Thence, along the northerly circular boundary of Tract B Damon Plaza Subdivision #2, on a nontangential curve concave to the south with a radius of 100 feet through a central angle of 145° 24' 15" and an arc length of 253.8 feet, more or less;

Thence, departing Tract B Damon Plaza Subdivision #2, S88° 53' 09"E 1298.7 feet, more or less, along the extension of the north ROW of Damon Avenue to the east ROW line of Skyline Drive;

Thence, S00° 58' 09"W 637.3 feet, more or less, along the east ROW of Skyline Drive to the southeast corner of Lot 1, Block 2, Skyline Business Park Subdivision, recorded as plat 79-18 KRD;

Thence, departing said ROW, S88° 59' 38"E 1269.2 feet, more or less, along the south boundary of Skyline Business Park Subdivision to the southeast corner of Lot 1-C, Block 3, Skyline Business Park Subdivision Part 3, recorded as plat 84-293 KRD;

Thence, departing Skyline subdivision, S89° 02' 36"E 1319.9 feet, more or less, along the south line of the NE ¼ NW¼ to the east ROW boundary of Washington Drive and the Center-North 1/16th corner, Section 1, T4N, R11W, Seward Meridian, Alaska;

Thence, along the north-south centerline, Section 1, T4N, R11W, Seward Meridian, Alaska, S00° 56' 54"W 3959.7 feet, more or less, to the ¼ corner common to Section 1 and Section 12, Township 4N, Range 11W, Seward Meridian, Alaska;

Thence, S00° 58' 12"W 3960.5 feet, more or less, along the north-south centerline Section 12, Township 4N, Range 11W, Seward Meridian, Alaska, to the CS 1/16 Corner, Section 12, Township 4N, Range 11W, Seward Meridian, Alaska, on the north ROW of Taryn Court;

Thence, S59° 24' 50"E 176.9 feet, more or less, on the north ROW of Taryn Court to the west ROW of Sterling Highway;

Thence, along said west ROW of the Sterling Highway along a non-tangential curve concave to the southeast with a radius of 5929.3 feet through a central angle of 03° 59' 48" and a length of 413.6 feet, more or less;

Thence, continuing along said ROW, N33° 52' 22"E 192.2 feet, more or less, to a point along the Sterling Highway ROW perpendicular to the western most corner on the Sterling Highway ROW of Tract 2, Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD;

Thence, S53° 08' 55"E 200.0 feet, more or less, across the Sterling Highway ROW to the western most corner of Tract 2 along the Sterling Highway ROW, Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD;

Thence, S00° 57' 12"W 293.5 feet, more or less, along the western boundary of Tract 2, Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD to the southwestern most corner of said tract;

Thence, S89° 02' 37"E 886.7 feet, more or less, along the southern boundary of said Tract 2 and the north boundary of the unsubdivided SW ¼ SE ¼ Section 12, Township 4N, Range 11W, Seward Meridian, Alaska to a point on the westerly bank of Arc Lake;

Thence, along the meanders of Arc Lake the following 28 courses,

S17° 46' 09"E 57.7 feet, more or less,

S33° 21' 16"E 40.4 feet, more or less,

S78° 32' 22"E 46.6 feet, more or less,

N85° 35' 48"E 33.6 feet, more or less,

S84° 11' 15"E 27.1 feet, more or less,
S75° 39' 44"E 36.4 feet, more or less,
S89° 18' 44"E 41.7 feet, more or less,
N66° 17' 00"E 59.7 feet, more or less,
N69° 50' 57"E 29.0 feet, more or less,
N75° 29' 59"E 38.9 feet, more or less,
N72° 21' 01"E 46.2 feet, more or less,
N27° 38' 38"E 32.7 feet, more or less,
N43° 14' 29"E 59.0 feet, more or less,
N57° 53' 00"E 42.3 feet, more or less,
S88° 48' 07"E 47.9 feet, more or less,
N70° 19' 39"E 53.5 feet, more or less,
N01° 08' 54"E 98.3 feet, more or less,
N33° 39' 48"E 34.8 feet, more or less,
N63° 07' 10"E 35.4 feet, more or less,
N56° 00' 39"E 33.1 feet, more or less,
N23° 59' 40"E 43.0 feet, more or less,
N09° 05' 58"W 46.8 feet, more or less,
N16° 04' 10"W 63.2 feet, more or less,
N15° 52' 02"W 56.9 feet, more or less,
N19° 12' 45"E 59.8 feet, more or less,
N04° 18' 01"W 64.2 feet, more or less,
N16° 18' 45"W 41.9 feet, more or less,
N03° 48' 07"E 64.1 feet, more or less, to a point along the southern boundary of Tract 2, Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD;

Thence, departing said meanders of Arc Lake, S89° 02' 40"E 465.1 feet, more or less, to the N-S 1/64 Section 12, Township 4N, Range 11W, Seward Meridian, Alaska;

Thence, N00° 57' 12"E 658.1 feet, more or less, to the ¼ corner common to Section 12, Township 4N, Range 11W, and Section 7, Township 4N, Range 10W Seward Meridian, Alaska;

Thence, along the east boundary of Tract 1A Sand Hill Subdivision No. Two, recorded as plat 2009-39 KRD, N00° 57' 11"E 1760.2 feet, more or less, to the intersection with the south ROW line of the Sterling Highway and Ski Hill Road;

Thence, crossing the ROW for Ski Hill Road, N14° 56' 48"E 255.0 feet, more or less, to the southeast ROW of the Sterling Highway and the north ROW of Ski Hill Road;

Thence, along the southeast ROW of the Sterling Highway ROW, N21° 17' 28"E 2605.1 feet, more or less, to an angle point along the Sterling Highway ROW;

Thence, continuing along the southeast ROW of the Sterling Highway ROW, S68° 52' 34"E 50.0 feet, more or less, to an angle point along the Sterling Highway ROW;

Thence, continuing along the southeast ROW of the Sterling Highway ROW, N21° 17' 28"E 1300.0 feet, more or less, to an angle point along the Sterling Highway ROW;

Thence, continuing along the southeast ROW of the Sterling Highway ROW, N68° 43' 27"W 82.0 feet, more or less, to an angle point along the Sterling Highway ROW;

Thence, continuing along the southeast ROW of the Sterling Highway ROW, N21° 17' 51"E 2375.2 feet, more or less, to the intersection of the southeast boundary of the Sterling Highway ROW with the north boundary of Section 6, Township 4N, Range 10W Seward Meridian, Alaska;

Thence, along First Standard Parallel and the south boundary of Township 5N Range 10W Seward Meridian, Alaska, S89° 03' 00"E 15,529.3 feet, more or less, to the section corner common to Section 34 and 35, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the boundary between Sections 34 & 35 Township 5N Range 10W Seward Meridian, Alaska, N00° 51' 38"E 5279.5 feet, more or less, to the Section corner common to Section 26, 27, 34 and 35, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the boundary between Sections 26 & 27 Township 5N Range 10W Seward Meridian, Alaska, N00° 48' 04"E 5282.7 feet, more or less, to the Section corner common to Section 22, 23, 26 and 27, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the boundary between Sections 22 and 27, Township 5N Range 10W Seward Meridian, Alaska, N89° 06' 01"W 5279.2 feet, more or less, to the Section corner common to Section 21, 22, 27 and 28, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the Section line common to Section 21 and 28, Township 5N, Range 10W, Seward Meridian, Alaska, N89° 01' 47"W 5280.1 feet, more or less, to the Section Corner common to Section 20, 21, 28, 29, T5N, R10W, Seward Meridian, Alaska;

Thence, along the Section line common to Section 20 and 29, Township 5N, Range 10W, Seward Meridian, Alaska, N88° 58' 41"W 1319.9 feet, more or less, to the E 1/16 corner Sections 20 and 29, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the west boundary of the E1/2 SE1/4 Section 20, Township 5N, Range 10W, Seward Meridian, Alaska, N00° 51' 47"E 1315.4 feet, more or less, to the SE 1/16 corner Section 20, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the north boundary of the N1/2 SW1/4 SE1/4 Section 20, Township 5N, Range 10W, Seward Meridian, Alaska, N89° 05' 09"W 1319.2 feet, more or less, to the Center South 1/16 corner Section 20, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the 1/4 Section line Section 20, Township 5N, Range 10W, Seward Meridian, Alaska, S00° 54' 53"W 30.0 feet, more or less, to the intersection of the south ROW of Delta Avenue and the 1/4 Section line Section 20, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the southern ROW of Delta Avenue, N88° 52' 06"W 1320.2 feet, more or less, to the northwest corner of the deeded parcel recorded as Document 2017-004091-0;

Thence, along the eastern boundary of Lot 1-A, Irons Subdivision Enterprise Addition, Plat 86-42, KRD, N00° 57' 38"E 5.5 feet, more or less, to the northeast corner of said Lot 1-A;

Thence, along the southern ROW of Delta Avenue, N89° 01' 11"W 190.3 feet, more or less, to the point of curvature of a curve on said ROW;

Thence, along the Southern ROW of Delta Avenue, along a curve concave to the south with a radius of 270.0 feet, through a central angle of 03° 21' 46" and an arc length of 15.8 feet, more or less, to the intersection of the extension of the west ROW of Omega Street with south ROW of Delta Avenue, on said curve;

Thence, departing said southern ROW of Delta Avenue, N00° 46' 42"E 282.7 feet, more or less crossing Delta Avenue and along the west ROW of Omega Street to the Point of Curvature on the west boundary of Lot 3A, Block 13, Irons Subdivision 1984 Addition, Plat 84-286, KRD;

Thence, continuing along the Southwest ROW of Omega Street, along a curve concave to the southwest with a radius of 200.0 feet, through a central angle of 29° 51' 56" and an arc length of 104.3 feet, more or less, to the end of said curve;

Thence, continuing along the Southwest ROW of Omega Street, N29° 04' 29"W 275.15 feet, more or less, to the southeast corner of Tract B, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD;

Thence, continuing along the Southwest ROW of Omega Street, along a nontangential curve concave to the northeast with a radius of 50.0 feet, through a central angle of 90° 37' 58" and an arc length of 79.09 feet, more or less, to the most southerly corner of Tract A, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD;

Thence, departing said ROW, N36° 53' 34"W 134.5 feet, more or less, along the east boundary of Tract B, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD;

Thence, continuing along Tract B, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD, N70° 39' 29"W 189.2 feet, more or less;

Thence, continuing along Tract B, Irons Subdivision Eddy Hill Addition, Plat 2004-131, KRD, S60° 56' 04"W 122.9 feet, more or less, to the northwest corner of said Tract B and the west ROW of the Kenai Spur Highway;

Thence, crossing said ROW, N86° 27' 03"W 143.1 feet, more or less, to a point 51.9 feet, more or less, northerly along the west ROW of the Kenai Spur Highway from the northeast corner of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD;

Thence, N89° 26' 26"W 128.1 feet, more or less;

Thence, N69° 28' 05"W 58.5 feet, more or less;

Thence, N89° 25' 47"W 176.2 feet, more or less; to a point 65.0 feet north along the easterly ROW of Kobuk Street from the northwest corner of Lot 24B, Block 8, Irons Subdivision Lots 24A & 24B, Block 8, Plat 81-139, KRD;

Thence, along the easterly ROW of Kobuk Street, S00° 33' 06"W 65.0 feet, more or less; to the northwest corner of Lot 24B, Block 8, Irons Subdivision Lots 24A & 24B, Block 8, Plat 81-139, KRD;

Thence, along the northern boundary of Lot 24B, Block 8, Irons Subdivision Lots 24A & 24B, Block 8, Plat 81-139, KRD, S89° 27' 07"E 157.2 feet, more or less; to the northwest corner Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD;

Thence, along the western boundary of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD, S00° 50' 41"W 150.3 feet, more or less; to the southwest corner of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD;

Thence, along the southern boundary of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD, S71° 47' 42"E 157.7 feet, more or less; to the southernmost corner of Lot 4, Block 8, Block 8 of the Irons Subdivision, Plat K-1536, KRD;

Thence, along the western boundary of Lot 1-A, Block 8, Irons Subdivision Vest Replat, Plat 2018-76, KRD, and the extension thereof, S30° 08' 03"E 300.8 feet, more or less; to a point on the south ROW of Irons Avenue;

Thence, along the Southern ROW of Irons Avenue, along a nontangential curve concave to the southeast with a radius of 107.44 feet, through a central angle of 44° 47' 47" and an arc length of 84.0 feet, more or less, to the point of tangency on the west boundary of Lot 4A, Block 9, Irons Subdivision Patterson Replat, Plat 2012-64, KRD;

Thence, along the Eastern ROW of Irons Avenue, S06° 11' 49"W 449.1 feet, more or less; to the southwest corner of Lot 8, Block 9, Block 7 and Lot 8 of Block 9 Irons Subdivision, Plat 72-05, KRD;

Thence, along the Eastern ROW of Irons Avenue, S00° 48' 41"W 324.8 feet, more or less; to the northern Point of Curvature on Lot 11, Block 9, Portions of Block 3A, 9, and 10 of the Irons Subdivision, Plat 74-111, KRD;

Thence, along the ROW of Jowers Drive, along a curve concave to the northeast with a radius of 20.0 feet, through a central angle of 90° 00' 42" and an arc length of 31.4 feet, more or less, to the Point of Tangency on the south boundary of Lot 11, Block 9, Portions of Block 3A, 9, and 10 of the Irons Subdivision, Plat 74-111, KRD;

Thence, along the Northern ROW of Jowers Drive, S89° 13' 19"E 203.1 feet, more or less; to the northern Point of Curvature on Lot 13, Block 9, Portions of Block 3A, 9, and 10 of the Irons Subdivision, Plat 74-111, KRD;

Thence, along the ROW of Jowers Drive, along a curve concave to the southwest with a radius of 110.0 feet, through a central angle of 60° 11' 15" and an arc length of 115.6 feet, more or less, to the southernmost corner of Lot 13, Block 9, Portions of Block 3A, 9, and 10 of the Irons Subdivision, Plat 74-111, KRD;

Thence, along the Eastern ROW of Jowers Drive, S29° 06' 42"E 1967.9 feet, more or less; to a Point of Curvature on Lot 1A, Block 5, Irons Subdivision Block 5 1011 Addition, Plat 2011-82, KRD;

Thence, along the eastern ROW of Jowers Drive, along a curve concave to the southwest with a radius of 330.0 feet, through a central angle of 29° 58' 00" and an arc length of 167.1 feet, more or less;

Thence, along the Eastern ROW of Jowers Drive, S00° 53' 23"W 118.0 feet, more or less; to the centerline of Knight Drive and the southern boundary of the N1/2 N1/2 Section 29, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the southern boundary of the N1/2 N1/2 Section 29, Township 5N, Range 10W, Seward Meridian, Alaska, N89° 03' 05"W 1752.2 feet, more or less; to the N 1/16 corner common to Section 29 and 30, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the southern boundary of the N1/2 N1/2 Section 30, Township 5N, Range 10W, Seward Meridian, Alaska, N89° 03' 59"W 3443.0 feet, more or less; to the centerline of the Kenai River;

Thence along the following five courses of the centerline meanders of the Kenai River,

S00° 03' 09"E 1306.2 feet, more or less;

S26° 54' 20"W 518.6 feet, more or less;

S46° 35' 20"W 1000.0 feet, more or less;

S57° 11' 07"W 1055.0 feet, more or less;

S54° 08' 51"W 1502.4 feet, more or less; to the intersection of the centerline meanders of the Kenai River with the section line common to Section 25 and 36, Township 5N, Range 10W, Seward Meridian, Alaska;

Thence, along the section line common to Section 25 and 36, Township 5N, Range 10W, Seward Meridian, Alaska, N88° 58' 20"W 4097.5 feet, more or less; to the Section Corner common to Section 25, 26, 35 and 36, Township 5N, Range 10W, Seward Meridian, Alaska;

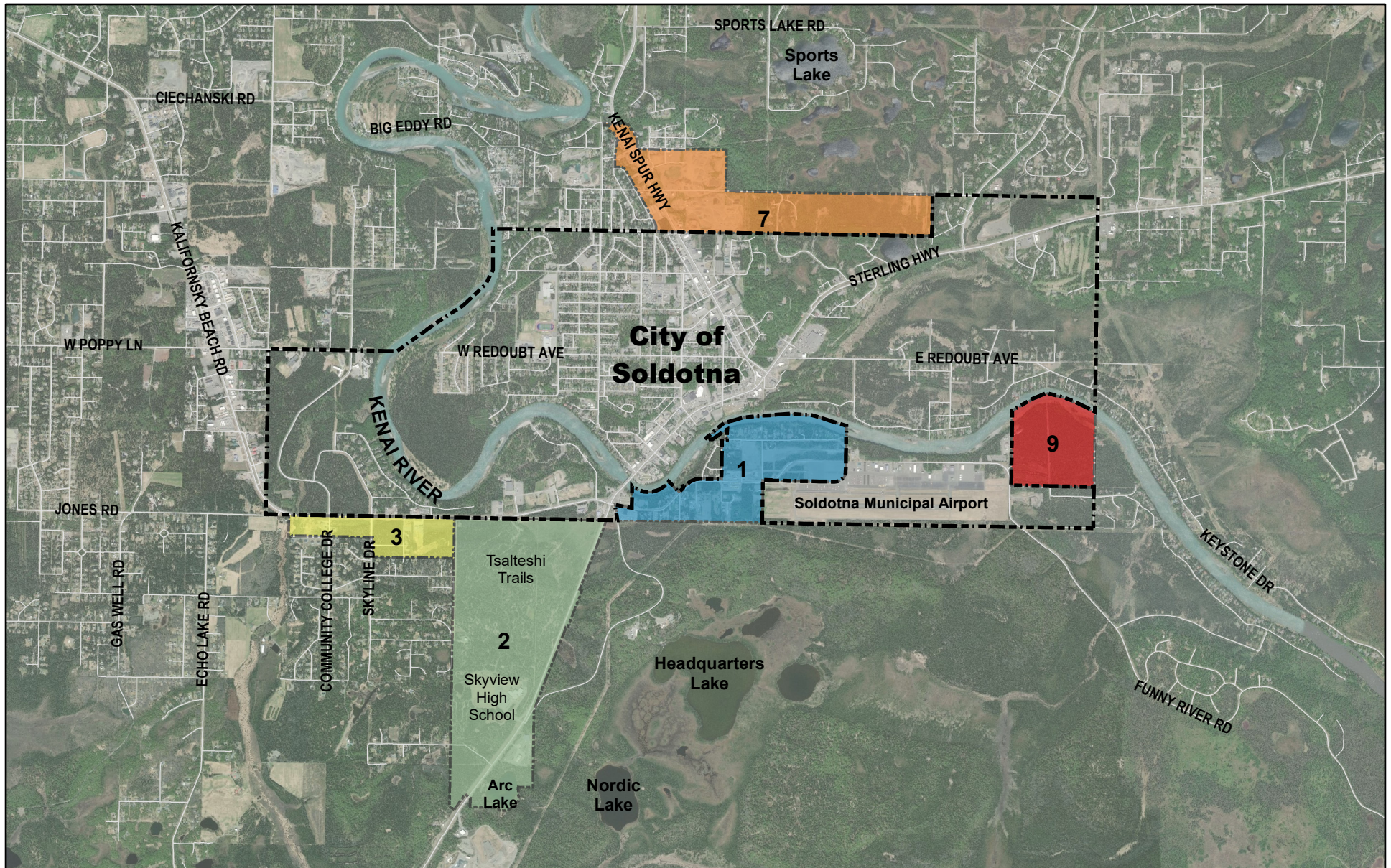
Thence, S00° 59' 50"W 5279.3 feet, more or less, along boundary between Section 35 and 36 T5N, R11W, Seward Meridian, Alaska to the Section Corner common to Section 35 and 36, T5N, R11W, Seward Meridian, Alaska, on the Township line and the True Point of Beginning of this description.


Exhibit A-4

Maps and Plats

This exhibit contains the following:

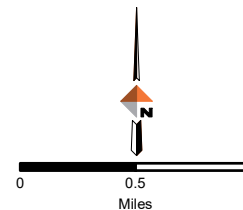
- 1) Maps showing the existing boundaries of the city and the boundaries of the territory proposed for annexation;
- 2) Maps showing the existing Soldotna water and sewer service areas;
- 3) Historical aerial photos showing development in and around Soldotna.



 City of Soldotna Boundary

Proposed Annexation

- | | |
|--|--|
|  Area 1 |  Area 7 |
|  Area 2 |  Area 9 |
|  Area 3 | |



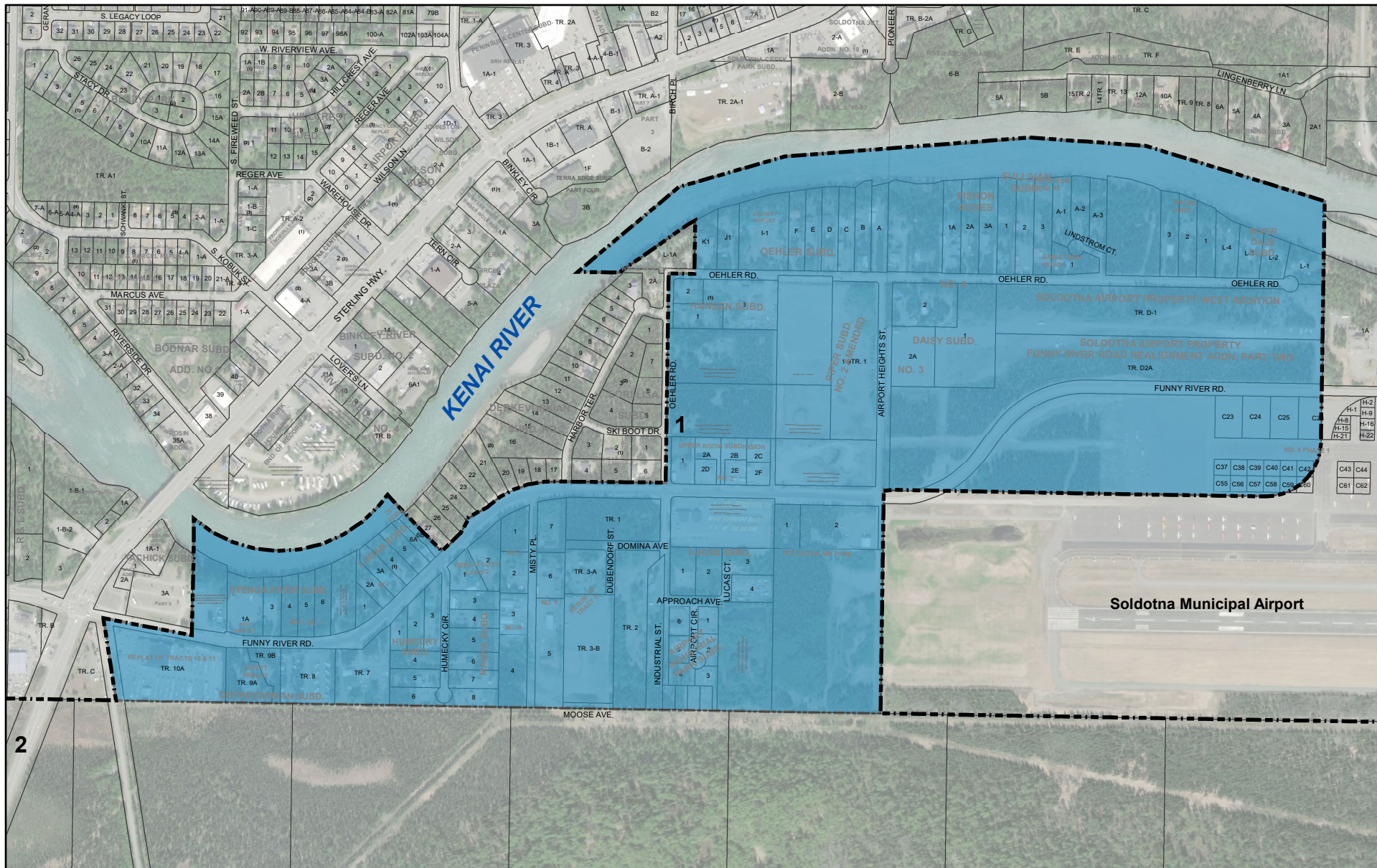
Project Overview

Proposed Soldotna Annexation Areas

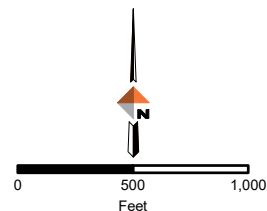


Date: October 10, 2019

Figure 1



- KPB Parcel Boundary
- City of Soldotna Boundary
- Section
- Township
- Proposed Annexation
- Area 1



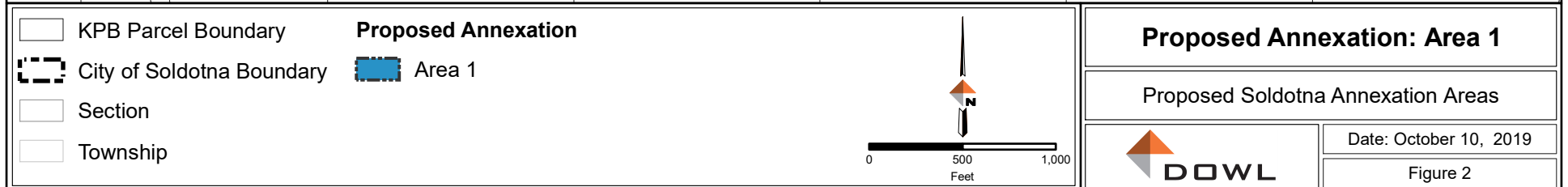
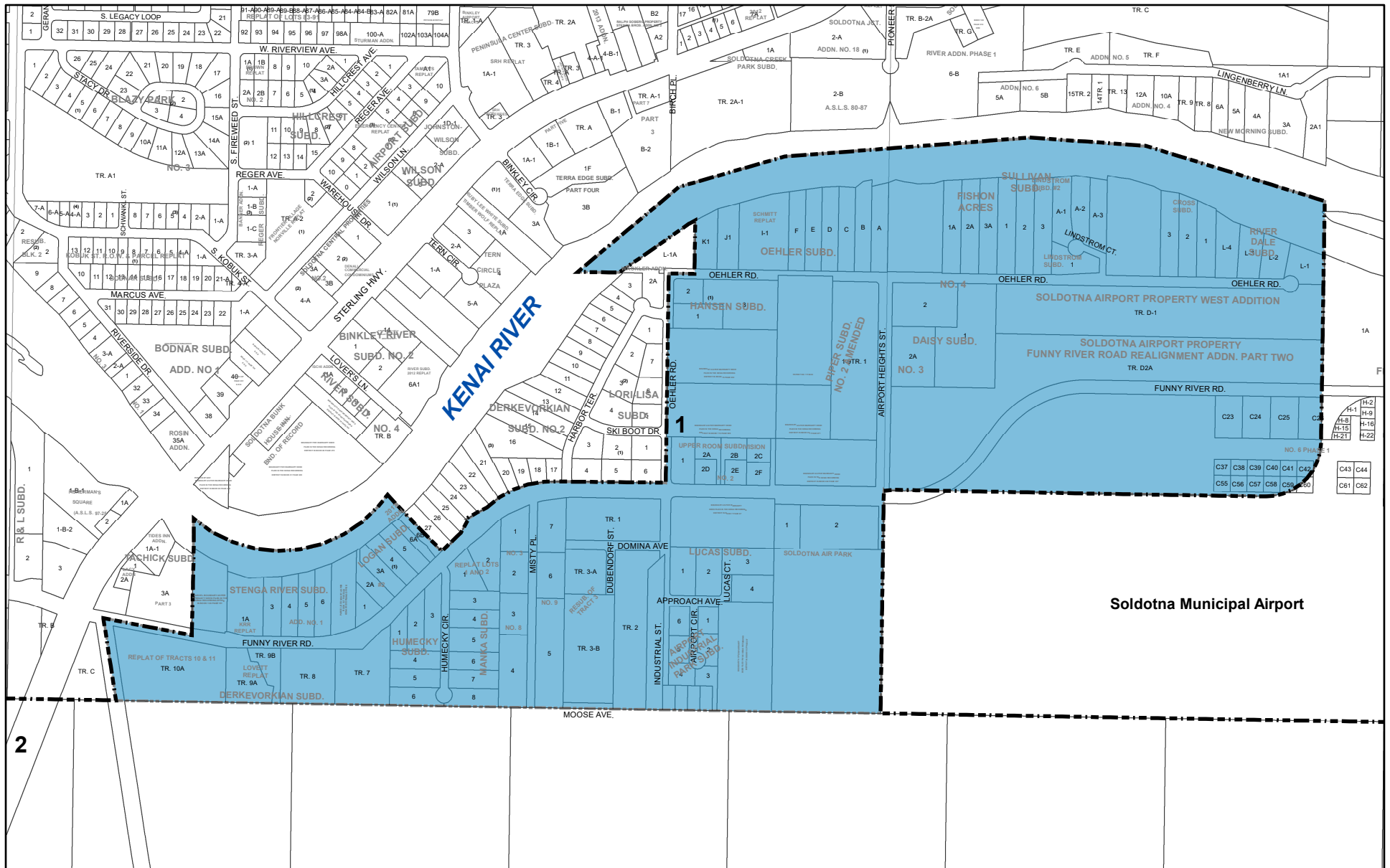
Proposed Annexation: Area 1

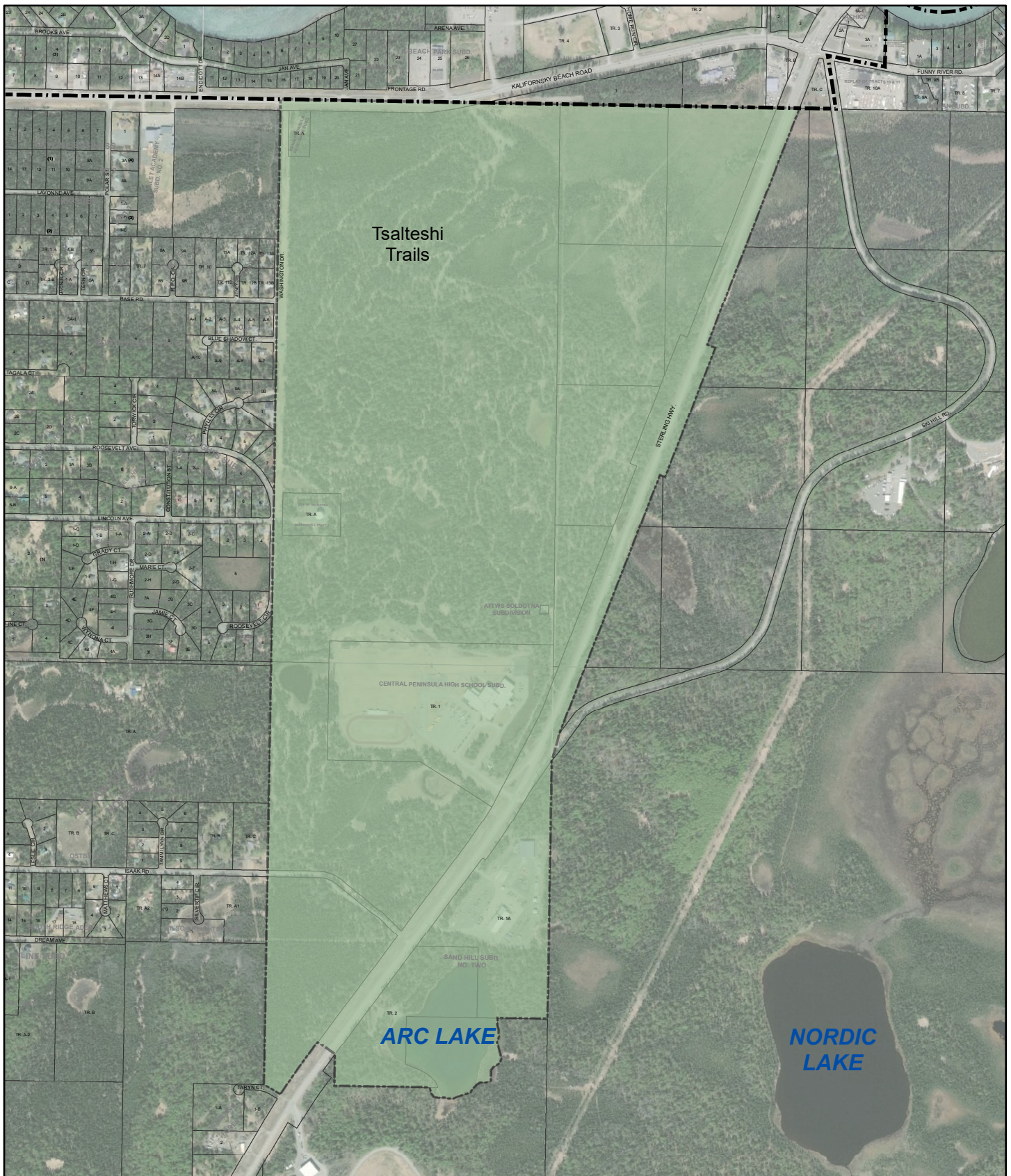
Proposed Soldotna Annexation Areas



Date: October 10, 2019

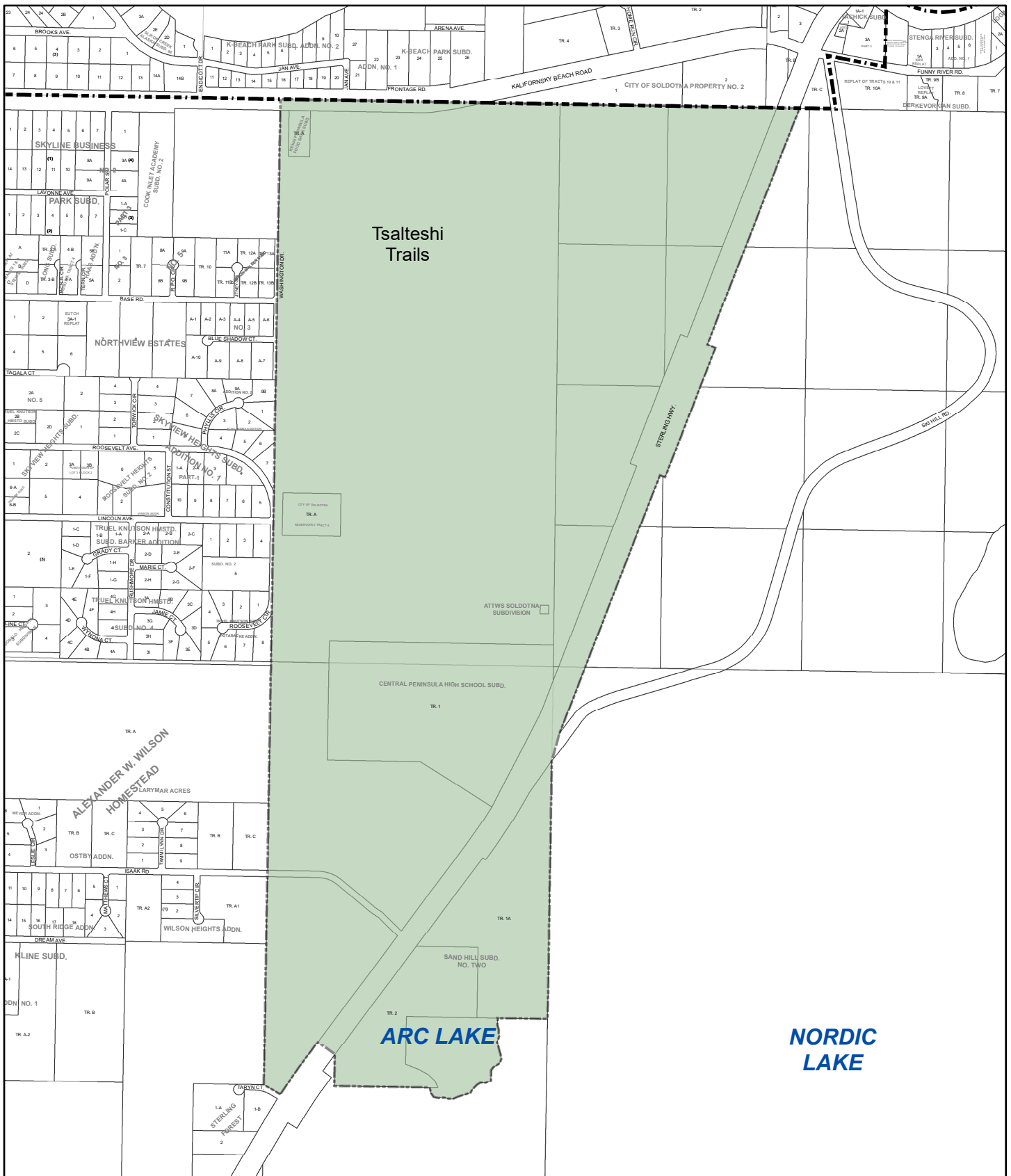
Figure 2





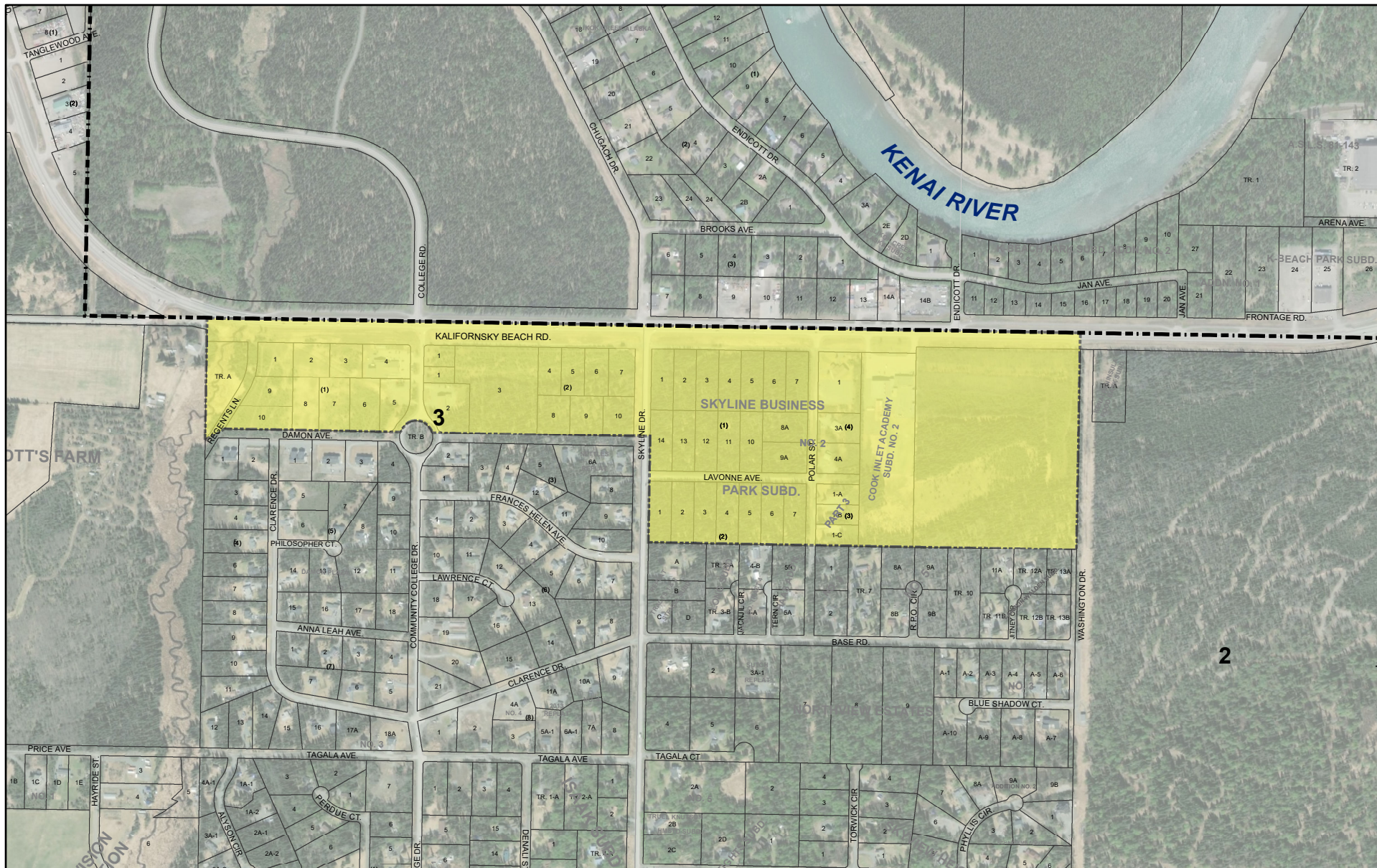
	KPB Parcel Boundary		Proposed Annexation
	City of Soldotna Boundary		Area 2
	Section		
	Township		

Proposed Annexation: Area 2	
Proposed Soldotna Annexation Areas	
	Date: October 10, 2019
	Figure 3

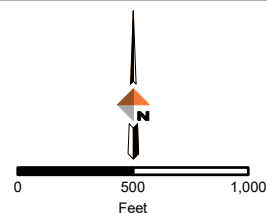


	KPB Parcel Boundary		Proposed Annexation
	City of Soldotna Boundary		Area 2
	Section		
	Township		

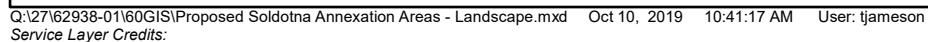
Proposed Annexation: Area 2	
Proposed Soldotna Annexation Areas	
	Date: October 10, 2019
	Figure 3

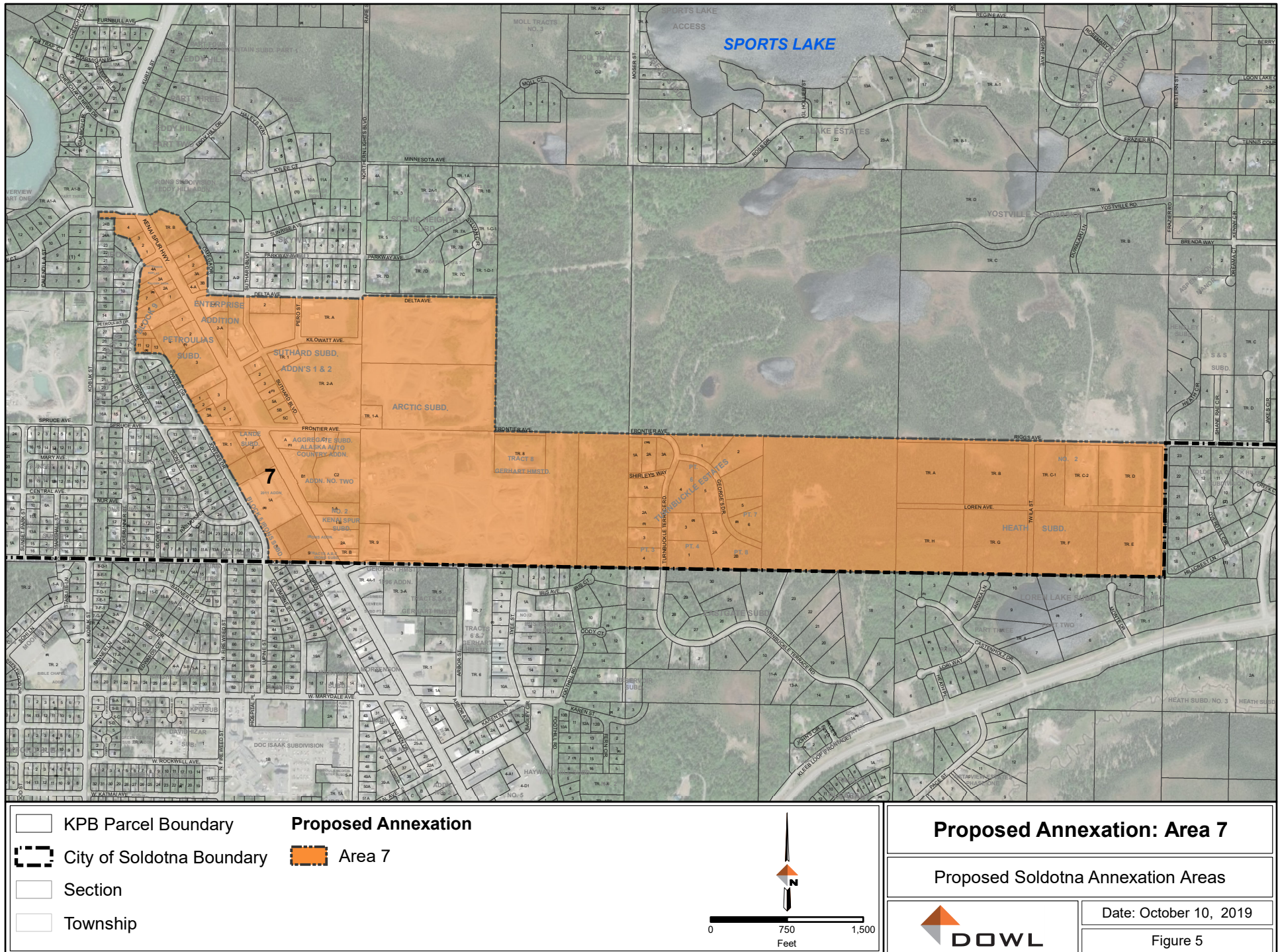


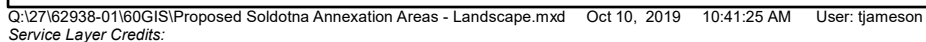
- KPB Parcel Boundary
- City of Soldotna Boundary
- Section
- Township
- Proposed Annexation Area 3

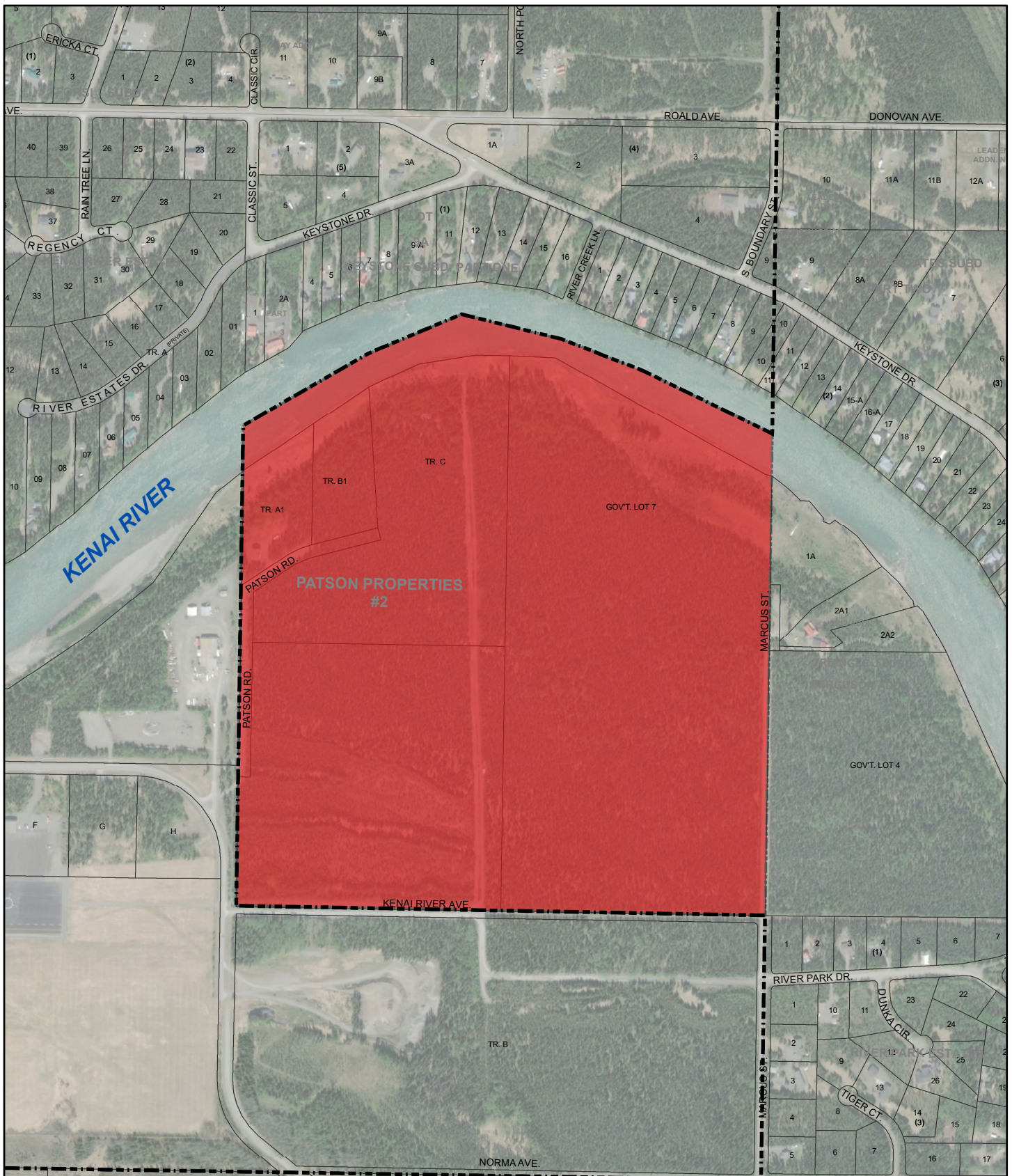


Proposed Annexation: Area 3	
Proposed Soldotna Annexation Areas	
	Date: October 10, 2019 Figure 4





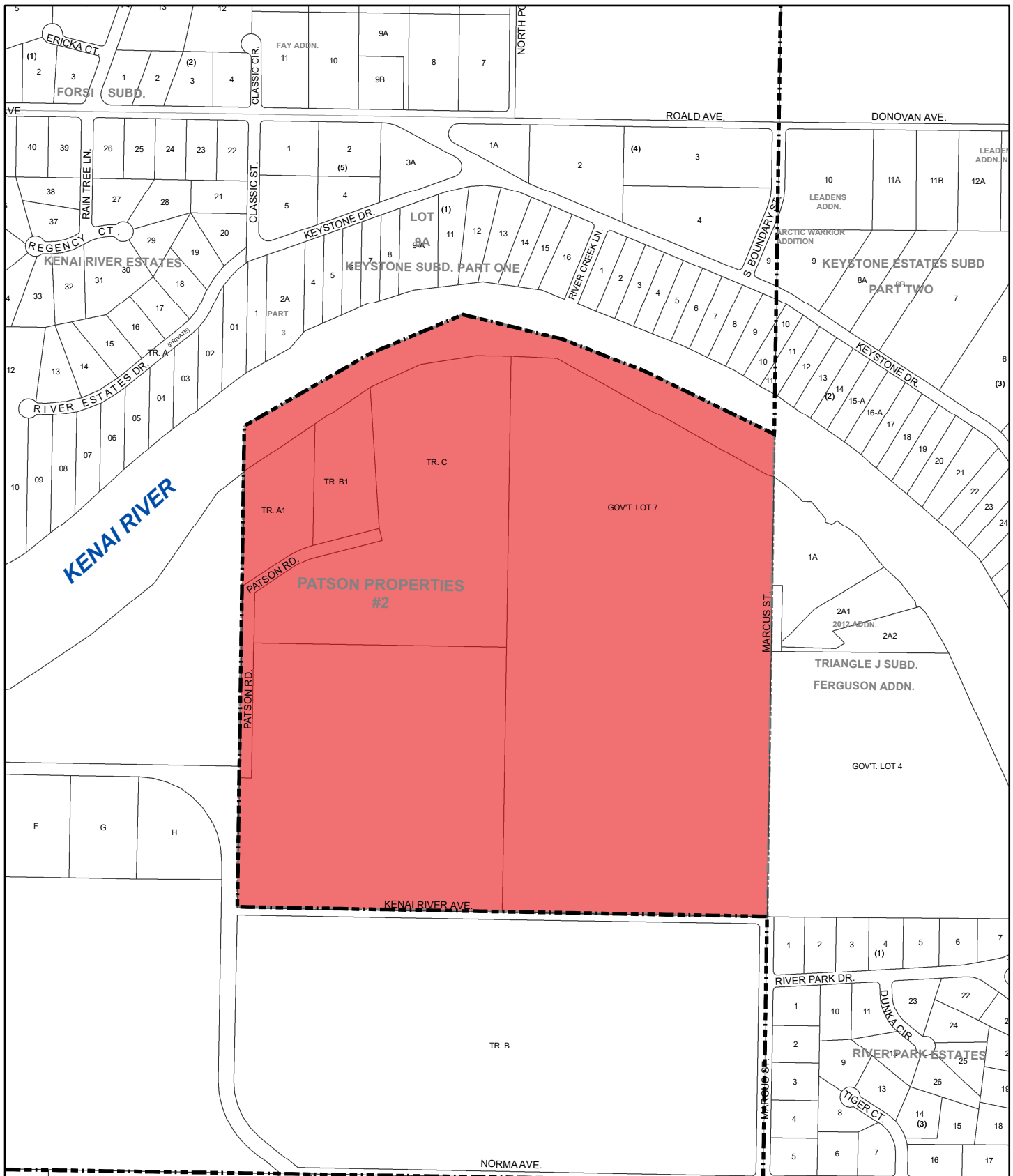




	KPB Parcel Boundary		City of Soldotna Boundary
	Section		Area 9
	Township		

0 400 800
 Feet

Proposed Annexation: Area 9	
Proposed Soldotna Annexation Areas	
	Date: October 10, 2019
	Figure 6



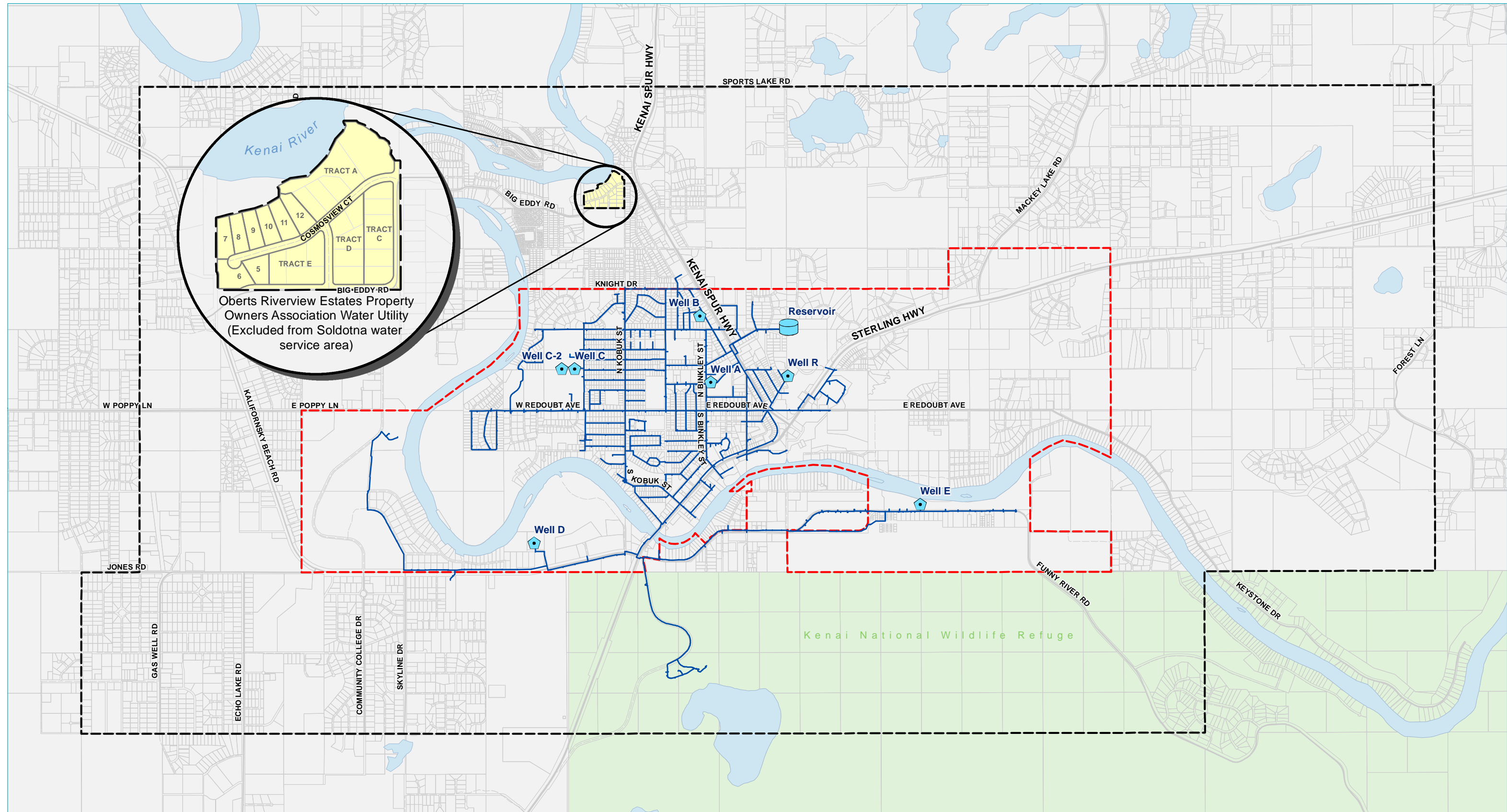
KPB Parcel Boundary	Proposed Annexation
City of Soldotna Boundary	Area 9
Section	
Township	

Proposed Annexation: Area 9

Proposed Soldotna Annexation Areas

Date: October 10, 2019

Figure 6



SOLDOTNA
City of Soldotna, Alaska

- Water Main
- Production Well
- Reservoir
- Water Service Area Boundary
- Private Utility

- City Limits
- Streets**
 - State Highway
 - Town Major Collector
 - Town Medium Volume
- Water Body
- Parcel Boundary
- Kenai National Wildlife Refuge

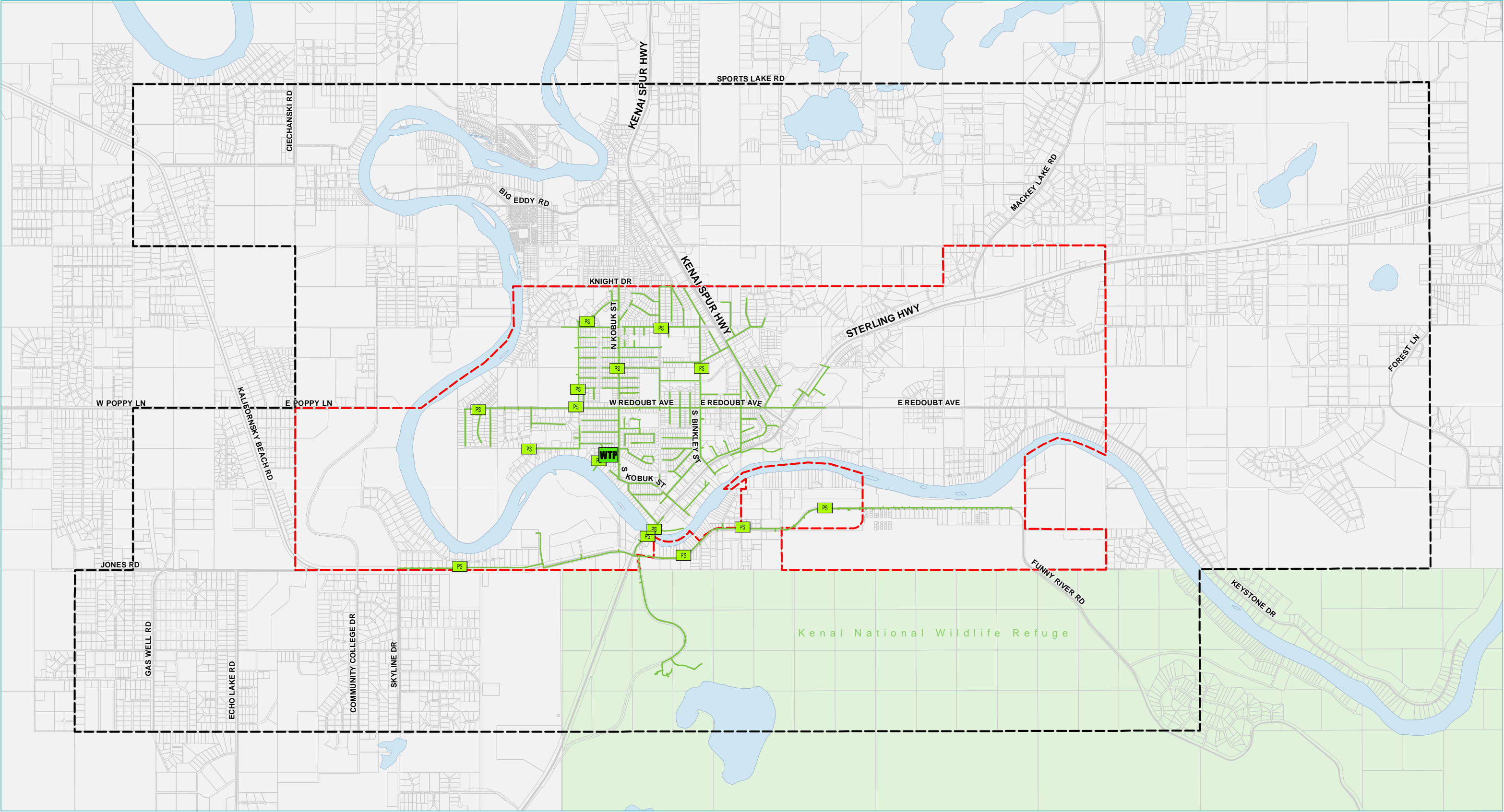


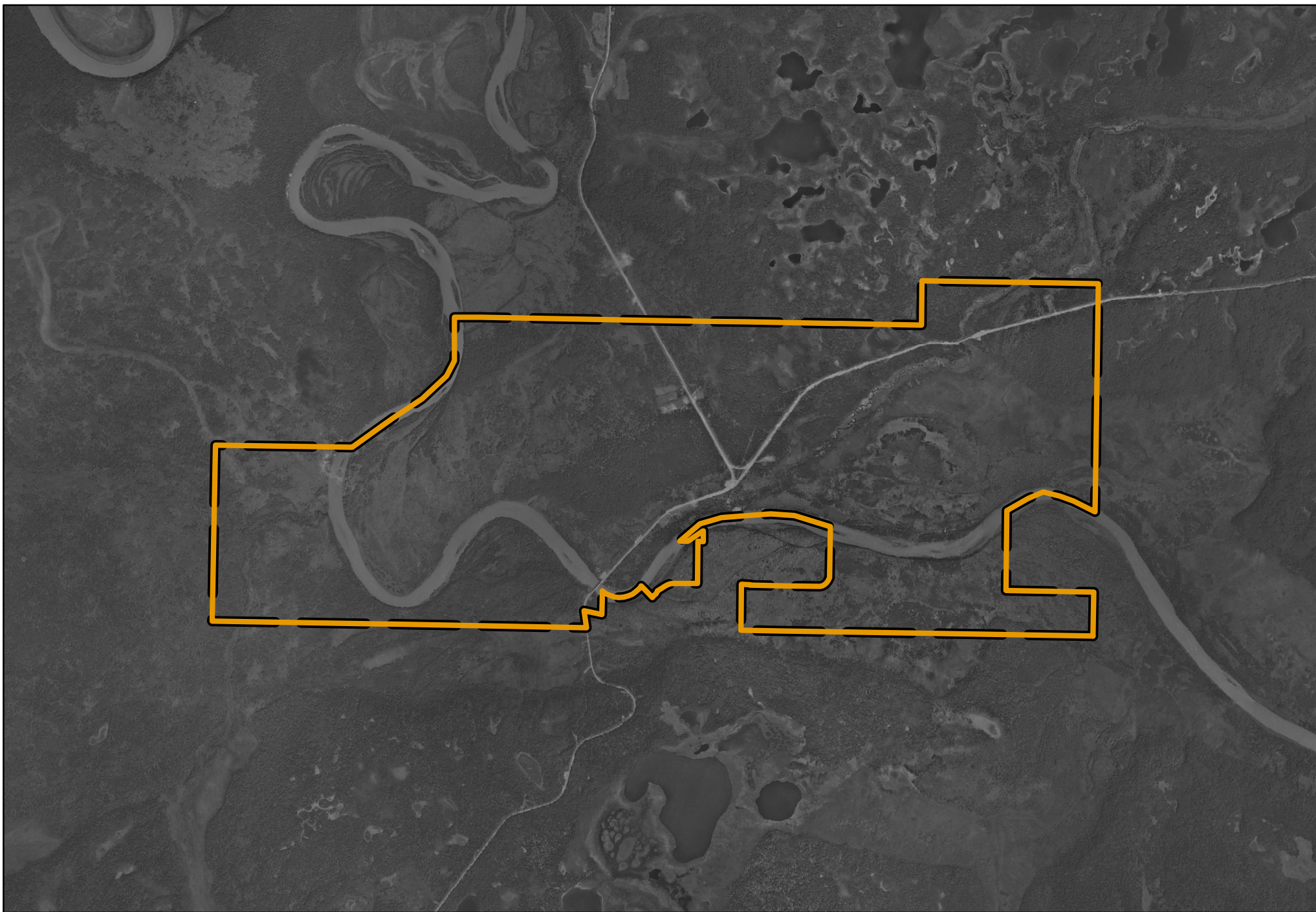
0 3,000
FEET

SOLDOTNA UTILITY MASTER PLAN

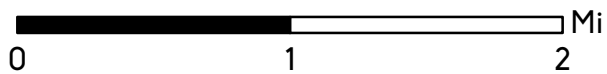
Water Service Area
Certificate of Public Convenience
and Necessity No. 133
Figure xx

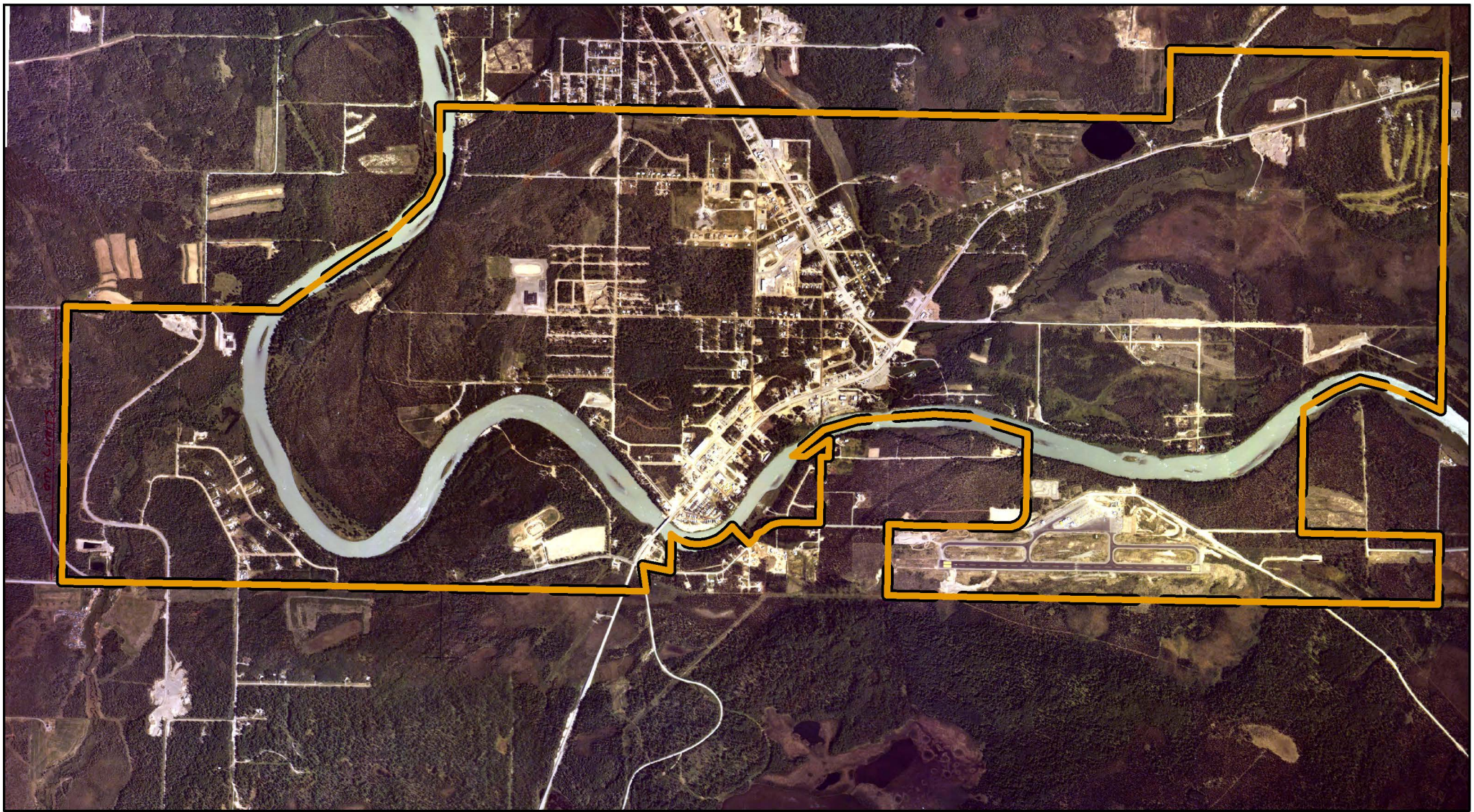




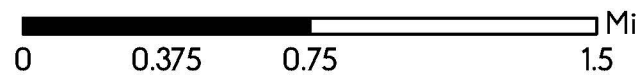


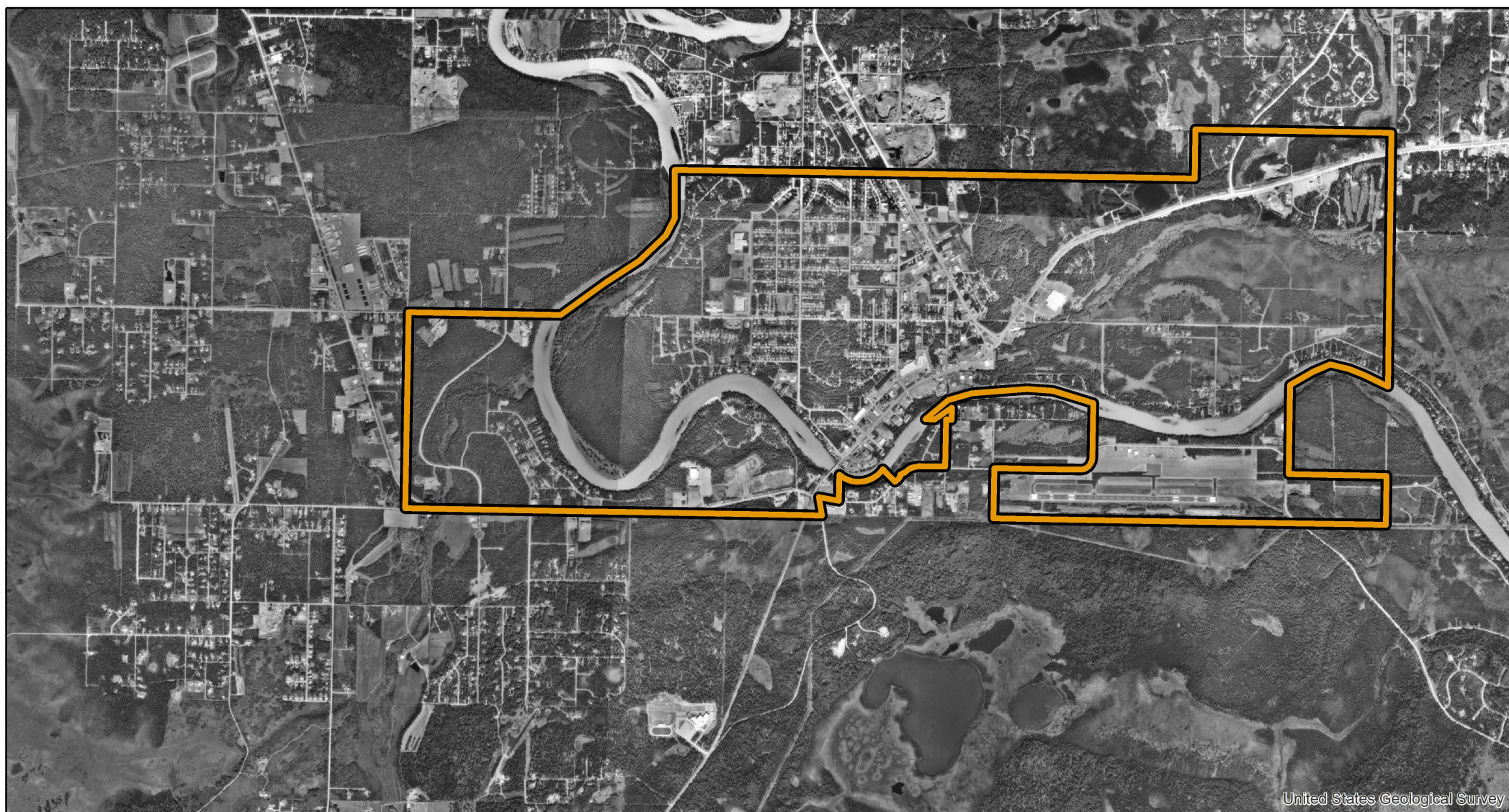
Current City Boundaries and
Aerial Imagery (1950)



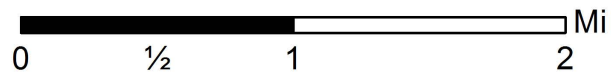


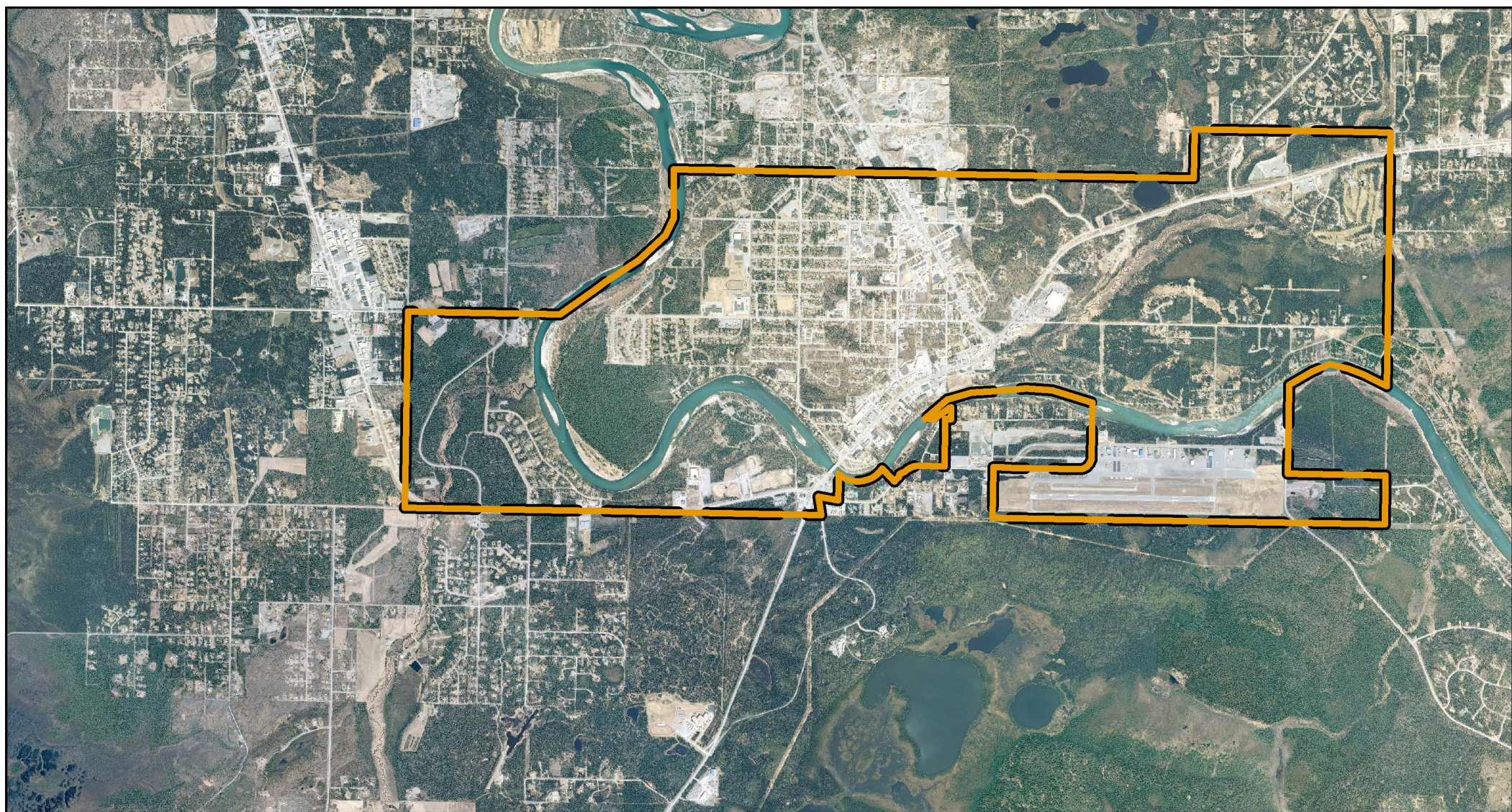
City Boundaries and
Aerial Imagery (1975)



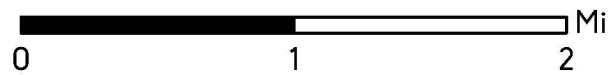


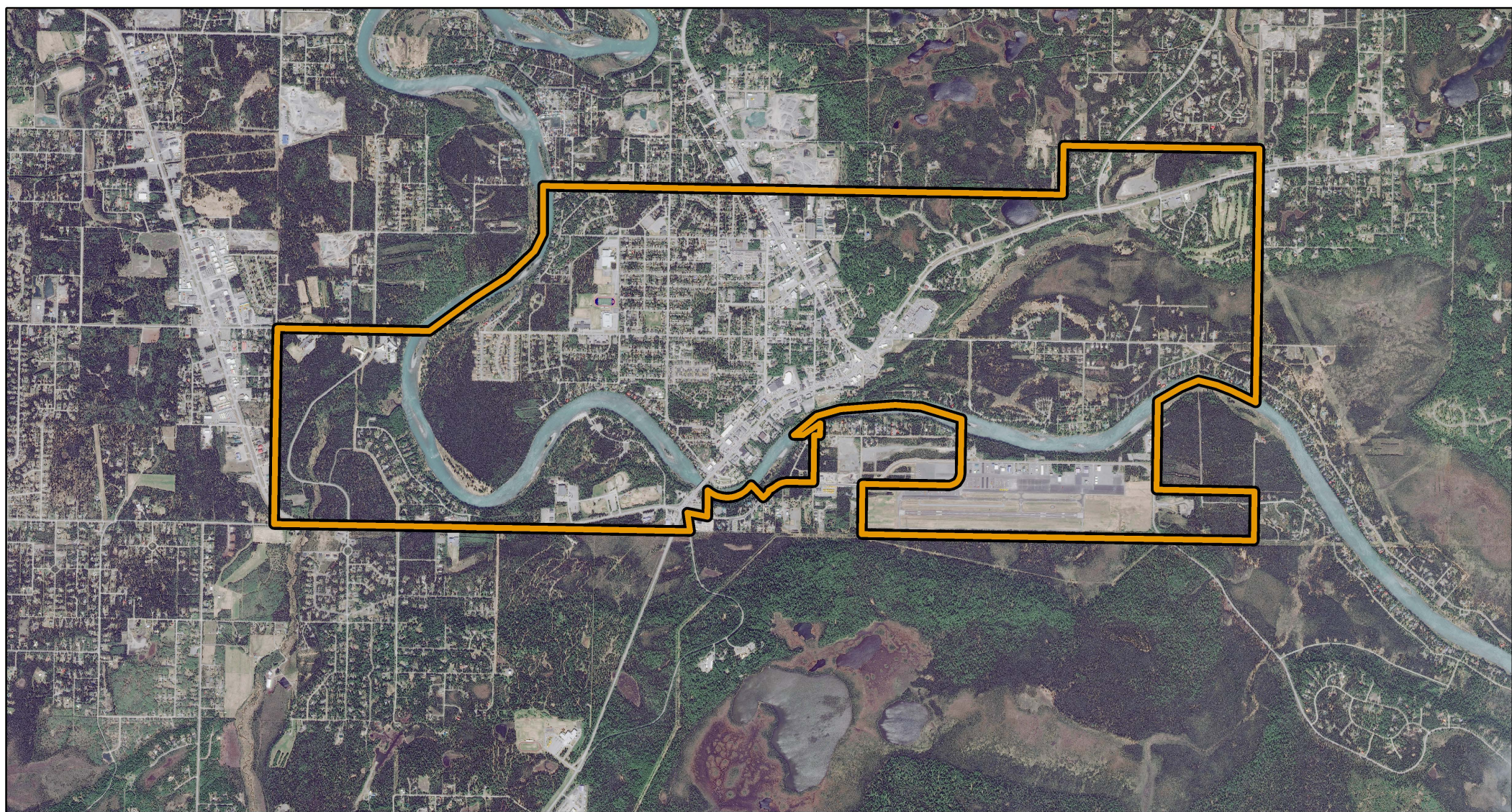
City Boundaries and
Aerial Imagery (1996)





City Boundaries and
Aerial Imagery (2012)





City Boundaries and
Aerial Imagery (2018)

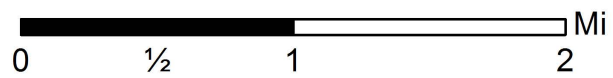


Exhibit B.

Information relating to Public Notice and Service of the Petition

This exhibit provides information relevant to public notice of this annexation petition per 3 AAC 110.450 and 3 AAC 110.460. The information includes local media; places recommended to post notices; adjacent municipalities; persons who may warrant individual notice of the filing of the petition because of their interest in this matter, and location(s) where the public can review the petition.

Local Media

Newspaper

Name: Peninsula Clarion
Physical Address: 150 Trading Bay Road, #1
Kenai, AK 99611
Mailing Address: Same
Telephone: 283-7551
Fax: 283-3299
Email address: news@peninsulaclarion.com

Radio and Television

Name: KSRM/KWHQ/KKIS/KSLD/KFSE/KKNI
Physical Address: 40960 Kalifornsky Beach Road
Kenai, AK 99611
Mailing Address: Same
Telephone: 283-8700
Fax: 283-9177
Email address: info@radiokenai.com

Name: KDLL
Physical Address: 14896 Kenai Spur Hwy.
Kenai, AK 99611
Mailing Address: PO Box 2111
Kenai, AK 99611
Telephone: 283-8433
Fax: No Fax Available
Email address: info@kdll.org

Three or more prominent places readily accessible to the public and within or near the boundaries proposed for change to post notices concerning this petition:

The following places are **within or near the territory proposed for annexation:**

Name	Address	Hours of Operation
Fish & Game	43961 Kalifornsky Beach Rd., Soldotna, AK 99669	8 AM – 5 PM Daily Closed Weekends
Independent Living Center	47255 Princeton Ave #8, Soldotna, AK 99669	Hours vary
Kenai Peninsula Food Bank	33955 Community College Rd., Soldotna, AK 99669	12-4 PM Daily Closed Saturday & Sunday
United States Post Office (Kenai)	140 Bidarka Street Kenai, AK 99611	8:45 AM – 5:00 PM Daily 9:30 AM – 1:00 PM Saturday Closed Sunday
City of Kenai Library	163 Main St. Loop Kenai, AK 99611	Hours vary

The following places are **within the current boundaries of the City:**

Name	Address	Hours of Operation
Soldotna City Hall	177 N. Birch Street Soldotna, AK 99669	8 AM – 5 PM Daily Closed Weekends
Soldotna Public Library	235 N. Binkley Street Soldotna, AK 99669	10 AM – 6 PM: M, W, F, S 10 AM – 5 PM: T & R Closed Sunday
United States Post Office (Soldotna)	175 Binkley Street Soldotna, AK 99669	10 AM – 5 PM Daily 10 AM – 2 PM Saturday Closed Sunday
Soldotna Regional Sports Complex	538 Arena Avenue Soldotna, AK 99669	8 AM – 10 PM Daily
Gilman River Center	514 Funny River Road Soldotna, AK 99669	8 AM – 5 PM Daily Closed Weekends

Adjacent municipalities (including service areas) whose boundaries extend within twenty miles of the boundaries of the proposed boundaries:

Name	Address	Contact Information
City of Kenai	210 Fidalgo Avenue Kenai, AK 99611	283-7535 Jamie Heinz City Clerk jheinz@kenai.city
Kenai Peninsula Borough	144 N. Binkley Soldotna, AK 99669	714-2160 Johni Blankenship Borough Clerk jblankenship@kpb.us
Kenai Peninsula Borough Road Service Area	47140 E. Poppy Lane Soldotna, AK 99669	262-4427 Dil Uhlin, Roads Director roads@kpb.us
Central Emergency Service Area	231 S. Binkley St. Soldotna, AK 99669	262-4792 Roy Browning, Fire Chief rbrowning@kpb.us
Central Peninsula Hospital Service Area	250 Hospital Place Soldotna, AK 99669	714-4721 Bruce Richards, External Affairs brichards@cphg.org
North Peninsula Recreation Service Area	PO Box 7116 Nikiski, AK 99635	776-8800 Rachel M. Parra, Recreation Director rparra@kpb.us

Individuals and entities whose potential interest in the annexation proceedings may warrant individual notice of the filing of the petition.

Name	Address	Email address
KPB School District	148 N. Binkley St., Soldotna, AK 99669	pegge@kpbsd.org
Soldotna Chamber of Commerce	44790 Sterling Hwy, Soldotna, AK 99669	shanon@soldotnachamber.com
Kenai Soil & Water Conservation District	110 Trading Bay Rd. Suite 160, Kenai, AK 99611	kenaiswcd@gmail.com

KPB Road Service Area	47140 E. Poppy Lane, Soldotna, AK 99669	roads@kpb.us
KPB Mayor's Office	144 N. Binkley St., Soldotna, AK 99669	cpierce@kpb.us
Salamatof Native Assn.	230 Main Street Loop, Kenai, AK 99611	info@salamatof.com
University of Alaska	1815 Bragaw St., Suite 101, Anchorage, AK 99508	ua-land@alaska.edu

Location(s) where the petition materials will be available for public review:

Name	Address	Hours of Operation
Kenai Peninsula Borough Bldg.	144 N. Binkley Soldotna, AK 99669	8 AM – 5 PM Daily Closed Weekends
Soldotna City Hall	177 N. Birch Street Soldotna, AK 99669	8 AM – 5 PM Daily Closed Weekends
Soldotna Public Library	235 N. Binkley Street Soldotna, AK 99669	10 AM – 6 PM: M, W, F, S 10 AM – 5 PM: T & R Closed Sunday
City of Soldotna internet home page	https://soldotna.org/	24 hrs/day
City of Kenai Library	163 Main St. Loop Kenai, AK 99611	9 AM – 7 PM: M, T, W, R 9 AM – 6 PM: F 9 AM – 5 PM: S Closed Sunday

Exhibit C.

Projected Revenues, Operating Expenditures, and Capital Expenditures

Exhibit C includes three tables and a budget discussion on the following pages:

- 1) Budget projections for the existing city (without annexation);
- 2) Budget projections for the annexation territory;
- 3) Budget projections for the existing city and annexation territory combined.

**CITY OF SOLDOTNA
OPERATING BUDGET PROJECTIONS FOR EXISTING CITY LIMITS
(WITHOUT ANNEXATION)**

	FY20 Budget	FY21 Estimate	FY22 Estimate	FY23 Estimate
<u>Operating Revenues</u>				
Property Taxes (0.5 mills) ¹	\$ 315,000	\$ 324,450	\$ 334,184	\$ 344,209
Sales Taxes (3%) ²	7,905,000	8,063,100	8,224,362	8,388,849
Intergovernmental	466,527	466,527	466,527	466,527
Licenses & Permits	89,250	89,250	89,250	89,250
Traffic Fines	85,000	85,000	85,000	85,000
Investment Earnings	358,500	358,500	358,500	358,500
Soldotna Regional Sports Complex	364,425	364,425	364,425	364,425
Campgrounds	360,000	360,000	360,000	360,000
Parks	22,500	22,500	22,500	22,500
Community Schools	12,000	12,000	12,000	12,000
Library Revenues	22,000	22,000	22,000	22,000
Other	18,900	18,900	18,900	18,900
Charges to Other Funds	28,000	28,000	28,000	28,000
Total Operating Revenues	\$ 10,047,102	\$ 10,214,652	\$ 10,385,648	\$ 10,560,160
<u>Operating Expenditures</u> ³				
General Government	\$ (5,082,949)	\$ (5,184,608)	\$ (5,288,300)	\$ (5,394,066)
Public Safety	(2,733,436)	(2,788,105)	(2,843,867)	(2,900,744)
Public Works	(2,620,091)	(2,672,493)	(2,725,943)	(2,780,462)
Transfer to Debt Service Fund ⁴	(173,024)	(169,879)	(171,526)	(167,926)
Total Operating Expenditures	\$ (10,609,500)	\$ (10,815,085)	\$ (11,029,636)	\$ (11,243,197)
Projected Lapse - 8% ⁵	848,760	865,207	882,371	899,456
Projected Operating Expenditures	\$ (9,760,740)	\$ (9,949,878)	\$ (10,147,265)	\$ (10,343,742)
Revenues Over (Under) Expenditures				
From Operations	\$ 286,362	\$ 264,774	\$ 238,383	\$ 216,419

¹ Property tax revenues projected to increase 3% per year, based on the average historical increase in assessed property values.

² Sales tax revenue projected to increase 2%/yr, based on conservative estimate of typical growth due to economic development.

³ Operating expenditures projected to increase 2%/yr, based on historical past increases.

⁴ Debt service is on general obligation bonds issued for expansion of the Soldotna Public Library. \$1,670,000 was outstanding at June 30, 2019. The City has the option to call the bonds on August 1, 2020.

⁵ Projected lapse: based on 5 year average of actual expenditures.

**CITY OF SOLDOTNA
OPERATING BUDGET PROJECTIONS FOR THE ANNEXATION TERRITORY**

	FY20 Estimate	FY21 Estimate	FY22 Estimate	FY23 Estimate
Operating Revenues ¹				
Property Taxes (0.5 mills)	\$ 26,762	\$ 27,565	\$ 28,392	\$ 29,244
Sales Taxes (3%)	712,276	726,521	741,052	755,873
Total Operating Revenues	\$ 739,038	\$ 754,086	\$ 769,444	\$ 785,116
Operating Expenditures ²				
General Government	\$ (56,800)	\$ (57,936)	\$ (59,095)	\$ (60,277)
Public Safety	(88,100)	(89,862)	(91,659)	(93,492)
Public Works	(187,600)	(191,352)	(195,179)	(199,083)
Total Operating Expenditures	\$ (332,500)	\$ (339,150)	\$ (345,933)	\$ (352,852)
Projected Lapse - 8%	26,600	27,132	27,675	28,228
Projected Operating Expenditures	\$ (305,900)	\$ (312,018)	\$ (318,258)	\$ (324,624)
Revenues Over (Under) Expenditures				
From Operations	\$ 433,138	\$ 442,068	\$ 451,185	\$ 460,493

Escalation factors for proposed annexation territories were applied at the same rates as for the City's current boundaries.

¹ FY20 property tax revenues were based on taxable assessed values provided by the Kenai Peninsula Borough at the current mill rate of .50 mills. An escalation factor was then applied annually. FY19 sales tax revenues were based on actual figures for that year provided by the Kenai Peninsula Borough with an escalation factor then applied annually.

² Expenditure estimates are based on the first year's data (2015) included in the 'Analysis of the Fiscal Effects of Annexation', as modified to remove study areas which were evaluated but not included in this petition. An escalation factor was then applied annually.

CITY OF SOLDOTNA
OPERATING BUDGET PROJECTIONS FOR EXISTING CITY LIMITS COMBINED WITH ANNEXATION TERRITORY

	FY20 Budget	FY21 Estimate	FY22 Estimate	FY23 Estimate
<u>Operating Revenues</u>				
Property Taxes (0.5 mills)	\$ 341,762	\$ 352,015	\$ 362,576	\$ 373,453
Sales Taxes (3%)	8,617,276	8,789,621	8,965,414	9,144,722
Intergovernmental	466,527	466,527	466,527	466,527
Licenses & Permits	89,250	89,250	89,250	89,250
Traffic Fines	85,000	85,000	85,000	85,000
Investment Earnings	358,500	358,500	358,500	358,500
Soldotna Regional Sports Complex	364,425	364,425	364,425	364,425
Campgrounds	360,000	360,000	360,000	360,000
Parks	22,500	22,500	22,500	22,500
Community Schools	12,000	12,000	12,000	12,000
Library Revenues	22,000	22,000	22,000	22,000
Other	18,900	18,900	18,900	18,900
Charges to Other Funds	28,000	28,000	28,000	28,000
Total Operating Revenues	\$ 10,786,140	\$ 10,968,738	\$ 11,155,091	\$ 11,345,277
<u>Operating Expenditures</u>				
General Government	\$ (5,139,749)	\$ (5,242,544)	\$ (5,347,395)	\$ (5,454,343)
Public Safety	(2,821,536)	(2,877,967)	(2,935,526)	(2,994,237)
Public Works	(2,807,691)	(2,863,845)	(2,921,122)	(2,979,544)
Transfer to Debt Service Fund	(173,024)	(169,879)	(171,526)	(167,926)
Total Operating Expenditures	\$ (10,942,000)	\$ (11,154,235)	\$ (11,375,569)	\$ (11,596,049)
Projected Lapse - 8%	875,360	892,339	910,045	927,684
Projected Operating Expenditures	\$ (10,066,640)	\$ (10,261,896)	\$ (10,465,523)	\$ (10,668,365)
Revenues Over (Under) Expenditures				
From Operations	\$ 719,500	\$ 706,842	\$ 689,568	\$ 676,911

Operating Budget Discussion

The budget projections on the previous pages show that after annexation, projected operating revenues will exceed expenditures in the City of Soldotna plus the annexation territory, for the current fiscal year and moving forward.

Capital Budget Discussion

In addition to operating expenditures, the City also appropriates funds for an annual capital budget. The amount varies from year to year, depending on the City's infrastructure needs and available funding from the City and other granting agencies (State/Federal). The City's capital budget was \$735,000 in FY20.

The table below shows the impact of operating plus capital activities, after annexation, on the City's General Fund fund balance, which was \$17,858,166 at the beginning of FY20. The City of Soldotna's current fund balance reserve policy indicates that it should maintain a minimum of \$5,000,000 of fund balance to ensure that ongoing operations of the City are not interrupted by unforeseen events (Council Resolution 2015-023, adopted April 22, 2015).

Because the City currently has a healthy fund balance, which exceeds the minimum recommended, the City will be able to continue investing in capital projects at the current level, or an increased level, by responsibly drawing down existing fund balance. In consultation with the Kenai Peninsula Borough (KPB) Road Department staff, there are no pending projects identified in the territory proposed for annexation. Therefore, the City has not assumed any increase in annual capital expenditures. However, after annexation and an evaluation of needs, if the City determines that additional capital expenditures are necessary, there is sufficient fund balance to make those investments.

Conclusion

The table below shows the expected budgetary impact on the City of Soldotna (both in terms of operating and capital activities), after annexation.

	<u>FY20 Budget</u>	<u>FY21 Estimate</u>	<u>FY22 Estimate</u>	<u>FY23 Estimate</u>
Operating Revenues	\$ 10,786,140	\$ 10,968,738	\$ 11,155,091	\$ 11,345,277
Operating Expenditures	(10,066,640)	(10,261,896)	(10,465,523)	(10,668,365)
Capital Expenditures	(735,500)	(735,500)	(735,500)	(735,500)
Revenues Over (Under) Expenditures	\$ (16,000)	\$ (28,658)	\$ (45,932)	\$ (58,588)
Projected Beginning Fund Balance	\$ 17,858,166	\$ 17,842,166	\$ 17,813,508	\$ 17,767,576
Projected Ending Fund Balance	\$ 17,842,166	\$ 17,813,508	\$ 17,767,576	\$ 17,708,988

Exhibit D.
Transition Plan.

This exhibit presents a practical transition plan as required by 3 AAC 100.900. The transition plan includes all of the following elements:

A) As required under 3 AAC 100.900, does the petition include a practical transition plan:

- *Per 3 AAC 110.900(a), demonstrating the municipality's capacity to extend essential municipal services into the boundaries proposed for changes in the shortest practical time after the proposed change would take effect?*

Yes <input checked="checked" type="checkbox"/>	No <input type="checkbox"/>
--	-----------------------------

The City of Soldotna proposes the following methods and timing for the provision of the below listed municipal services:

Roads: Constructed roads within the annexation territory are currently maintained either by the State of Alaska or the Kenai Peninsula Borough (KPB). The State maintains its own roads while the KPB uses private contractors via multi-year contracts. Upon annexation, there will be no change in the maintenance of State roads. For the Borough maintained roads, the City will coordinate with the KPB to ensure the timely transfer of road maintenance responsibilities to the city.

The Borough's contracts are staggered on a rolling cycle with options to extend their length. Four contracts will be affected by annexation. The language in the Borough's contracts with road maintenance providers include the KPB's right to modify those contracts, allowing for some flexibility. The City will work with the

Borough to transfer maintenance responsibilities based on contract timing and their ability to modify the contracts. Memorandums of agreement will be utilized to define the transfer of responsibilities and any financial commitments.

Currently, the City maintains 30 miles of paved streets and 11 miles of gravel roads. With annexation, the City would assume maintenance of an additional 5.8 miles of Borough roads (5 miles gravel; 0.8 miles paved). At this time, no immediate road improvement expenses are anticipated based on an existing KPB inspection report that identifies any priority maintenance issues within the territory.

The level of service proposed for the annexation territory is the same as is provided to the existing city roads. Services include ditch mowing and clearing; regular grading (prior to freeze-up, in the spring, and as needed); snow removal triggered by 3-inches of accumulation; sanding of intersection and high traffic volume areas; culvert cleaning; and street signs and traffic signal maintenance.

The Borough currently provides the same maintenance services with the exception that snow is not plowed until 6-inches have accumulated, unless it's a heavy, wet snow, then crews are mobilized at 4-inches of accumulation.

The City's 2016 fiscal analysis looked at both administrative costs and maintenance costs of paved and gravel roads contained within each study area²³. Future road infrastructure and equipment needs were also projected and considered in the analysis of each study area. It was identified that an additional road grader would be necessary to service the additional roads in all nine study areas. Since that time, the City Council has reduced the size of the territory proposed for annexation and

²³ Northern Economics, *Analysis of the Fiscal Effects of Annexation for the City of Soldotna*, 21 (Page 266 of the Petition).

correspondingly the miles of road requiring maintenance from the City. With the reduction in territory, the City no longer anticipates an additional grader will need to be purchased. As noted in the fiscal analysis, all capital and operational costs of road maintenance can be covered through the increase in tax revenue resulting from the annexation.

Historically, the City and Borough have worked cooperatively to identify efficiencies that may result through maintenance agreements. In limited instances, the City maintains Borough roads where maintenance routes can be made more efficient in exchange for the Borough maintaining City roads where it makes sense for the Borough to provide the service. The City will continue to pursue this form of coordination after annexation.

Upon transfer of road maintenance responsibilities, the annexed properties will no longer be subject to the KPB Road Service Area tax levy (1.4 mils), but will be subject to the City's property tax levy (0.5 mils).

City staff consulted with Alaska Department of Transportation and Public Facilities (ADOT) maintenance and planning staff to determine necessary coordination post-annexation. As noted above, the proposed annexation will not result in any change in the ownership or maintenance of existing State rights-of-way, and no conflicts, issues or objections were raised.

ADOT staff also reiterated their policy that restricts direct access to State highways; their efforts to restrict ATV use within State rights-of-ways; and the State process to modify speed limits should the city wish to propose a change.

The City has experienced employees and reliable equipment to conduct road maintenance operations. The extension of road maintenance services to the annexation areas can be completed in a timely and efficient manner.

Public Safety: The City of Soldotna presently provides police and animal control services to city residents. Upon approval of the petition, these services would be expanded as soon as practicable to the annexation territory. Alaska State Troopers currently provide service to these areas. The City consulted with Maurice Hughes, Captain of “E” Detachment of the Alaska State Troopers (AST), and has agreed to provide the Troopers and dispatch personnel notification upon annexation approval. Captain Hughes shared information regarding areas of high call generation, but no additional issues requiring coordination were identified. Captain Hughes stated that the annexation would result in fewer AST responses within the annexation territory, and therefore more time for his officers to address other priority issues.

In Fiscal Year 2019, the City employed 9 full-time police officers, three sergeants, and one lieutenant in the Soldotna Police Department, in addition to the Police Chief and two full-time administrative support staff. The City also has a full-time Animal Control/Code Enforcement Officer within the department.

The Soldotna Police Department will monitor staffing needs, call volume and police responses during the transition period. Should an additional officer or support staff be necessary, the City has the financial resources to review and amend current staffing levels.

Between 2010 and 2014, the City’s cost for public safety averaged \$498 per capita. The fiscal study recognized that like general government, per capita

expenditures for public safety are expected to decrease marginally as population increases. Any additional expenses for public safety will be offset by additional tax revenues from the annexation territory.

Fire and ambulance services will continue to be provided by Central Emergency Services (CES) and will not be affected by the annexation, as their service area boundary already includes the annexation territory. The Kenai Peninsula Borough manages CES through an elected service area advisory board.

A centralized dispatch center is the E-911 call center for the greater Soldotna area, and dispatches for CES fire and ambulance services, Soldotna police services, and the Alaska State Troopers. Updated city boundary information will be provided to the Kenai Peninsula Borough Geographic Information System's division who in turn provide Dispatch their digital mapping and address services. In coordination meetings with Dispatch staff, they indicated they will provide personnel with training to ensure the new boundary information is incorporated into their procedures. Annexation will not create an increase in call volume handled by the Dispatch center (only an increase in calls being routed to the Soldotna Police Department, instead of the Alaska State Troopers).

When reviewing animal control statistics from recent years, the City found that in both 2015 and 2017 more animals were returned to owners from outside the city than inside the city. Considering that the City is already providing limited service to these adjoining areas, it does not anticipate a large increase in activity or expenses.

The provision of animal control services would go into effect immediately upon approval of the annexation petition. Operations requiring a city kennel license will

have one year to acquire the license. Kennels that receive the city license will be considered prior existing, lawful nonconforming uses and allowed to continue subject to the laws governing nonconforming uses and licensing requirements. All existing landowners within the annexation territory will be provided a summary of the City's animal control requirements.

Utilities: The City of Soldotna presently provides water service to 1,510 customers within city limits and 20 outside of city limits, and provides sewer service to 1,436 customers within city limits and 20 outside of city limits. A total of 23 residents living outside city limits benefit from these services, with some receiving both sewer and water, and some, one or the other.

In 2015, the City contracted with HDR Engineering to perform updates to the city's Water, Wastewater, and Drainage master plans. The *Wastewater Master Plan* specifically assessed the impacts of expanded city boundaries and concluded that "the existing sewer collection system has the capacity to serve projected growth in the City of Soldotna and excess capacity for extension of the system beyond its current extents."²⁴

The 2015 *Soldotna Water Master Plan*²⁵ also cited the capacity of the existing system to be expanded to annexation areas. Impacts to the water system were not identified at the time because specific annexation territories had not yet been identified. The plan suggested moderate expansion is possible but should include an evaluation of how an increase in the customer and distribution network would affect utility staff levels, water supply and systems maintenance.

²⁴ City of Soldotna 2015 *Soldotna Wastewater Master Plan*, 37

²⁵ City of Soldotna 2015 *Soldotna Water Master Plan*, 35

In several cases, the City already has water and/or sewer mains running adjacent to or through several of the annexation areas. These mains then have service lines that provide access to the infrastructure for both residents and non-residents. In the Funny River annexation area, water and sewer mains run through the entire area and provide service to 18 properties that are outside of city limits. Any property with frontage on Funny River Road can be served with city water and sewer.

In annexation area 3 (K-Beach South), city water and sewer mains are installed on the north side of K-Beach Road to Chugach Drive. These mains serve Cook Inlet Academy, located on the south side of K-Beach Road and outside of city limits. The water main in this location is also connected to the water storage tank located in annexation area 2 (Skyview). A large strip mall in annexation area 7 (Kenai Spur) is also served by city water mains that extend beyond the city limits.

Beyond what is already available, the City does not have any immediate plan to extend water and sewer service mains into any of the annexation areas, and therefore this was not included in the City's fiscal analysis. "The extension of utilities is an independent decision based on the Utility Master Plan and on current infrastructure needs that would not necessarily be impacted by any annexation decisions, and therefore are not included in the analysis."²⁶

The City has received, and will consider in the future, individual requests for expansion of water and sewer services. In some cases, individual commercial developments or the development of a residential subdivision will trigger a request from the developer to provide such services.

²⁶ Northern Economics, *Analysis of the Fiscal Effects of Annexation for the City of Soldotna*, 14

Local Public Improvements: Soldotna Municipal Code allows for the installation of public improvements such as roads and utilities in public rights of way through the creation of a Special Assessment District. Special assessments are differentiated from other capital projects because they benefit a limited population and not the entire community, therefore the City shares the cost of the improvements with the landowners who benefit from the improvements.

The City's special assessment program allows the City to fund up to 75% of the cost of the improvement. The KPB has a similar program, but caps their financial participation at 50%.

Properties in the territory would immediately be eligible to initiate a petition for public improvements through special assessments, upon transfer of road maintenance responsibilities from the Borough Road Service Area to the City.

Property Assessment and Taxation: No changes are proposed; the Kenai Peninsula Borough will continue to provide property tax assessment and collection services as they are currently doing. City property taxes will be levied within the annexation areas starting January 1 of the year following approval of the annexation. This timeline was identified during coordination meetings with Borough staff from the Finance Department, to prevent a property or business having to split a calendar year between two separate taxing jurisdictions (the Borough does not have a working mechanism to pro-rate taxes, and also many filers pay taxes on an annual basis). The City will notify the Borough of the amount of the city levy no later than June 15th of the first year after annexation is approved.

Sales Tax: Businesses in the territory proposed for annexation would begin collecting the City's 3% general sales tax, and 1.5% additional sales tax on marijuana and marijuana products, starting January 1st of the year following approval of the annexation. Any business operating in the territory proposed for annexation is already required to register to collect sales tax with the Kenai Peninsula Borough, therefore there would not be an additional burden of registration following annexation. The City's sales taxes are presently collected by the Kenai Peninsula Borough and will continue to be collected by the Borough post-annexation. The City will coordinate with Borough Administration to ensure that all businesses are well informed of the changes to their applicable sales tax rates upon approval of annexation.

Library and Parks & Recreation: The City of Soldotna already provides these services to residents of the territory proposed for annexation on the same basis as City of Soldotna residents. No change in services are anticipated, however, city planning documents related to these services will be updated as soon as practicable. If planning documents show the need for additional amenities (such as parks or trails) in newly incorporated areas post-annexation, the City would consider those improvements as part of the regular (annual) capital budget process.

Planning Services: Land use planning and zoning are basic government services that will be extended to the territory immediately following approval of annexation. At this time, the City does not anticipate that additional personnel will be necessary to provide these functions. However, the City may seek interim assistance through

contracted services to address issues that require immediate attention (such as updating current policy documents and municipal codes).

For planning-related services, it is anticipated that the first year following the approval of annexation will be spent collecting information on existing land uses and development patterns. Through the public engagement process, the City was made aware of uses that many people have identified as important to their way of life. They included the use of ATVs, the keeping of farm animals, and the ability to target practice with their firearms. The City recognizes the diversity of land uses that presently exist, and will make every effort to accommodate those uses provided they do not compromise public health, safety or welfare. Amendments to the City's comprehensive plan will be initiated within the first year after approval of annexation, and zoning and development standards will be developed during the second year. Any new standards developed will take into consideration the unique attributes of each incorporated area.

Some annexation areas may warrant the development of new zoning districts with standards that recognize the existing style and pattern of development, while also promoting efficient and high quality growth. For example, there may be need for a "rural commercial" zoning district that acknowledges the style of development that has occurred in the Funny River annexation area, and allows it to continue. These areas may be appropriate for different paving and landscaping standards than currently exist in the City's commercial districts, to address their differences and a desire for a lower regulatory environment in areas further from the City's current 'downtown.'

Many of the proposed annexation areas will likely fit into the already established zoning districts. The Funny River East annexation area, for example, would be a likely candidate for the City's existing "rural residential" zoning district. This district allows low-density residential development on large lots, and even allows for agriculture and farm animals.

Similarly, the K-Beach South annexation area would be a candidate for the City's existing commercial zoning district. Much of the land in this area is vacant, and the land immediately across the road is already zoned as commercial. Sewer and water services are already available in this area, and new commercial development would be consistent with existing uses.

In all cases, public input will be gathered, land uses will be inventoried, and property information will be collected in the process to develop planning documents and to determine future land use and building site requirements. As noted above, if additional resources are necessary, the City will consider contracted services to assist in data collection, and plan and ordinance development. The formation of new development standards will commence upon completion of the above-mentioned inventory.

The Kenai Peninsula Borough recently enacted Ordinance 2019-021, amending KPB 21.02, establishing an Advisory Planning Commission in the Kalifornsky Area. The boundary identified for the commission includes, in part, some territory proposed for annexation. According to Borough code, Advisory Planning Commissions are advisory in nature and provide an opportunity for citizen input into land use planning activities proposed for their community. After annexation, the Advisory Planning

Commission would amend its boundaries to reflect (and exclude) those lands incorporated into the new city limits.

The KPB Planning Department is responsible for the regulation and permitting of gravel and other material extraction. They reported that no conditional land use permits were issued for gravel operations within the annexation territory. However, many gravel pits existed prior to the current KPB regulations, and at least eight parcels within the annexation territory are recognized as prior existing uses that have grandfathered operations. It is the intent of the City to allow these uses to continue according to any existing permit conditions unless safety, health and welfare concerns cause the City to re-examine the operations.

Building and Fire Code Inspection: The City of Soldotna will extend its commercial and residential building code services to the annexation areas immediately upon approval of annexation. Soldotna employs a full-time Building Official with a current International Code Council certificate.

All structures built, under construction, or for which plans have been completed prior to January 1 of the first year following approval of the annexation will be considered ‘legally non-conforming’ and allowed to continue without review under applicable city building codes, unless and until a major alteration is made, and then only to the extent required by the alteration.

The City has a deferment from the State so that it may provide fire and life safety plan review, inspections, and the permitting and enforcement of State fire safety regulations. To fulfill the obligations of the deferment, the City signed a memorandum of agreement in 1999 with Central Emergency Services (CES) to

provide comprehensive building safety services to the community. The CES Fire Marshal is certified as an International Code Council Fire Inspector 1, and as an International Code Council Plans Examiner.

At present, the State Fire Marshal provides fire and life safety plan review and permitting and enforcement of State fire safety regulations and inspections in the annexation territory. Upon annexation, the City will provide these services through its memorandum of agreement with CES. This will result in a workload decrease for the State fire marshal, and a workload increase for the CES fire marshal. The City will coordinate with CES to ensure that the increase does not negatively impact the current level of service. If necessary, the city will work cooperatively with the Borough to amend and update the existing agreement with CES.

The CES Fire Marshal and City of Soldotna Building Official have a history of providing timely plan reviews and inspections, usually within one to two weeks of application for new commercial development in the City. In contrast, the State's Plan Review Bureau on their website notifies applicants wishing to develop new commercial construction (including commercial construction in the territory proposed for annexation) that applications require an "eight to twelve-week processing time." Residents and new businesses within the annexation territory will benefit by the faster service offered by the City and CES.

Voting and Elections: Voters within the annexation territory will continue to be eligible to vote for their designated KPB assembly district representative, as well as any borough-wide issues. If annexation is approved, residents will also become eligible to vote for Soldotna candidates for elected office and ballot issues. Voters

within the annexation territory will be provided with information and instruction regarding their eligibility to vote and participate in city elections.

The city and borough Clerks will continue to coordinate during elections to ensure that voters have access to both city and borough ballots during regular elections. The new city boundaries will result in voters being placed in multiple precinct locations. Election workers at these locations will receive training regarding ballot types and voter eligibility requirements to receive both the city and borough ballots.

State Licensing for Alcohol and Marijuana. The Alaska Alcohol and Marijuana Control Office (AMCO) will continue to oversee the licensing of alcohol and marijuana businesses. There is currently a single business within the annexation territory that holds two (2) alcohol licenses issued by AMCO which will be permitted to continue operating consistent with their license and any existing restrictions or conditions that were placed on the license at their approval or last renewal. Renewal of licenses post-annexation will be reviewed according to Soldotna Municipal Code. Upon approval of annexation, the new city boundaries will be provided to the AMCO office to assist in future licensing and renewals.

- *Per 3 AAC 110.900(b), to assume all relevant and appropriate powers, duties, rights, and functions presently exercised by an existing borough, city, unorganized borough service area, or other appropriate entity located within the boundaries proposed for change?*

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The preceding section provides a thorough description of the services and functions to be assumed and provided by the City. To summarize, changes in the delivery of services that will be experienced by residents in the proposed annexation areas are roads, utilities, law enforcement, planning/zoning, and building/fire code plan review and inspection.

Participation in the KPB's Roads Service Area will terminate for landowners in the annexation areas, both tax-wise and service-wise upon annexation. The City will provide the same or better maintenance on annexed roads (for State-maintained roads, there will be no change as they will continue to be maintained by the State of Alaska Department of Transportation and Public Facilities). The City anticipates working with the Borough and their road contractors to develop an agreement that specifies the transition of road maintenance responsibilities from the Borough to the City.

In addition, the City will be the principal provider of law enforcement within the proposed territories. Consultations with the State Trooper Area Commander confirmed the City's primary role.

Likewise, consultations with the State Fire Marshal confirmed the City's assumption of commercial building plan review and inspections.

The KPB will continue to exercise the following powers post-annexation: Property assessment and tax collection, ambulance and fire service, platting authority, and education.

- *Per 3 AAC 110.900(c), to transfer and integrate all relevant and appropriate assets and liabilities of an existing borough, city, unorganized borough service area, and other entities located within the boundaries proposed for change?*

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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There are no fixed assets or liabilities which will be assumed by the City due to annexation. The assumption of road maintenance powers should not result in the transfer of any fixed assets. However, a City-KPB memorandum of agreement will include, if necessary, a provision that addresses any rights-of-way or easements which may be required to be transferred from the KPB to the City (though none have been identified at this time). The only asset transfer will be the taxes collected by the Borough for the road service area.

- *Per 3 AAC 110.900(c), that specifically addresses procedures ensuring that the transfer and integration of assets and liabilities occurs without loss of asset value or credit reputation, or a reduced bond rating for liabilities?*

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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As noted above, apart from potential road easements (if any), there are no assets or liabilities which will be assumed by the City due to annexation.

B) *Per 3 AAC 110.900(b) and (c), is the plan designed to affect an orderly, efficient, and economical transfer within the shortest practicable time (not exceeding two years) after the proposed change would take effect?*

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The preceding section provides a thorough description of the transfer of services in the shortest practicable time period. To summarize, the assumption of road maintenance by the City will be as established within a memorandum of agreement that considers the existing contracts between the borough and the road maintenance providers. Unless otherwise noted, all other services and responsibilities will be assumed immediately or as soon as practicable.

C) *Per 3 AAC 110.900 (b) and (c), was the plan prepared in consultation with officials of each existing borough, city, and unorganized borough service area?*

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The City consulted with officials from the KPB mayor's office and several borough departments, as well as the CES Fire Marshal, Alaska State Troopers, Central Peninsula Hospital, Central Emergency Services, and many community stakeholders. A list of individual contacts the City made in finalizing the Transition Plan and this Petition is presented in the section below.

- *Per 3 AAC 110.900(e), does the plan state the names and titles of all those officials who were consulted by the petitioner, and the consultation subjects and dates?*

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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The following officials were consulted in the development of the transition plan:

Officials consulted for the transition plan			
Name	Title & organization	Dates(s) consulted	Subject(s) discussed
Bruce Richards	Government & External Affairs Manager, Central Peninsula Hospital	May 9, 2019	Hospital services; service area; coordination
Carl High	Maintenance Superintendent, AK DOT&PFF	May 14, 2019	Ownership and maintenance of State roads/infrastructure; ADOT policies; coordination
Brian Gabriel	Foreman, AK DOT&PF	May 14, 2019	Ownership and maintenance of State roads/infrastructure; ADOT policies; coordination
Joselyn Biloon	Planner III, AK DOT&PF	May 14, 2019	Ownership and maintenance of State roads/infrastructure; ADOT policies; coordination
Dave Jones	Assistant Kenai Peninsula School District Superintendent	May 14, 2019	Police response; coordination
Jedediah Smith	Local Government Specialist IV, AMCO	May 16, 2019	Current and pending marijuana and alcohol licenses; license types; conditions of approval; coordination
Maurice Hughes	Captain, AK State Troopers, E Detachment	June 5, 2019	Impact to Trooper work load; problem areas; dispatch; staffing levels; coordination
Charlie Pierce	Mayor, Kenai Peninsula Borough	June 17, 2019	Status of petition; coordination with KPB departments
James Baisden	Chief of Staff, Kenai Peninsula Borough	June 17, 2019	Status of petition; coordination with KPB departments
Johni Blankenship	Clerk, Kenai Peninsula Borough	June 25, 2019	Voting districts; alcohol and marijuana licensing; coordination
Michele Turner	Deputy Clerk, Kenai Peninsula Borough	June 25, 2019	Voting districts; alcohol and marijuana licensing; coordination
Dan Nelson	Emergency Manager, Kenai Peninsula Borough	June 26, 2019	Emergency & hazard plans

Dil Uhlin	Roads Director, Kenai Peninsula Borough	June 26, 2019	KPB road contracts, existing maintenance and capital projects, service levels
Jed Painter	Roads Inspector, Kenai Peninsula Borough	June 26, 2019	KPB road contracts, existing maintenance and capital projects, service levels
John Hedges	Director of Purchasing & Contracting, Kenai Peninsula Borough	June 26, 2019	KPB road contracts, existing maintenance and capital projects, service levels
Brandi Harbaugh	Finance Director, Kenai Peninsula Borough	June 27, 2019	Tax receipts; timing of tax collection/effective dates; improvement districts; bond repayment
Melanie Aeschliman	Assessor, Kenai Peninsula Borough	June 27, 2019	Tax receipts; timing of tax collection/effective dates; improvement districts; bond repayment
Chris Tilly	Administration Manager, Kenai Peninsula Borough	June 27, 2019	Tax receipts; timing of tax collection/effective dates; improvement districts; bond repayment
Max Best	Planning Director, Kenai Peninsula Borough	June 27, 2019	Advisory Planning Commissions; gravel pits; land development; platting procedures; GIS mapping
Chris Clough	Geographic Information Systems Manager, Kenai Peninsula Borough	June 27, 2019	Advisory Planning Commissions; gravel pits; land development; platting procedures; GIS mapping
Bruce Wall	Planner, Kenai Peninsula Borough	June 27, 2019	Advisory Planning Commissions; gravel pits; land development; platting procedures; GIS mapping
Marcus Mueller	Land Management Officer, Kenai Peninsula Borough	June 27, 2019	Advisory Planning Commissions; gravel pits; land development; platting procedures; GIS mapping
Lisa Kosto	911 Senior Manager, Central Emergency Services	July 9, 2019	Addressing; dispatching; staffing levels; State deferment; plan review and inspections
Brooke Dobson	Fire Marshal, Central Emergency Services	July 9, 2019	Addressing; dispatching; staffing levels; State deferment; plan review and inspections
Roy Browning	Fire Chief, Central Emergency Services	July 9, 2019	Addressing; dispatching; staffing levels; State deferment; plan review and inspections

- *Per 3 AAC 110.900(f), was the prospective petitioner unable to consult with those officials because they chose not to consult with the petitioner, or were unavailable during reasonable times to consult?*

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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- *If yes, the petitioner may request that the commission waive the consultation requirement. If so, the petitioner must document all attempts it made to consult with those officials. Is the petitioner submitting such a request, and is it documenting all its attempts to consult with those officials?*

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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Exhibit E.
Supporting Brief

This supporting brief explains how the proposed annexation serves the best interests of the state, and satisfies each constitutional, statutory, and regulatory standard relevant to the proposed annexation.

The Introduction Section of this Petition presents historical background and an overview of the justification for the proposed annexation. Sections 5, 6, 11, 12, and 15, Exhibit D, and Appendices A and B present additional justification. Those Sections, Appendices and Exhibit are incorporated into this brief by reference.

A. Per 3 AAC 110.090(a), does the territory proposed for annexation exhibit a reasonable need for city government?

Yes <input checked="checked" type="checkbox"/>	No <input type="checkbox"/>
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As the Introduction documents, the areas immediately adjacent to the City have experienced significant growth over the past several decades. Much of the proposed annexation territory is already urbanized. The remaining vacant areas are likely to be developed in the near future. Growth has been a mix of both residential and commercial development that is similar in character and density to the neighboring city development.

The City has already extended water and sewer services, by request, to numerous properties in the territory. As cited in Section 6, the City already provides law enforcement services on an as-needed basis to the territory. Additionally, residents of the territory

regularly use and rely on numerous city services and facilities, including city parks, the city library, and animal control. By this use pattern, the territory's residents acknowledge a reasonable need for city government. In effect, the City is already responding to the territory's manifest need for city services, but without official jurisdiction and thus without opportunity for territory residents to participate in local government decisions. All this is de facto evidence of the territory's need for city government, to be formalized through annexation.

Annexation would enhance the City's ability to deliver city services uniformly and more efficiently. The Soldotna Police Department, for example, would regularly patrol these areas rather than passing through them in responding to emergencies.

The application of building, plumbing, electrical, and fire codes appropriate for an urbanizing area would ensure that new construction protects the health, safety and welfare of people using these structures and facilities. These codes would also apply to the expansion of existing structures.

The condition and quality of roads relates to general welfare. In most of the proposed annexation territory, roads are unpaved. Of the 5.8 miles of road in the annexation territory, less than one mile (0.8) is paved.

B. *In accordance with 3 AAC 110.090(b), can essential municipal services [determined under 3 AAC 110.970] be provided more efficiently and more effectively by the city than by:*

- Another existing city;

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The territory is adjacent to the City of Soldotna. The only other city near the territory is the City of Kenai, but most of the territory is distant from Kenai. At its closest point, the territory is approximately one-mile distant from the City of Kenai. Thus, the City of Kenai is not well located to provide essential city services to the territory.

The City of Soldotna already provides several essential city services within the territory. All the territory is within the City of Soldotna's sewer and water service area, except the southern tip of Area 2 – Skyview.²⁷ Otherwise, Soldotna has exclusive authority to provide sewer and water services in the territory.

In summary, Soldotna is best positioned to provide all these essential municipal services within the territory more efficiently and effectively than any other existing city.

- *Or by an organized borough, on an areawide or non-areawide basis,*

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The territory is in the Kenai Peninsula Borough organized borough. The Borough does not exercise police powers in its jurisdiction. Instead, the Alaska State Troopers serve the territory.

The Borough does not provide sewer and water services, and only limited health, safety, building and land use codes. With annexation, the City will be able to provide all these city-level services more efficiently and effectively than the Borough.

²⁷ Maps of the City of Soldotna's legal water and sewer service areas, are included in Exhibit A-4.

Additionally, the City will relieve the Alaska State Troopers of its obligation to provide police services to an urbanizing area.

- *Or through an existing borough service area established in accordance with Article X, Section 5 of Alaska's Constitution?*

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The Kenai Peninsula Borough Road Service Area currently provides road maintenance services within the annexation territory. The Borough assesses a mill rate of 1.40 to properties within the Road Service Area. The City's transition plan proposes to provide the same level of service or better within the territory. The City will provide road maintenance services (0.5 mills will be paid on property inside city limits without any additional assessment specific for road services), resulting in a net reduction of 0.9 mills for property owners within the annexation territory.

Service levels in the territory proposed for annexation and existing City are similar in terms of road construction standards and right-of-way maintenance.

The City does plow snow, as a policy, whenever there is 3-inches of snow accumulation. According to conversations with Borough staff, the current Borough policy is to call for snow removal at 6-inches of accumulated snow (unless the snow is wet and heavy, then they will call for plows at 4-inches of accumulation). This will result in improved level of snow removal, when the City takes over maintenance of roads currently being maintained by the Borough in the territory proposed for annexation.

In summary, the City can provide road services that meet and occasionally exceed those being provided within the territory, and at a lower cost to the taxpaying residents.

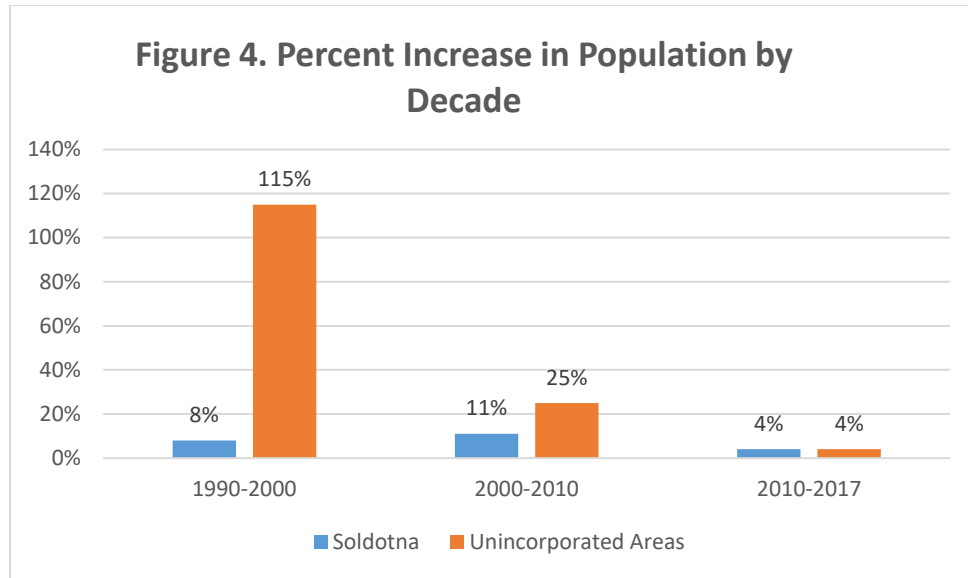
C. Per 3 AAC 110.100, is the territory compatible in character with the city?

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The proposed annexation areas are, for all practical purposes, a fully compatible extension of the City of Soldotna. The territory is more similar in development and ownership patterns, land uses, commercial activity, and overall character to the City than to the rural areas of the Borough. The residents are similar in socioeconomic traits, the transportation systems are integrated as are the K-12 school district attendance boundaries, and the natural environment is continuous with the City.

Population density varies across the territory as it does within the City, but overall population density in the territory is more urban than compared to the lower densities which prevail in the Borough's rural hinterland. Recent development trends are expected to continue, therefore these areas are expected to become increasingly urban in the future.

Soldotna is a retail, entertainment, recreation, education, government, and health care hub. It has been attracting development within and near its boundaries for the past 40 years. Because the City has been limited to its roughly 7 square miles of territory, much of the residential and commercial growth occurring is near but outside the City's boundaries. As shown in Figure 1 on page 7 and in Figure 4 below, the rate of population growth in the City's periphery has greatly exceeded the City's population growth.



Source: US Census Bureau, American Fact Finder. Unincorporated areas include the adjoining CDP's of Kalifornsky, Ridgeway, Sterling and Funny River.

The territory encompasses both developed land and vacant land primed for near-term development. Most vacant land is suitable for private commercial and residential development, such as already prevails. Other land is designated for public purposes such as airport lands in Area 1, and the City water reservoir and the Tsalteshi trail system in Area 2.

The existing transportation infrastructure in the territory is similar in character and maintenance needs to the roads within the existing city boundaries. All existing businesses and homes in the territory have access to maintained roads.

The geographic and environmental features of the annexation territory is also similar, and compatible, with the City. The Kenai River flows through the City from east to west, with portions of the City on either side of the river. Lands proposed for annexation are similarly positioned on either side of the river. The David A. Douthit Veterans Memorial Bridge in Soldotna provides access across the river.

The City shares jurisdiction over lands adjacent to the Kenai River with the Kenai Peninsula Borough. The Borough, under Chapter 21.18 Anadromous Water Habitat Protection, regulates lands along the Kenai River, both inside and outside the City. These regulations protect riparian area habitat along the Kenai River and other anadromous streams. The City works with the Borough to administer and enforce both the Borough's requirements and the City's own "Kenai River Overlay District." This District recognizes the Borough's requirements and provides an additional layer of oversight for projects that are within 100-feet of the Kenai River.

D. Per 3 AAC 110.110, does the economy within the proposed expanded boundaries of the city include the human and financial resources necessary to provide essential city services [see 3 AAC 110.970 below] on an efficient, cost-effective level?

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The Petition (Sections 11 and 12) documents that the City possesses the human and financial resources to fund, staff and deliver essential services to the existing City and the annexation areas. The City of Soldotna has a balanced annual operating budget, and healthy fund balance reserves to enable it to continue funding annual (or emergency) capital infrastructure needs.

As documented throughout, the City already provides several essential city services within the territory. Moreover, many residents of the territory freely enjoy numerous city services available within the City's boundaries. As shown in the Transition Plan, the City has

the capacity to deliver essential city services uniformly within the territory with minimal impact on its existing operational capabilities.

The City has taken a thoughtful and methodical approach to anticipate the service needs of the territory and to ensure the City has the human and financial resources to deliver essential city services efficiently and cost-effectively.

In 2015, the City undertook an expansive study of the fiscal implications of annexing neighboring territories. “Analysis of the Fiscal Effects of Annexation for the City of Soldotna” was completed in May of 2016 by Northern Economics, and is included as Appendix A in this Petition. The analysis concluded that, while individual annexation areas included in this petition vary in their fiscal impacts, the overall effect of the proposed annexation would be substantially positive. Revenues are expected to exceed all operating and capital expenditures for the annexation territory. With annexation, the territory will benefit from a higher level of municipal services with reduced property taxes.

The City is current on its financial obligations and reporting requirements. Its finances are well-managed as reflected in professional awards. The City has again received the Government Finance Officers Association (GFOA) of the United States and Canada’s “Certificate of Achievement for Excellence in Financial Reporting” for its 2018 comprehensive annual financial report (CAFR). This marks the 29th time the City has received the award. The City has also been recognized by the GFOA with an award for its Popular Annual Financial Report (Appendix C), which is mailed to every local property owner annually to further describe the City’s financial position to residents.

As outlined in Section 15 and Exhibit D (Transition Plan) of this petition, the City will extend select services to the proposed annexation areas. These include land use planning,

zoning, building and safety codes, road maintenance, law enforcement and animal control.

The services that will be provided will complement services already provided to nearby lots within the City. A new water, sewer and wastewater master plan would be completed, to plan for the strategic extension of utility services further into the territory. This is consistent with how the existing water and sewer systems have been provided, where expansions of the utility infrastructure are based on demand and density of new users, as well as existing capacity.

The projected new revenues from sales and property taxes will offset the added expense of delivering city services to a larger area. Most revenue will be from the projected increase in sales tax revenue, with only a minimal amount being raised via property taxes (due to the City's low 0.5 property tax mill rate). It should be noted that the property tax burden will be reduced by 0.9 mills for property owners in the annexation territory.

E. Per 3 AAC 110.120, is the population within the proposed expanded boundaries of the city sufficiently large and stable to support extending city government?

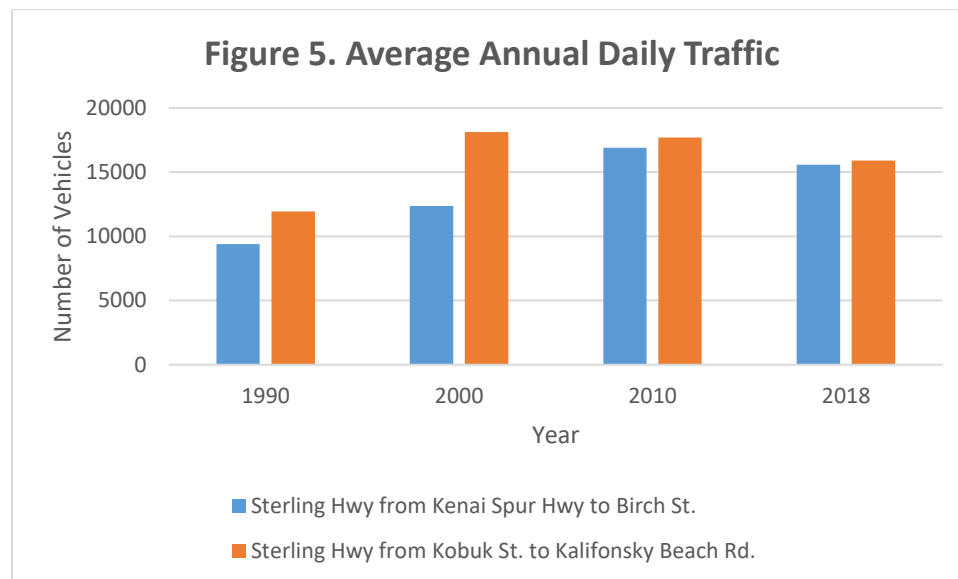
Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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Soldotna's estimated population is 4,317 persons. The territory's estimated population 177 persons. The total population within the proposed expanded boundaries therefore equals 4,494.

Soldotna has a stable population of long-term residents who remain in or locate to the area for the employment opportunities in health care, government, and the retail, services and oil and gas industries, and for the superior amenities the City offers. As in many Alaskan communities, there are minor population fluctuations related to seasonal workers and

snowbirds, but certainly not on a scale that adversely affects the City’s ability to deliver city governmental services before or after annexation.

Population within the City of Soldotna has been stable and increases on average a modest one percent (1%) per year. This contrasts with the population growth history outside city limits. Growth there has slowed in the last 10 years, but the huge increase in population between 1990 and 2010 (see Figure 1 on page 7 and Figure 4 on page 125) resulted in a significant increase in daily traffic of out-of-city residents travelling into the City to drop off their kids at school, to go to their jobs, to shop, or to attend events at the City’s regional sports complex and parks. Figure 5 below illustrates the increase in vehicle traffic during that same time period at two key locations within city limits. At one intersection the number of vehicles increased by almost 3000, and the other saw an increase of over 6000 vehicle trips.



Source: Matt Murphy, AK Department of Transportation and Public Facilities, E-mail correspondence July 17, 2019.

Because the public school system is provided by the Kenai Peninsula Borough, the City is not providing public school enrollment data. Annexation will not affect the student

population or finances of the public school system. Residents who live in the territory proposed for annexation are already within school attendance boundaries for schools which are located in the City of Soldotna (with the exception of Skyview Middle School, which as noted previously, is located in ‘Area 2’ of the territory proposed for annexation).

In sum, historically the City has managed well the demands of growth on its service and fiscal capabilities. The recent analysis of the fiscal effects of annexation cited above demonstrated the City’s ability to extend services to the additional population in territory, which it already serves in many ways.

F. Per 3 AAC 110.130(a), do the proposed expanded boundaries of the city include all land and water necessary to provide for the development of essential municipal services on an efficient, cost-effective level?

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The proposed annexation territory more closely aligns the area served by the City with City boundaries. The annexation area is not extensive and is limited to lands and waters that are critical to the long-term health of the City, and to those areas that require or already benefit from essential City services. The delineation of the proposed annexation territory was guided by thorough study of annexation options to ensure that the expanded city boundaries would be optimal for efficient and cost-effective provision of essential city services.

Section 5 of the Petition, Section 7.1 of Appendix A, and the Fact Sheets (pages 354-362) in Appendix B all provide additional detail regarding the existing land use and ownership

patterns, population characteristics, and the City's ability to provide cost-effective, efficient services.

G. Per 3 AAC 110.130(b), is the territory contiguous to the city?

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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As Exhibit A-4 shows, the territory proposed for annexation is contiguous to the existing boundaries of the City. The configuration of the territory and of the post-annexation city boundaries is guided by the spatial pattern of land use, settlement patterns, and road development, as well as by the extent of need for city services.

H. Per 3 AAC 110.130(b), would annexing the territory create enclaves in the city?

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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As Exhibit A-4 shows, annexing the territory does not create any enclaves within the City.

I. Per 3 AAC 110.130(c)(1), will the proposed expanded city promote the limitation of community?

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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The existing City of Soldotna, whose 4,317 residents live within 7.4 square miles, is one of Alaska's most densely settled mid-sized cities. This will remain the case after a modest annexation of 177 residents and 2.63 square miles.

Much of the territory is already urbanized and a functional part of the broader Soldotna community. The City seeks boundaries that represent the actual extent of the community and that might well have been adopted earlier. The average person is not aware when they enter or exit Soldotna, as the larger community blends together and can be indistinguishable to residents and visitors. Soldotna's city limits include only 7.4 square miles of land whereas the average city in Alaska is about 30 square miles.²⁸ The boundaries proposed by the City are on a scale that is suitable in terms of existing and future growth, development and public safety needs.

Existing and historical trends suggest the continued expansion of growth in the Central Kenai Peninsula. Recent growth west of the City along K-Beach Road will likely continue, due to the ease of access from that location to both Kenai, and Soldotna. As the hub of government, health care, and retail trade, greater Soldotna will continue its steady growth and development, and the lands proposed for annexation will accommodate continued future growth and the existing and anticipated needs of residents.

The City's proposed annexation clearly meets the standard of "limitation of community" as enunciated in *Mobil Oil Corp. v. Local Boundary Commission*, 518 P.2d 92 (1974).

J. Per 3 AAC 110.130(c)(2), do the proposed expanded boundaries include entire geographical regions or large unpopulated areas?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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²⁸ *City Annexation in Alaska*, Department of Commerce, Community and Economic Development.

As previously noted, the City’s post-annexation boundaries would be smaller in area and higher in population density than most mid-sized Alaska cities. The City’s proposed expanded boundaries clearly do not include entire geographical “regions” as that term is defined in 3 AAC 110.990 (28). Likewise, the proposed expanded boundaries do not include large unpopulated “areas” as that term is defined in 3 AAC 110.990(15).

- K. Per 3 AAC 110.130(d), will the expanded city boundaries overlap the boundaries of an existing organized borough?*

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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As shown in Exhibit A-4, the expanded city boundaries are wholly within the Kenai Peninsula Borough and do not overlap the boundaries of an existing organized borough.

- L. Per 3 AAC 110.130(d), will the expanded city boundaries overlap an existing city’s boundaries?*

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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As shown in Exhibit A-4, the expanded city boundaries do not overlap the boundaries of any existing city.

- M. Per 3 AAC 110.135, is annexation to the city in the best interests of the state under AS 29.06.040(a)?*

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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The proposed annexation promotes the constitutional goal of maximum local self-government. The City will provide essential services to the annexation territory that are not currently provided by the Borough. These essential services include:

- law enforcement and a city police force;
- municipal water and sewer service;
- building and fire code plan review, inspections and enforcement;
- animal control;
- parks and recreational facilities and programs; and
- zoning and land use standards.

Correspondingly, residents in the annexation territory will be empowered and become voting citizens of the home rule city whose services they already enjoy and to which they already contribute some revenue (when making purchases inside the City), while remaining voting citizens in the Borough. Self-governance is enhanced through the extension of this benefit.

The annexation of the proposed territory would also relieve the State of Alaska of its responsibility to provide law enforcement services. State Troopers could be reassigned as the City takes on law enforcement duties within the territory. The workload of the State Fire Marshal would also be reduced as the City would assume their plan reviews and inspections of new commercial developments.

N. *Per 3 AAC 110.140, may the territory be annexed to a city by legislative review because at least one of the circumstances of 3 AAC 110.140(1) through (9) exists?*

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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State law requires that at least one of the nine circumstances specified in 3 AAC 110.140(1) through (9) must apply for a city to annex territory via the legislative review process. At least five of these circumstances apply to the City's proposed annexation.

3 AAC 110.140(1): Two parts of the proposed annexation territory are substantially surrounded by the City's existing boundaries. Area #1, Funny River West, is bounded on three sides by the City and must be traversed to reach other parts of the City. Area #9, Funny River East, is also bounded on three sides by the City.

3 AAC 110.140(4): Based on the City's annexation and fiscal impact studies, annexation of the territory is the simple, practical way to better harmonize the City's jurisdiction with the domain of residents and property owners who benefit from city services provided inside and outside its present borders. Annexation will also achieve a uniform level of city taxes and tax-supported city services across this predominately urban area.

The proposed annexation territory receives several benefits without a corresponding tax contribution. City parks, the regional sports complex and campgrounds are all equally available to and commonly used by both city and nonresidents, with no distinction in the ability to access the facilities. These facilities have been built on a scale to accommodate the regional population.

Likewise, the City's library provides services to residents and non-residents alike. As noted in Section 6, as many as 78% of library cardholders are from outside City limits. The City encourages literacy and treats all users alike. The Borough does not directly provide a library or park and recreational type services.

The City provides the road infrastructure for nonresidents to access schools, the hospital, Borough government, the Kenai Peninsula College, post office and many other regional amenities that are located within City limits. Like the parks and recreation facilities, transportation infrastructure must be designed and constructed to a higher level of service due to the large regional population that is immediately outside of the boundary.

3 AAC 110.140(5): As noted in Section 6 of the Petition, annexation will enable the City to implement building, health and zoning standards to promote orderly development, the safe occupancy of buildings, and improved building quality. With annexation, the City can ensure new development is built to higher standards, avoiding the need for costly retrofits in the future. Without this consistency, incompatible development, nuisances, and public safety will continue to have adverse effect on the health and well-being of the City.

Annexation will also level the playing field for area businesses who are subject to two different tax rates despite their close proximity, and discourage hollowing out of the City's retail economy and erosion of the City's sales tax base. Businesses within the City currently collect a 3% city sales tax that businesses outside the City do not collect. This puts city businesses at a competitive disadvantage and motivates existing and new businesses to locate outside the City, even as the demand for city-provided services grows. In the long run, this

dynamic will adversely impact the City's economic and fiscal health and stability. For additional discussion, see Sections 6C and 6D of the Petition.

Section 6E of the Petition addresses the negative repercussions of having residential and airport-related land uses near the city airport but outside city limits. The City needs the ability to properly plan for airport uses, including the ability to control incompatible uses and obstructions in areas that are not city-owned but that are adjacent to the airport or within flight paths.

Legal jurisdiction over Area 2 –Skyview will appropriately empower the City to protect its existing assets there (ARC Lake Park and a one-million-gallon water reservoir) from incompatible uses and to plan for any needed future developments there.

3 AAC 110.140(7): Annexation will advance the constitutional goal of maximum local self-government, as determined under 3 AAC 110.981(8). As previously documented with regard to 3 AAC 110.090(b), the proposed annexation would extend to an urbanizing area of the Kenai Peninsula Borough needed city services that cannot be provided by another city, nor by the Borough, nor by a borough service area. Further, annexation will endow residents of the territory with voting rights in the local city government upon whose services they rely and which they partly support through sales taxes. Finally, annexation will localize the provision of police services by putting the territory under local governmental jurisdiction.

Annexation will deliver needed city services to an urbanizing area by enlarging the City's jurisdictional boundaries, thereby barring the need for incorporation of a new city or creation of a new borough service area. (See Section M of this Exhibit.)

3 AAC 110.140(8): Annexation of the proposed territory will add approximately 2.6 square miles and an estimated 177 residents to the City. The new residents will become entitled to vote in city elections, no new governmental units are created, and the State would be relieved of providing some services. To that extent, the post-annexation City will better fulfill the constitutional goal of maximum local self-government.

O. Per 3 AAC 110.910, does the proposed annexation deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin.

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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The proposed annexation will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex or national origin.

The proposed annexation territory will add an estimated 177 residents to the City. Before and after annexation, these residents will be entitled to vote in State, Federal, and Borough areawide elections. If annexed, property owners within the territory would exchange the right to vote on Borough Road Service Area issues for the right to vote in city elections and participate in local city decisions that affect them. They will continue to vote for their Borough representative and areawide issues, but will also be able to run for city office, be appointed to city boards, and have more direct representation in the many local government decisions that affect their property, business or personal lives.

There will be no change in any person's civil or political rights, including voting rights.

P. Per 3 AAC 110.970(c), are there essential municipal services consisting of those mandatory and discretionary powers and facilities that:

(1) Are reasonably necessary to the community;

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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Sections A, B, and D of this brief address the reasonable need for essential city services, and identify the powers the City intends to exercise in the territory.

(2) Promote maximum, local self-government; and

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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Section M of this brief addresses how the proposed annexation promotes the constitutional goal of maximum local self-government.

(3) Cannot be provided more efficiently and more effectively by creating or modifying some other political subdivision of the state.

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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Sections B and R of this brief explain why essential municipal services cannot be more efficiently and more effectively provided by creation or modification of some other political subdivision of the state.

Q. Per 3 AAC 110.981(8), does the proposed annexation promote maximum self-government by extending local government to territory or population of the organized borough where local government needs cannot be met by the borough:

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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Section M of this brief addresses how the proposed annexation enables the City to extend to the territory several needed local governmental services that cannot be provided by the Kenai Peninsula Borough or by a borough service area. In this regard, the proposed annexation promotes maximum local self-government.

R. Per 3 AAC 110.982(7), does the proposed annexation promote a minimum number of local government units by enlarging the boundaries of an existing city, rather than promoting incorporating a new city, or creating a new borough service area?

Yes	<input checked="checked" type="checkbox"/>	No	<input type="checkbox"/>
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The proposed annexation promotes a minimum number of local government units. It enlarges the jurisdiction of the existing City of Soldotna, and thereby avoids the incorporation of a new city or creation of a new borough service area. Section M of this

Petition includes additional information on the promotion of the minimum number of local governments.

Exhibit F

Documentation Demonstrating that the Petitioner is Authorized to File the Petition Under 3 AAC 110.410.

In accordance with 3 AAC 110.410(a)(4), the City of Soldotna is a home rule city and a political subdivision of the state and therefore may petition the Local Boundary Commission for annexation under the legislative review process. Soldotna City Council Resolution No. 2019-041(S), authorizing the submittal of this annexation petition, was unanimously approved by the Soldotna City Council at their regular meeting on September 26, 2019, a copy of which is provided on the following pages. A copy of the September 26, 2019 meeting minutes is also included in this Exhibit.

Introduced By:	Cashman
Substitute Introduced:	September 26, 2019
Resolution 2019-041:	See Original for Prior History
Date:	September 26, 2019
Action:	Adopted
Vote:	6 Yes, 0 No

CITY OF SOLDOTNA
SUBSTITUTE RESOLUTION 2019-041

A RESOLUTION AUTHORIZING THE CITY MANAGER TO SUBMIT A PETITION TO THE
ALASKA LOCAL BOUNDARY COMMISSION FOR ANNEXATION OF APPROXIMATELY 2.60
SQUARE MILES TO THE CITY OF SOLDOTNA, USING THE LEGISLATIVE REVIEW
METHOD

WHEREAS, the City of Soldotna originally incorporated as a fourth class city in 1960, with 332 residents and an area of 7.4 square miles; and

WHEREAS, the population of Soldotna since that time has grown to an estimated 4,327, while the City limits have remained largely unchanged; and

WHEREAS, the areas immediately outside of and adjacent to the City of Soldotna have grown and developed significantly in recent decades as well, with an estimated 13,471 people living within a 5-mile radius of city boundaries as of the 2010 census; and

WHEREAS, the population living in close proximity to the city limits uses and benefits from the services provided by the City of Soldotna, including roads and other infrastructure, parks, trails and recreational programming, sewer and water utilities, animal control services, and municipal law enforcement; and

WHEREAS, services determined to be essential city services under 3 AAC 110.970 can be provided more efficiently and more effectively by the City of Soldotna than by another existing city or by an organized borough on an area wide basis or non-area wide basis; and

WHEREAS, the territory proposed for annexation is compatible in character with Soldotna; and

WHEREAS, the territory proposed for annexation is contiguous to the existing boundaries of Soldotna and would not create enclaves in the expanded Soldotna boundary; and

WHEREAS, the proposed expanded boundaries of the City are justified by the application of standards in 3 AAC 110.090 – 3 AAC 110.135; and

WHEREAS, Resolution 2018-013(S), adopted by the Soldotna City Council on June 15, 2018, directed the City Administration to prepare an annexation petition for territory adjacent to the City of Soldotna; and

WHEREAS, the “Petition to the Local Boundary Commission to Annex 3.78 Square Miles to the City of Soldotna by the Legislative Review Method” was drafted and made public, with notices and public service announcements provided according to the requirements of 3 AAC 110.425; and

WHEREAS, the Petition describes the territory proposed for annexation, including a legal metes and bounds description, in Exhibit A-1 of the document; and

WHEREAS, the Petition describes the boundaries of an enlarged City of Soldotna after annexation, in a legal metes and bounds description in Exhibit A-3 of the document; and

WHEREAS, the City Council wishes to modify the territory proposed for annexation to remove 'Area 4' and 'Area 5' from consideration; and

WHEREAS, the removal of Areas 4 and 5 will reduce the total square miles of territory proposed for annexation from 3.78 square miles, to 2.60 square miles; and

WHEREAS, the City has undertaken a multi-year process to analyze and consider the fiscal and operational impacts of amending the City's boundaries through annexation, and also to engage and understand the public's perspective with regard to enlarging the City's geographic footprint; and

WHEREAS, annexation of the territory described in the petition, as amended by authorization of this resolution, is in the best interest of the State under AS 29.06.040(a) and 3 AAC 110.135; and

WHEREAS, incorporating the areas described in the petition as amended is in the best interest of the City of Soldotna, in order to protect the municipality's ability to continue providing cost effective and efficient services to the public;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. That the City Manager is authorized to file a petition with the Alaska Local Boundary Commission for annexation of the territory described in Exhibit A-1 of the document titled, 'Petition to the Local Boundary Commission to Annex 3.78 Square Miles to the City of Soldotna by the Legislative Review Method,' after removing Legal Description of Area 4 (beginning on page 55 of the document) and Legal Description of Area 5 (beginning on page 57 of the document).

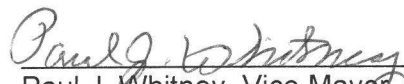
Section 2. That the City Manager is directed to update the petition, including the title of the document (to reflect the amended area of the territory), all narrative sections, exhibits, figures, and appendices, as necessary to remove references to Areas 4 and 5 from the territory proposed for annexation, and to modify Exhibit A-3 so as to exclude Area 4 and Area 5 from the 'Legal Metes and Bound Description of the City Boundaries After the Proposed Annexation,' prior to submittal to the Local Boundary Commission,

Section 3. That the City Manager is further authorized to make minor amendments to the petition prior to submittal to the Local Boundary Commission, in order to address grammatical and technical errors, if any.

Section 4. That the City Manager is designated as the representative of the City for all matters relating to the annexation petition.

Section 5. This resolution shall become effective immediately upon its adoption.

ADOPTED BY THE CITY COUNCIL THIS 26TH DAY OF SEPTEMBER, 2019.


Paul J. Whitney, Vice Mayor

ATTEST:


Michelle M. Saner, MMC, City Clerk

Yes: Cashman, Chilson, Parker, Ruffridge, Cox, Whitney
No: None



SOLDOTNA

OFFICE OF THE CITY MANAGER

MEMORANDUM

TO: SOLDOTNA CITY COUNCIL MEMBERS
FROM: STEPHANIE QUEEN, CITY MANAGER *SQ*
DATE: WEDNESDAY, SEPTEMBER 18, 2019
SUBJECT: SUBSTITUTE RESOLUTION 2019-041, AUTHORIZING THE SUBMITTAL OF A PETITION TO ANNEX 2.60 SQUARE MILES TO THE CITY OF SOLDOTNA BY THE LEGISLATIVE REVIEW METHOD (REMOVING AREAS 4 AND 5 FROM THE ORIGINAL PETITION)

Following the pre-submission hearing on September 7, 2019, Council Member Cashman asked whether the territory proposed for annexation could still be amended by City Council, to the extent of eliminating Area 4 and Area 5 from the petition. Substitute Resolution 2019-041, attached, would accomplish this by directing the City Manager to make the necessary changes to the petition; to include removing all references to Areas 4 and 5, and making any other necessary updates consistent with the smaller geographic area.

Resolution 2019-041 was postponed from the September 12, 2019 meeting, and is still in front of the Council during the September 26, 2019 meeting.

During the meeting on the 26th the Council may continue deliberation and take final action on the original resolution, or a Council Member may make a motion to amend by substitute resolution. If a motion to amend by substitute is approved, the Substitute Resolution would then be before the Council for deliberation and final action. If the motion to amend by substitute fails, the original resolution will be back before the Council for additional deliberation and final action.

CALL TO ORDER AND ROLL CALL

Vice Mayor Whitney called the Regular Soldotna City Council Meeting of September 26, 2019, to order at 6:00 p.m.

There were present:

Vice Mayor Paul Whitney
Tim Cashman
Lisa Parker

Tyson Cox
Jordan Chilson
Justin Ruffridge

comprising a quorum of the council.

Also in attendance were:

Stephanie Queen, City Manager
Kyle Kornelis, Director of Public Works
Peter Mlynarik, Police Chief
Shellie Saner, City Clerk

APPROVAL OF AGENDA AND CONSENT AGENDA

(06:02:05)

MOTION: Council Member Chilson moved to approve the agenda and consent agenda.

Vice Mayor Whitney called for additions, corrections or deletions to the agenda or consent agenda.

MOTION: Council Member Cashman moved to suspend the rules and address business item 7.A.2. Resolution 2019-041 the resolution to submit a petition to the local boundary commission, prior to agenda item 6.A. Public Hearings on Ordinances.

MOTION PASSED: Unanimously.

Copies having been made available to the public, City Clerk Saner noted by title only the business items on the consent agenda.

- September 12, 2019 Regular Council Meeting Minutes
- Ordinance 2019-026 – Amending Soldotna Municipal Code, Chapter 6.04 Animal Control, Cruelty to Animals to Clarify Adequate Shelter Requirements and Prohibited Actions (Parker) (Public Hearing on October 10, 2019)
- Ordinance 2019-027 – Increasing Estimated Revenues and Appropriations by \$14,703.78 in the General Fund for Federally Forfeited Property (City Manager) (Public Hearing on October 10, 2019)
- Resolution 2019-042 – Declaring a Vacancy in the Office of Mayor and Setting a Special Election for December 17, 2019 (City Clerk)

Vice Mayor Whitney called for public comment, with none offered.

AGENDA AND CONSENT AGENDA APPROVED: Unanimously.

PUBLIC COMMENTS AND PRESENTATIONS

(06:03:55)

Patricia Patterson addressed the Council regarding the latest news related to vaping, noting that the vaping causing issues was related to black market items.

(06:06:30)

Resolution 2019-041 – Authorizing the City Manager to Submit a Petition to the Alaska Local Boundary Commission for Annexation of Approximately 3.78 Square Miles to the City of Soldotna, Using the Legislative Review Method (City Manager) [Postponed Until September 26, 2019]

Substitute Resolution 2019-041 – Authorizing the City Manager to Submit a Petition to the Alaska Local Boundary Commission for Annexation of Approximately 2.60 Square Miles to the City of Soldotna, Using the Legislative Review Method (City Manager)

[Clerk's Note: The motion to adopt Resolution 2019-041 was on the floor from the September 12, 2019 meeting.]

[Clerk's Note: It was ruled during the pre-submission public hearing on September 7, 2019 that Council Member Cox was not eligible to participate with Resolution 2019-041 as he owns one lot with rental property within the territory proposed for annexation.]

City Manager Queen provided a summary of events over the last few years that brought this issue to this stage in the process.

Vice Mayor Whitney opened the public hearing, asking for public comment.

Written comments in opposition to Resolution 2019-041 were received from the following people:

Lloyd Stenersen

Courtney Stanley

The following people spoke in opposition to Resolution 2019-041:

Brian Olson

Matthew Lay

Donald Boston

Marc Crouse

Dwight Ross

John Corr

Jim Fassler

Patricia Patterson

Dan Vanzant

With no one else wishing to speak, the item was back before the Council.

MOTION TO AMEND: Council Member Cashman moved to amend Resolution 2019-041 by Substitute Resolution 2019-041.

Council Members Cashman, Ruffridge, Chilson, Parker and Vice Mayor Whitney spoke in support of the Substitute Resolution.

VOTE ON MOTION TO AMEND BY SUBSTITUTE:

Yes: Cashman, Chilson, Parker, Ruffridge, Whitney

No: None

Abstention: Cox

MOTION TO AMEND BY SUBSTITUTE PASSED: 5 Yes, 0 No, 1 Abstention

[Clerk's Note: Vice Mayor Whitney ruled that with the amendment by substitute Resolution 2019-041 being approved, the property owned by Council Member Cox was no longer in an area being considered for annexation; therefore, the appearance of a conflict

no longer existed and Council Member Cox was eligible to participate in discussion and voting on Substitute Resolution 2019-041.]

VOTE ON MOTION TO ADOPT SUBSTITUTE:

Yes: Cashman, Chilson, Parker, Ruffridge, Cox, Vice Mayor Whitney

No: None

MOTION TO ADOPT SUBSTITUTE PASSED: 6 Yes, 0 No

PUBLIC HEARINGS

(07:03:55)

Ordinance 2019-023 – Increasing Estimated Revenues and Appropriations by \$59,759 in the General Fund due to the Ratification of a New Collective Bargaining Agreement with Members of the Public Safety Employees Association (City Manager)

MOTION: Council Member Parker moved to enact Ordinance 2019-023.

City Manager Queen summarized the written report.

Vice Mayor Whitney asked for public comments. With no one wishing to speak, the item was back before the Council.

VOTE ON MOTION:

Yes: Cashman, Chilson, Parker, Ruffridge, Cox, Vice Mayor Whitney

No: None

MOTION PASSED: 6 Yes, 0 No

(07:04:50)

Ordinance 2019-024 – Accepting Grant Funds from the American Society of Radiologic Technologists (ASRT) and Increasing Estimated Revenues and Appropriations by \$500 in the General Fund for the ASRT National Library Partnership Grant (City Manager)

MOTION: Council Member Cashman moved to enact Ordinance 2019-024.

City Manager Queen summarized the written report.

Vice Mayor Whitney asked for public comments. With no one wishing to speak, the item was back before the Council.

VOTE ON MOTION:

Yes: Cashman, Chilson, Parker, Ruffridge, Cox, Vice Mayor Whitney

No: None

MOTION PASSED: 6 Yes, 0 No

(07:07:30)

Ordinance 2019-025 – Repealing Soldotna Municipal Code Section 2.30.170, Union Security (City Manager)

MOTION: Council Member Cox moved to enact Ordinance 2019-025.

City Manager Queen summarized the written report.

Vice Mayor Whitney asked for public comments. With no one wishing to speak, the item was back before the Council.

VOTE ON MOTION:

Yes: Cashman, Chilson, Parker, Ruffridge, Cox, Vice Mayor Whitney

No: None

MOTION PASSED: 6 Yes, 0 No

UNFINISHED BUSINESS

(07:09:42)

Resolution 2019-039 – Authorizing the City Manager to Release the Deed Restriction on the SW ¼ of the SE ¼ Section 30, T5N, R10W, Seward Meridian, Containing 40 Acres and Owned by the Kenai Peninsula Borough (City Manager) [Postponed Until September 26, 2019]

[Clerk's Note: The motion to adopt Resolution 2019-039 was on the floor from the September 12, 2019 meeting.]

City Manager Queen reported that there was little interest from the Kenai Peninsula Borough to explore a land trade or possibility of a revised deed restriction.

Vice Mayor Whitney opened the public hearing, asking for public comment. With no one wishing to speak, the item was back before the Council.

Council Members Chilson and Vice Mayor Whitney Spoke in opposition to the resolution.

Council Members Cashman, Ruffridge and Cox spoke in support of the resolution.

VOTE ON MOTION:

Yes: Cashman, Ruffridge, Cox

No: Chilson, Parker, Vice Mayor Whitney

MOTION FAILED TO ADOPT: 3 Yes, 3 No

NEW BUSINESS *[New Business Items not approved on the consent agenda.]*

(07:25:57)

Resolution 2019-043 – Authorizing the City Manager to Waive Formal Bidding Procedures and Execute a Contract in the Amount of \$35,360 with Cummins Inc. for the Purchase of a Standby Generator for Well House C (City Manager)

MOTION: Council Member Parker moved to adopt Resolution 2019-043.

Public Works Director Kornelis summarized the written report.

Vice Mayor Whitney asked for public comments. With no one wishing to speak, the item was back before the Council.

VOTE ON MOTION:

Yes: Cashman, Chilson, Parker, Ruffridge, Cox, Vice Mayor Whitney

No: None

MOTION PASSED: 6 Yes, 0 No

(07:29:01)

Resolution 2019-044 – Declaring the Eligibility of the City of Soldotna to Submit an Application to the Alaska Department of Transportation and Public Facilities (ADOT&PF) for the Community Transportation Program for the Redoubt Avenue and Smith Way Rehabilitation Project in the City of Soldotna and Authorizing the City

Manager to Sign the Application and Future Project Agreements (City Manager)

MOTION: Council Member Cashman moved to adopt Resolution 2019-044.

City Manager Queen summarized the written report.

Vice Mayor Whitney asked for public comments. With no one wishing to speak, the item was back before the Council.

VOTE ON MOTION:

Yes: Cashman, Chilson, Parker, Ruffridge, Cox, Vice Mayor Whitney

No: None

MOTION PASSED: 6 Yes, 0 No

MAYOR/COUNCIL REPORTS

(07:35:32)

Vice Mayor Whitney reported that he submitted a letter in support of the Alaska Christian College grant application for a field house; a Kenai Peninsula Borough (KPB) Planning Ordinance on gated communities; and a KPB gravel ordinance.

Council Member Chilson reported on the September 13, 2019 Chamber of Commerce meeting.

CITY MANAGER'S REPORT

(07:40:39)

City Manager Queen summarized her written report; provided an updates on research being done regarding Spruce Bark Beetle mitigation and the online sales tax.

COUNCIL COMMENTS

(07:48:46)

Council Member Cox reminded everyone to vote next week.

Council Member Chilson thanked staff for all of the efforts with the annexation process and noted his appreciation for its quality.

Council Member Cashman hoped the people realized that the Council took their comments to heart and thanked the staff for their work on the annexation process.

Council Member Parker noted that the annexation process has been a long process and the input from the public was very valuable. She commended the Manager and staff for the work on the annexation process.

Council Member Ruffridge echoed the statements made regarding annexation.

MEETING ANNOUNCEMENTS

(07:54:50)

Vice Mayor Whitney announced the following meetings scheduled at Soldotna City Hall:

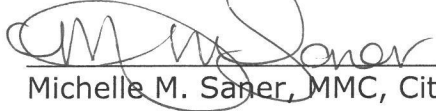
- October 8, 2019 Planning and Zoning Commission Meeting 5:30 p.m.
- October 10, 2019 City Council Meeting 6:00 p.m.

ADJOURNMENT

(07:54:58)

There being no further business to come before the Council, Vice Mayor Whitney adjourned the September 26, 2019 Council Meeting at 7:54 p.m. The next regular meeting is scheduled for October 10, 2019 at 6:00 p.m.

I certify the above represents accurate minutes of the Soldotna City Council meeting of September 26, 2019.



Michelle M. Sauer, MMC, City Clerk

Approved by Council: October 10, 2019

Exhibit G

Affidavit of Petitioner's Complying with the Requirements of 3 AAC 110.425(e) (Which Requires the Petitioner to Hold a Hearing Before Submitting a Legislative Review Annexation Petition).

This Exhibit provides information relevant to the public notice of the pre-submittal public hearing held on September 7, 2019 at the Soldotna High School auditorium in the City of Soldotna. It includes the following items:

- 1) Substitute Resolution 2018-013, authorizing the development of a draft annexation petition;
- 2) Copies of published notices and public service announcements;
- 3) Affidavit of publication and of posting.

The Soldotna City Council approved the development of a draft petition for annexation to the City of Soldotna on June 13, 2018, via Substitute Resolution 2018-013. A copy of the Resolution and the accompanying staff report follows as Attachment 1.

On August 5, 2019, City staff prepared and submitted a public notice and public service announcement (PSA) for the pre-submission hearing to the Local Boundary Commission (LBC) staff for their review and approval. After consultation with LBC staff, the notice and PSA were approved and September 7, 2019 was established as the date for the pre-submission hearing. The notice of the hearing was published in the Peninsula Clarion on the following dates: August 7, 2019, August 25, 2019, and September 4, 2019. A copy of the notice, the publisher's original Affidavit of Publication, and the City Clerk Affidavit of Request are included as Attachment 2 in this Exhibit.

On August 9, 2019, the Soldotna City Clerk submitted a request for Public Service Announcements (PSA) for the pre-submission hearing to radio stations KSRM and KDLL. The request specified that the announcement be broadcast during the 21 days before the pre-submission hearing (from August 17, 2019 through September 7, 2019). The Public Service Announcement is included as Attachment 3 in this Exhibit. The Soldotna City Clerk's Affidavit of Request for the PSAs can be found in Attachment 2 to this Exhibit.

On August 6, 2019, the City's annexation petition, copies of the petition summary, and the pre-submission hearing public notice were made available to the public at Soldotna City Hall, the Kenai Peninsula Borough (Clerk's Office), the Soldotna Public Library, and the Kenai Public Library. The petition, summary and notice were also published on the City of Soldotna's website on the same date. The Affidavit of posting is included in Attachment 2 in this Exhibit.

On or before August 12, 2019, copies of the public notice of the pre-submission hearing were also posted at the following locations:

Alaska Fish and Game Office, 43961 Kalifornsky Beach Rd;

Cooperative Extension Office, 43961, Suite A, Kalifornsky Beach Rd;

Independent Living Center, 47255 Princeton Ave., #8

Small Business Administration Office, 43335 Kalifornsky Beach Rd;

Kenai Peninsula Food Bank, 33955 Community College Rd;

Bridges Community Resources, 3591 Kenai Spur Hwy;

United States Post Office, 175 N. Binkley St;

United States Post Office, 140 Bidarka St., Kenai, AK;

Soldotna Regional Sports Complex, 538 Arena Ave;

Gilman River Center, 514 Funny River Road.

On September 7, 2019, the pre-submission hearing was held at the Soldotna High School Auditorium in the City of Soldotna. The sign-in sheets for the hearing are included in Exhibit H of this petition, along with an audio recording, written transcripts, and written comments submitted to the City before or during the hearing.

Exhibit G

Attachment 1- Substitute Resolution 2018-013,
Directing the Administration to Prepare a Draft Petition
for the Potential Annexation of Areas Adjacent to the City
Limits

Introduced By:
Substitute Introduced:
Resolution 2018-013:
Date:
Action:
Vote:

City Manager
June 13, 2018
See Original for Prior History
June 13, 2018
Adopted as Amended
5 Yes, 0 No, 1 Absent

CITY OF SOLDOTNA
SUBSTITUTE RESOLUTION 2018-013

A RESOLUTION DIRECTING THE ADMINISTRATION TO PREPARE A DRAFT PETITION
FOR THE POTENTIAL ANNEXATION OF AREAS ADJACENT TO THE CITY LIMITS

WHEREAS, residential and commercial growth and development surrounding the City of Soldotna has impacts on City finances, and the ability to efficiently plan for and deliver essential municipal services, and

WHEREAS, Envision Soldotna 2030, the City's comprehensive plan adopted in 2011, identified the need for the City to evaluate annexation, as a high priority goal; and

WHEREAS, the City Administration began meeting with interested stakeholders (inside and outside the City limits) and collecting information about the potential for changing the municipal boundaries in 2014; and

WHEREAS, a fiscal impact analysis, completed in 2016, analyzed the cost of delivering city services to areas near the existing city limits, and estimated the overall fiscal effect on the City, should additional areas be incorporated into the municipality; and

WHEREAS, the Administration has provided numerous opportunities for the public to get information about, and provide feedback on, the issues surrounding annexation and delivery of City services both inside and outside our borders, including a focused public engagement effort in 2017; and

WHEREAS, the City has completed the appropriate studies and public engagement, and it is in the best interest of the public for the City to determine whether to proceed in developing a petition for the potential incorporation of adjacent lands into the City of Soldotna;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. That the City Manager is authorized to prepare a draft petition for annexation, to include the following areas:



Figure 1. Funny River Road (Study Area 1)



Figure 2. Tsalteshi / Skyview / Arc Lake (Study Area 2)



Figure 3a. South of K-Beach (Study Area 3, as modified)



Figure 4a. K-Beach commercial corridor (Study Area 4, as modified)

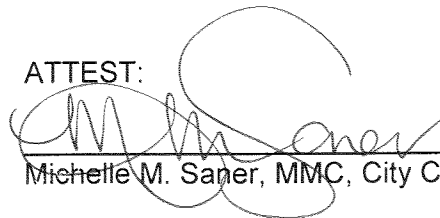
Section 4. The Administration shall conduct additional studies and/or public engagement if needed, and shall further evaluate the lands included in each study area. The Administration may recommend minor changes, for inclusion in the draft petition; and

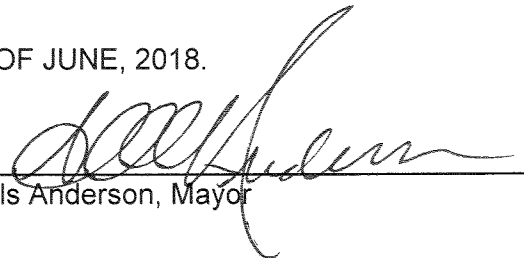
Section 5. The Administration shall present the draft petition to the City Council for consideration, once completed.

Section 6. This resolution shall become effective immediately upon its adoption.

ADOPTED BY THE CITY COUNCIL THIS 13TH DAY OF JUNE, 2018.

ATTEST:


Michelle M. Sauer, MMC, City Clerk


Nels Anderson, Mayor

Yes: Cox, Cashman, Murphy, Whitney, Ruffridge
No: None
Absent: Parker



TO: CITY COUNCIL
FROM: STEPHANIE QUEEN, CITY MANAGER
JOHN CZARNEZKI, DIRECTOR OF ED+P
DATE: JUNE 6, 2018
SUBJECT: ANNEXATION

Resolution 2018-003 and the Substitute Resolution

Resolution 2018-003, introduced on March 28, 2018 but postponed to the June 13th meeting, directs the administration to prepare a draft petition for potential annexation areas. The resolution included the Administration's recommendation to move forward with seven of the nine study areas previously evaluated through the fiscal impact and public engagement processes (Study Areas 5 and 6 were not included in the resolution).

During the work session on May 23, 2018, the Council reviewed all nine areas and discussed several potential modifications.

In order to provide a simplified process which would allow the Council to remove, add, or modify areas from being included in a draft petition, we have brought forward a substitute resolution for your consideration. The overall effect of adopting the substitute would be the same as the original Resolution 2018-003, in that it would direct the Administration to begin the work of preparing a draft petition for annexation by Legislative Review, which would be brought back to the Council once completed for a public hearing and Council decision whether to submit it to the Local Boundary Commission. But there are two important changes to note:

- Whereas the original resolution listed only seven of the study areas to be included in the petition (Study Areas 5 and 6 were excluded), the substitute resolution includes all nine. This is not meant to imply that the Administration is now recommending the City move forward with all nine – only that we thought that it would provide the clearest starting point (for the Council and the public), allowing the Council to propose individual motions to address areas they feel should be removed or modified. Any whole study area(s) could be easily removed through an amendment to the substitute resolution.
- The second change is in how the resolution is formatted. The original Resolution listed out the Study Areas by name in Section 1. of the resolution, identifying which were to be included in a draft petition, and also referred to an attached map. Therefore, in order to make any changes, both the text and the attached map would have to be amended. We felt this process could cause confusion.

The Substitute was re-formatted so that instead, Section 1. of the resolution includes individual maps of each study area, within the body of the resolution itself. These individual figures can easily be removed, or replaced with an alternate version of that study area. Modifications to the boundaries that were discussed at the work session or brought to the Administration by individual Council Members for consideration, are contained in this memorandum.

Study Areas where the Council has discussed making amendments to the boundaries

At the May 23, 2018 work session and in individual conversations with the Administration, there appeared to be some areas of consensus on revised boundaries, and other cases there was not yet a clear preference for how to amend a boundary. For ease of process, we have prepared alternate versions of several of the study areas that were suggested in the work session. These alternatives are presented below, however, the Council is certainly not limited to only those amendments when considering the resolution.

Study Area 3

At the recent work session, a modification to Study Area 3 was discussed which would remove several parcels of agricultural and undeveloped land at the far west end of Study Area 3 along Gas Well Road, totaling close to 135 acres.

As previously mentioned, the substitute Resolution 2018-003(S) includes as a starting point all nine study areas, as they were originally presented in the fiscal impact and public engagement processes. Should the Council wish to move forward with this modified version of Study Area 3, excluding those lands greyed-out in the image below, the substitute resolution could be amended to replace Figure 3 in Section 1 of the Resolution with Figure 3a, as shown below.

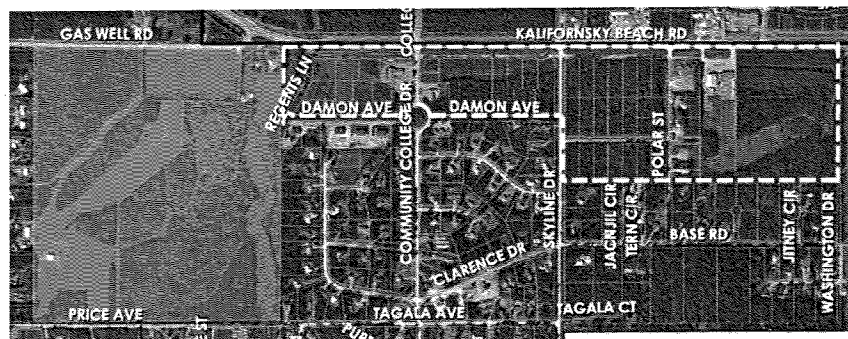


Figure 3a. South of K-Beach (Study Area 3, as modified)

Study Area 4

Council Members also discussed a potential modification of Study Area 4, to exclude two residential areas, and is shown in Figure 4a below.

Should the Council wish to exclude those areas in the image, the substitute resolution could be amended to replace Figure 4 in Section 1 of the Resolution with Figure 4a, as shown here:

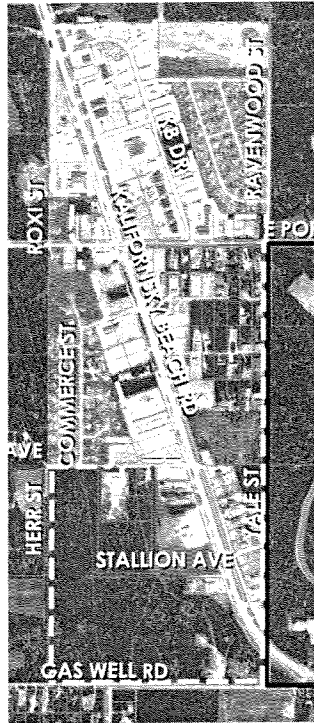


Figure 4a. K-Beach commercial corridor (Study Area 4, as modified)

Study Area 5

One area where there may be several different modifications still under consideration, is Study Area 5. Of the options on the table, Staff is least supportive of options 5b and 5d, due to the enclave it creates.



Figure 5a. (Study Area 5, as modified)



Figure 5b. (Study Area 5, as modified)



Figure 5c. (Study Area 5, as modified)

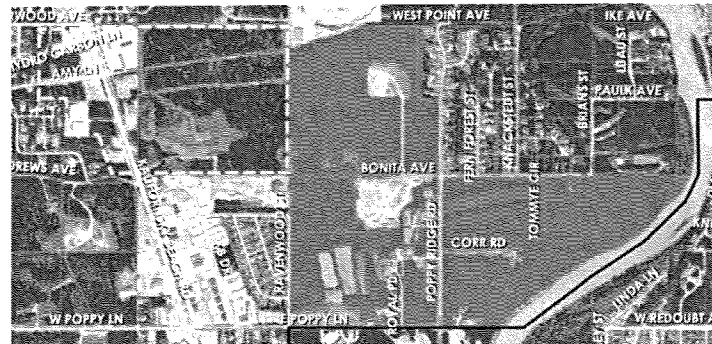


Figure 5d. (Study Area 5, as modified)

Study Area 7

The Administration has prepared the following alternate of Study Area 7, for the Council's consideration.

Study area 7a, shown below, would extend the boundaries of this area to Big Eddy Road. The Administration had recommended this may be a more appropriate start of the commercial corridor, than Irons Avenue where Study Area 7 was originally proposed to end.

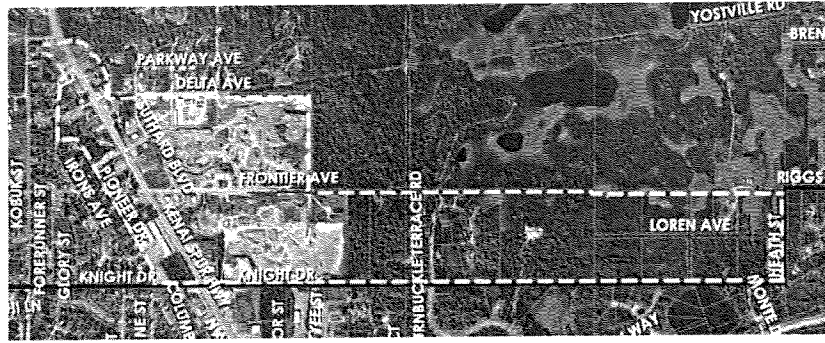


Figure 7a. (Study Area 7, as modified)

Exhibit G

Attachment 2- Public Notice & Affidavit of Publication



City of Soldotna
Notice of a Pre-Submission Public Hearing for a Petition to Annex to the
City of Soldotna by the Legislative Review Method
Saturday, September 7, 2019 – 2:00 p.m.

The Soldotna City Council will conduct a public hearing on Saturday, September 7, 2019 at 2:00 p.m. at the Soldotna High School Auditorium, 425 W. Marydale Avenue, Soldotna, AK 99669.

The City of Soldotna (petitioner or city), a Home-Rule Municipality in the Kenai Peninsula Borough, intends to file an annexation petition by legislative review with the Local Boundary Commission. The petitioner's representative is Soldotna City Manager Stephanie Queen. The territory proposed by the City for annexation consists of about 3.8 square miles of land, and includes areas adjacent to the existing City boundaries as shown on the map below.

Copies of the petition summary may be obtained free of charge, and the prospective petition and related documents (including a map) are available for public review on the City of Soldotna website at <https://soldotna.org> and at the following locations during the regular business hours of the individual location:

Kenai Peninsula Borough

Borough Clerk's Office

144 N. Binkley Street

Soldotna, Alaska 99669

Soldotna City Hall

City Clerk's Office

177 N. Birch Street

Soldotna, Alaska 99669

Soldotna Public Library

235 N. Binkley Street

Soldotna, Alaska 99669

Kenai Community Library

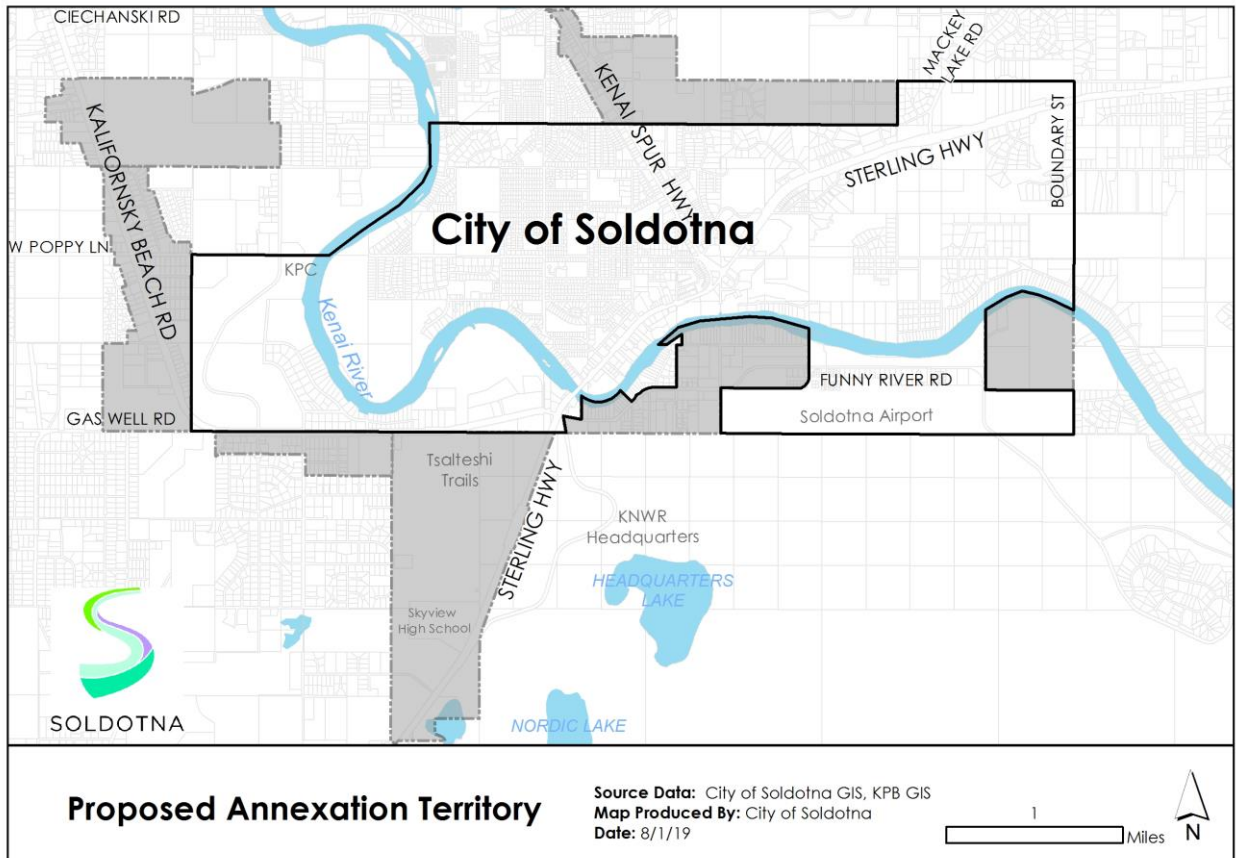
163 Main Street Loop

Kenai, Alaska 99611

The public hearing will address the appropriate annexation standards and their application to the annexation proposal, legislative review annexation procedures, the reasonable anticipated effects of the proposed annexation, and the proposed transition plan required under 3 AAC 110.900.

Members of the public may comment during the public hearing. The comment time period may be limited to three minutes per individual speaker. Written comments may also be submitted to the city by the end of the hearing on September 7, 2019 by: Mail: City of Soldotna, Attention: City Clerk, 177 N. Birch Street, Soldotna, Alaska 99669; Email: cityclerk@soldotna.org; Fax: 907-262-4389. Questions can be directed to City Manager, Stephanie Queen at the above contact information, or by phone at 907-262-9107.

The City of Soldotna complies with the Americans with Disabilities Act. If you require special accommodations to attend a meeting, please contact the City sufficiently ahead of the hearing date so that arrangements can be made.



Map of the territory proposed for annexation.

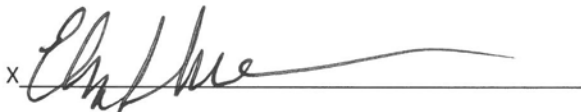
PUBLISHER'S

UNITED STATES OF AMERICA,
STATE OF ALASKA

Elizabeth A. Ulricksen being first duly sworn, on oath
deposes and says:

That I am and was at all times here in this affidavit
mentions, Supervisor of Legals of the Sound
Publishing / Peninsula Clarion, a newspaper of general
circulation and published at Kenai, Alaska, that the
advertisement, a printed copy of which is hereto
annexed was published in said paper on the dates
listed below:

Annex petition
08/07/19
08/25/19
09/04/19

x 

SUBSCRIBED AND SWORN before me on this

11th day of September 2019.



NOTARY PUBLIC in favor for the State of Alaska.

My commission expires 07/10/22.

NOTARY PUBLIC
RANDELEE J. KEATON
STATE OF ALASKA
My Commission Expires July 10, 2022

The agency reported Kim



City of Soldotna Notice of a Pre-Submission Public City of Soldotna by the Saturday, September 7

The Soldotna City Council will conduct a public hearing on Sa
High School Auditorium, 425 W. Marydale Avenue, Soldotna, AK

The City of Soldotna (petitioner or city), a Home-Rule Municip
annexation petition by legislative review with the Local Boundary
City Manager Stephanie Queen. The territory proposed by the
land, and includes areas adjacent to the existing City boundaries

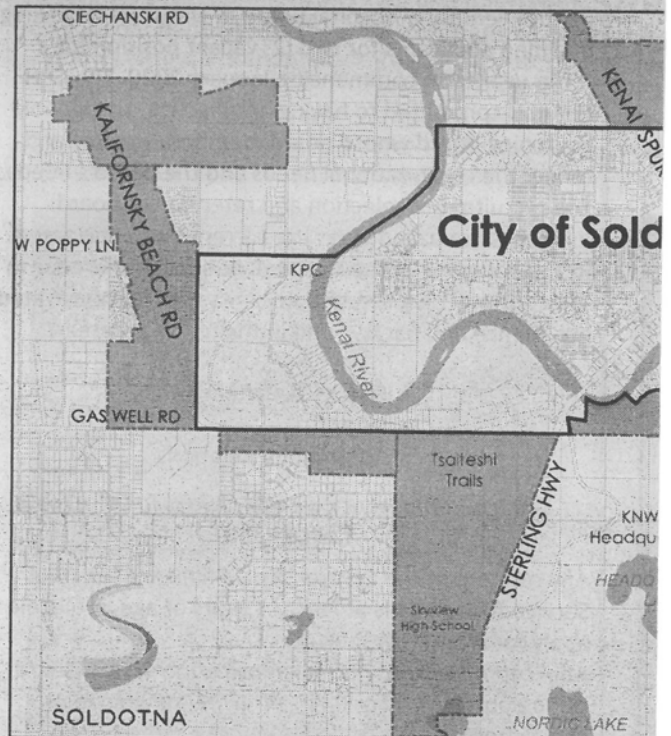
Copies of the petition summary may be obtained free of char
(including a map) are available for public review on the City of So
locations during the regular business hours of the individual loca

Kenai Peninsula Borough	Soldotna City Hall
Borough Clerk's Office	City Clerk's Office
144 N. Binkley Street	177 N. Birch Street
Soldotna, Alaska 99669	Soldotna, Alaska 99669

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cityclerk@soldotna.org; Fax: 907-262-4389. Questions can be
contact information, or by phone at 907-262-9107.

The City of Soldotna complies with the Americans with Disabili
a meeting, please contact the City sufficiently ahead of the hear



Proposed Annexation Territory

Source
Map Pro
Date: 8/

Map of the territory propo

Publish: 08/07/19; 08/25/19; and 09/04/19 Display



City of Soldotna
Notice of a Pre-Submission Public Hearing for a Petition to Annex to the
City of Soldotna by the Legislative Review Method
Saturday, September 7, 2019 – 2:00 p.m.

The Soldotna City Council will conduct a public hearing on Saturday, September 7, 2019 at 2:00 p.m. at the Soldotna High School Auditorium, 425 W. Marydale Avenue, Soldotna, AK 99669.

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 Borough Clerk's Office
 144 N. Binkley Street
 Soldotna, Alaska 99669

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 Soldotna, Alaska 99669

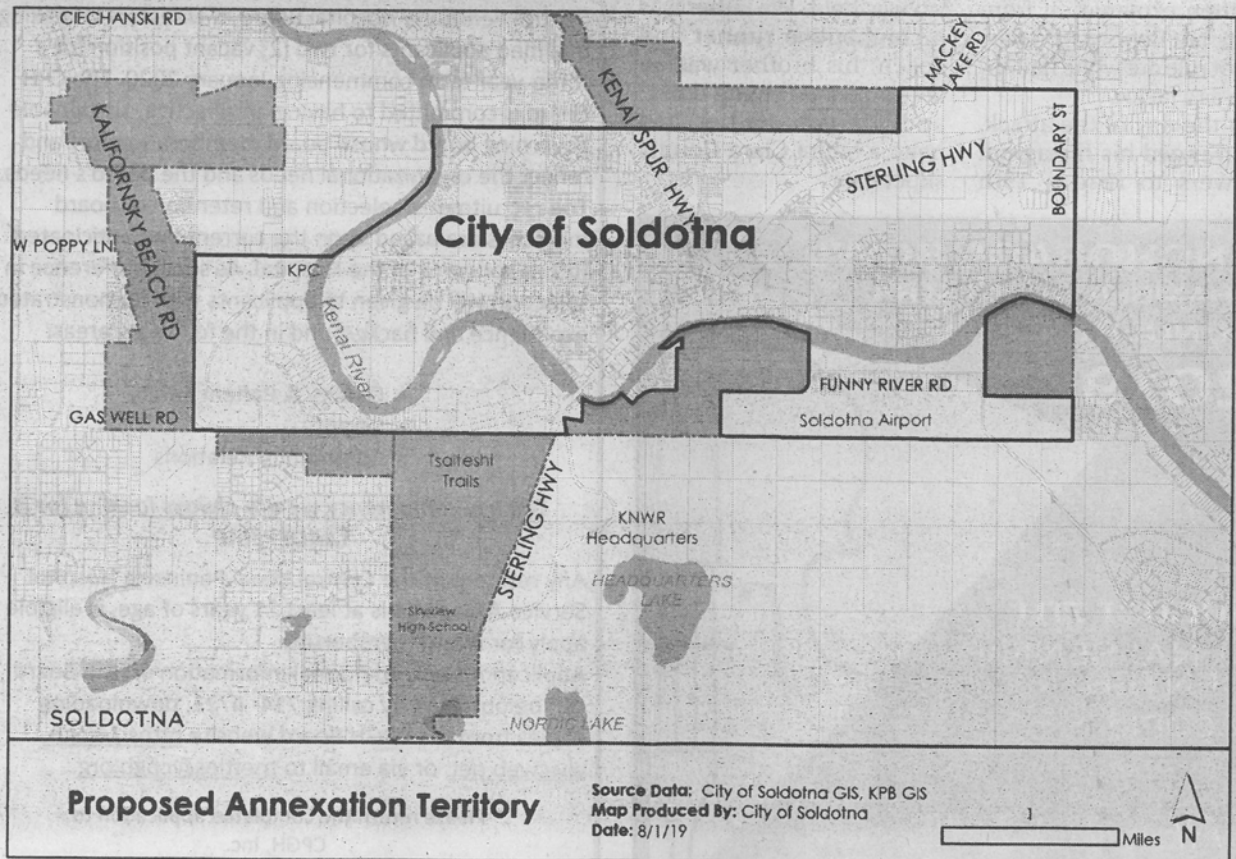
Soldotna Public Library
 235 N. Binkley Street
 Soldotna, Alaska 99669

Kenai Community Library
 163 Main Street Loop
 Kenai, Alaska 99611

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Map of the territory proposed for annexation.

Publish: 08/07/19; 08/25/19; and 09/04/19 Display

AFFIDAVIT OF POSTING FOR THE PRE-SUBMISSION HEARING NOTICE

FOR THE CITY OF SOLDOTNA

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

I, Michelle Saner, upon oath, depose and state:

1. I am the City Clerk for the City of Soldotna,
2. On August 5, 2019, I electronically mailed or caused to be mailed the Notice of a Pre-Submission Public Hearing for a Petition to Annex to the City of Soldotna by the Legislative Review Method to the Peninsula Clarion, and requested that the notice be published as a display ad in the August 7, 25 and September 4, 2019 editions of their newspaper.
3. From August 6 -12, 2019, I posted or caused to be posted the Notice of Pre-Submission Public Hearing for a Petition to Annex to the City of Soldotna by the Legislative Review Method in the following locations:

Soldotna City Hall
177 N. Birch Street
Soldotna, Alaska 99669

Soldotna Public Library
235 N. Binkley Street
Soldotna Alaska 99669

Fish & Game
43961 Kalifornsky Beach Rd.
Soldotna, Alaska 99669

Cooperative Extension
43961 Kalifornsky Beach Rd., Suite A
Soldotna, Alaska 99669

Independent Living Center
47255 Princeton Ave., #8
Soldotna, Alaska 99669

Small Business Administration
43335 Kalifornsky Beach Rd., Suite 12
Soldotna, Alaska 99669

Kenai Peninsula Food Bank
33955 Community College Rd.
Soldotna, Alaska 99669

Bridges Community Resources
3591 Kenai Spur Hwy.
Soldotna, Alaska 99669

United States Postal Service
175 N. Binkley Street
Soldotna, Alaska 99669

United States Postal Service
140 Bidarka Street
Kenai, Alaska 99611

City of Soldotna Website
www.soldotna.org

4. On August 6, 2019, I placed one copy of the City of Soldotna's proposed Annexation Petition, copies of the petition summary and the Notice of Pre-Submission Hearing at the following locations:

Kenai Peninsula Borough
Borough Clerk's Office
144 N. Binkley Street
Soldotna, Alaska 99669

Soldotna City Hall
177 N. Birch Street
Soldotna, Alaska 99669

Soldotna Public Library
235 N. Binkley Street
Soldotna, Alaska 99669

Kenai Community Library
163 Main Street Loop
Kenai, Alaska 99611


City of Soldotna Website
www.soldotna.org

5. On August 9, 2019, I submitted a written Public Service Announcement to the following local radio stations and requested the PSA be broadcast from August 17, 2019 through September 7, 2019:

KSRM/KWHQ/KKIS/KSLD/KFSE/KKNI
40960 Kalifornsky Beach Road
Kenai, Alaska 99611

KDLL
14896 Kenai Spur Hwy.
Kenai, Alaska 99611

Dated at Soldotna, Alaska this 5th day of September, 2019.


Michelle M. Sajer

SUBSCRIBED AND SWORN to me before this 5th day of September, 2019.




Notary Public in and for Alaska

My commission expires: March 13, 2022

Exhibit G

Attachment 3 - Public Service Announcement

Public Service Announcement

(Please broadcast this PSA from August 17, 2019 through September 7, 2019)

City of Soldotna Will Hold a Pre-Submission Hearing on an Annexation Petition

The prospective Petitioner City of Soldotna will file a legislative review petition with the Local Boundary Commission to annex 3.8 square miles of land adjacent to the existing City boundaries. This includes land along K-Beach Road, the Kenai Spur Hwy, the Sterling Hwy and Funny River Road.

The City of Soldotna will hold a public hearing on the petition on Saturday, September 7, 2019 at 2:00 p.m. at the Soldotna High School auditorium, located at 425 W. Marydale Ave., in Soldotna.

The petition may be viewed and a free petition summary may be obtained on the City of Soldotna website, Soldotna City Hall, Soldotna Public Library, the Kenai Peninsula Borough Clerk's Office and the Kenai Community Library during regular business hours. Direct inquiries to City Manager Stephanie Queen at 262-9107.

EXHIBIT H.

Written Summary or Transcript of the Hearing that the Petitioner is Required to Hold under 3 AAC 110.425(e), and a Copy of Any Written Materials Received During the Hearing.

This exhibit includes the following items:

- 1) Attachment 1 - Sign-in sheets from the pre-submission hearing;
- 2) Attachment 2 - Written transcript of the pre-submission hearing²⁹;
- 3) Attachment 3 - Written comments submitted before or during the pre-submission hearing;

²⁹ An audio recording of the pre-submission hearing will be included with the submission of the annexation petition.

Exhibit H

Attachment 1- Sign-in Sheets from the Pre-Submission Public Hearing

1

City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
✓ 11.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>MATTHEW D LAY</u> Address: <u>47163 E POPPY LN AK</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
✓ 12.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Tracy L Lay</u> Address: <u>47163 E Poppy Ln Soldotna AK</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
✓ 13.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>STEVE Wright</u> Address: <u>48030 HANCOCK E SOLDOTNA AK 99669</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
14.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: <u>PAT Mize</u> Address: <u>P.O. Box 1661 SOLDOTNA, AK</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
✓ 15.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Mitch Michaud</u> Address: <u>43923 Shirley Way Soldotna AK</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Tami Murray</u> Address: <u>38955 Burnett Way Soldotna AK</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
17.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: <u>Sharon Wyone</u> Address: <u>47910 W Poppy Soldotna AK</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
✓ 18.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Don Boston</u> Address: <u>36210 Spur Hwy SOLDOTNA</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
✓ 19.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Patricia Patterson</u> Address: <u>Property Owner 36312 Irons Ave Ridgway.</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No <i>does it matter?</i>
20.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: <u>Danny Norman</u> Address: <u>Property owner 36642 Bonanza Ave</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

2

City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
1.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Ravin + Rusty Swan</u> Address: <u>356 34276 Business Pk. Frontage Rd. Soldotna</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Sean Oude</u> Address: <u>42115 K. Beach rd Soldotna AK</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: <u>Glenn + Renee Heeren</u> Address: <u>48360 Helgeson Ave E, Soldotna</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: <u>JOHN TORGERSON</u> Address: <u>PO Box 4209 49011 Bark Beetle Lane</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
5.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Jack Foster</u> Address: <u>PO Box 494 Soldotna 44484 K.S. Hwy</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: <u>MARJORIE TORGERSON</u> Address: <u>49011 Bark Beetle LANE</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: <u>Ben Hopkins</u> Address: <u>3201 madison 34120 Industrial Rd</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Mary Hutchison</u> Address: <u>26362 Heavy Down Soldotna AK</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>George Pierce</u> Address: <u>BOX 88 KASLOF</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
10.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: <u>Nichelle Miller</u> Address: <u>Jumpin Junction</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

3

City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
21.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Shane Webster Address: PO Box 637 Soldotna, AK	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
22.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: NORA BLAKEY Address: 430X 537 SOLDOTNA	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
23.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No ✓	Name: Ed & Dawn Granger Address:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
24.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Marcella Bremson Address:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
25.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Eue Shimpson Address: PO BOX 1731 Kenna	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
26.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Susan Mathews Address: 46150 Sather Ct. Soldotna	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
27.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Don Lucia Address: 44130 OEHLEN RD SOLDOTNA	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
28.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Dave Stauderfer Address: 344067 K Beach Soldotna	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
29.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Charles Henry III Address: 301 LONG DRIVE	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
30.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: GRISELDA MUSTARD Address: Maryvale Ave Soldotna	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

4

City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
31.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Brian Olson Address: 48660 W Poppy Ln	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
32.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Kytiera Quinney Address: 35950 Georges Dr. Soldotna	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
33.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: DAVE Carey Address: 119 Shady Ln Soldotna, AK 99669	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
34.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Jennifer Williams Address: KSEB	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
35.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Jason / Heather Daniels Address: 44940 Churchill Ave Soldotna	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
36.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Crave Thomas Address: 36211 Spur Road	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
37.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Gene Mayer Address: 47940 Echo Lake, Korymweg Rd	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
38.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Dan Corbett Address: 37464 Wacker Canyon Rd	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
39.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: KayHynn Rose Melone Address: 35256 Slikoh Creek Drive	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
40.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: CHRISTOPHER McNEILL Address: 148 HILLCREST AVENUE	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

5

City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
41.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: DANIEL Nelson Address: 395 Endicott Dr Soldotna	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
42.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Don Terhune Address: PO Box 2841, Kenai, AK 99611	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
43.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Eric Paris Address: 48130 Miracle Ave 99669	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
44.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: ED Schmitt Address: 44140 Dehler Rd 99669	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
45.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Jessie Ruffridge Address: 295 W. Redoubt Ave.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
46.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Kirk Delrich Address: 46710 Base Road	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
47.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: SALLY DELRICH Address: 46710 Base Rd.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
48.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Peggy Larson Address: 48065 Birdsong Ave	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
49.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Lee Larson Address: 48065 Birdsong Ave	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
50.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: HAY Dorsey Address: Box 334	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

6

City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
51.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Michael Modrell Address: 43687 K-Beach RD	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
52.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Bridgett Brooks Address: 39814 Grouse dr. Soldotna, AK 99669	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
53.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Jayme Jones Address: Box 1643 Kenai, AK	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
54.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Cathy Haas Address: 46840 Base Rd	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
55.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Megan Swanson Address: 35482 KB DR	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
56.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Chuck Davis Address: 44190 Oehler Rd	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
57.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Renske Vinko Address: 43628 Oehler Rd	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
58.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Pan Chapman Address: 32765 RIVERMIND	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
59.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Trevor Erli Address: 34580 Commerce St Soldotna	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
60.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Kelley + Andy Cizek Address: 33060 Baylor St. 99669	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

City of Soldotna
 Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
 September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
61.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: SCOTT JACKSON Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
62.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Duane Bannock Schilling Rentals Address: 47 spur View Dr Kenai 99609	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
63.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Charles W. Jackson Address: 33458 Alyson Circle Soldotna	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
64.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Jodee Junker Address: 35330 Radnotree Circle	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
65.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: Terry Berger Address: 47067 E Poppy Ln #5	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
66.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: LISA BROS Address: 35555 Kenai Spur Hwy PmB 42 Soldotna, AK 99669	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
67.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Helena Johnson Address: 46855 Skjine, Soldotna, AK 99669	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
68.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Jim & Jesse Evans Address: 35800 Echo Lake Rd	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
69.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Catherine J. DeLacoe Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
70.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Edward Lee Address: 36185 Kenai Spur Hwy	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
71.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Robin Davis Address: 36485 Pingo	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
72.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Cathy Sturman Address: 386 West View	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
73.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: Daniel L. Lynch Address: Sterling Hwy Soldotna	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
74.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: Margaret Moran Address: 46675 Roosevelt Ave	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
75.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Leigh Tacey Address: 46675 Roosevelt Ave	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
76.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Sheryl Cook Address: 33790 Keystone Drive	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
77.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: WILLIAM J. FERGUSON Address:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
78.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Brian Shannon Address: 43129 Reggs Ave	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
79.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
80.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

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City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
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#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
81.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: AWOX LOMBARO Address: 33630 SCOTCH RUNST RD	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
82.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: MICHAEL & DOROTHY DENISON Address: A1623 E. LAKE AVE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
83.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Ryan Swanson Address: 47899 Faith Ave	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
84.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: CHINTON R. MOTT Address: 33640 Echo Lake Rd.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
85.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Pamela Parker Address: 124 Parkwood Circle	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
86.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Priscilla Mott Address: 33640 Echo Lake Road	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
87.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Carrie Murray Address: 312 W. Beluga Ave Soldotna	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
88.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: DWIGHT ROSS Address: 43355 Ross DR Soldotna	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
89.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: Brenda Lichtman Address: 48625 prairie Soldotna	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
90.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

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City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
91.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: Ben Hopkins Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
92.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: DANIEL NELSON Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
93.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: Shane Webster Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
94.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: Renee Heeren Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
95.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: Dave Standerfer Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
96.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Name: Address: Shane Meikas	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
97.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
98.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
99.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
100.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No



City of Soldotna
Pre-Submission Public Hearing – Petition to Annex by Legislative Review Method
September 7, 2019, 2:00 p.m. Soldotna High School Auditorium

#	Do You Wish To Provide Testimony?	Print Name Legibly	Do You Have A Property Interest in the Proposed Territory?	Are You A Resident of the City of Soldotna?
		Print Address		
101.	<input checked="" type="checkbox"/> Yes ✓ <input type="checkbox"/> No	Name: <u>Margaret Moran</u> Address: <u>Roosevelt</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
102.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name: <u>Edward Lee</u> Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
103.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
104.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
105.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
106.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
107.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
108.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
109.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
110.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name: Address:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Exhibit H

Attachment 2- Written Transcript of the Pre-Submission Public Hearing

CITY OF SOLDOTNA
ANNEXATION PRE-SUBMISSION PUBLIC HEARING

LOCATION:
Soldotna High School
425 W. Marydale Avenue
Soldotna, Alaska 99669

Saturday, September 7, 2019
2:00 p.m.

TRANSCRIPT OF PROCEEDINGS
Pages 1 - 104, inclusive

Soldotna City Council Attendees:
Vice Mayor Paul Whitney
Lisa Parker
Justin Ruffridge
Tyson Cox
Tim Cashman
Jordan Chilson

Transcribed by: Sheila Garrant, Peninsula Reporting

<p style="text-align: right;">Page 2</p> <p>1 PROCEEDINGS</p> <p>2 (Pledge of Allegiance)</p> <p>3 VICE MAYOR WHITNEY: Will the clerk</p> <p>4 please call the roll?</p> <p>5 THE CLERK: Council Member Parker?</p> <p>6 COUNCIL MEMBER PARKER: Present.</p> <p>7 THE CLERK: Council Member Ruffridge?</p> <p>8 COUNCIL MEMBER RUFFRIDGE: Here.</p> <p>9 THE CLERK: Council Member Cox?</p> <p>10 COUNCIL MEMBER COX: Here.</p> <p>11 THE CLERK: Council Member Cashman?</p> <p>12 COUNCIL MEMBER CASHMAN: Here.</p> <p>13 THE CLERK: Council Member Chilson?</p> <p>14 COUNCIL MEMBER CHILSON: Here.</p> <p>15 THE CLERK: Vice Mayor Whitney?</p> <p>16 VICE MAYOR WHITNEY: Here.</p> <p>17 THE CLERK: You have a quorum.</p> <p>18 COUNCIL MEMBER COX: Vice Mayor, I'd like</p> <p>19 to declare that I have a possible conflict of interest</p> <p>20 regarding the petition to annex to the City of Soldotna</p> <p>21 by the Legislative Review Method, as I am an owner of</p> <p>22 one lot with rental property on it within the territory</p> <p>23 proposed for annexation.</p> <p>24 VICE MAYOR WHITNEY: Are there any other</p> <p>25 council members who have a conflict?</p>	<p style="text-align: right;">Page 4</p> <p>1 No. 1, a change in the property tax mill</p> <p>2 rate. For example, a lower property tax bill could</p> <p>3 result from applying the City of Soldotna's mill rate,</p> <p>4 which is currently 0.9 of a mill lower than the Kenai</p> <p>5 Peninsula Borough Road Service Area.</p> <p>6 No. 2, a change in zoning regulations</p> <p>7 once the city assumes planning and zoning authority</p> <p>8 over the annexed areas. For example, property could be</p> <p>9 zoned for commercial use which could impact property</p> <p>10 value.</p> <p>11 These possible financial consequences are</p> <p>12 not precisely known today and are too speculative to</p> <p>13 calculate with any degree of confidence, because, No.</p> <p>14 1, the earliest possible tax year the city mill rate</p> <p>15 would apply to the annexation territory is 2022, at</p> <p>16 which point the assessed values are likely to be</p> <p>17 different than they are today.</p> <p>18 No. 2, the Kenai Peninsula Borough</p> <p>19 Assembly and the Soldotna City Council set mill rates</p> <p>20 annually. Mill rates could change between now and the</p> <p>21 year in which annexation takes effect.</p> <p>22 No. 3, even calculating the potential</p> <p>23 savings on Mr. Cox's property using today's mill rate,</p> <p>24 the expected annual property tax savings are \$288 per</p> <p>25 year, which is below the \$500 threshold the Soldotna</p>
<p style="text-align: right;">Page 3</p> <p>1 In response to Mr. Cox, the Soldotna</p> <p>2 Municipal Code says a council member cannot participate</p> <p>3 in the discussion or consideration of any matter in</p> <p>4 which the council member has a substantial financial</p> <p>5 interest. Council Member Cox owns one lot with rental</p> <p>6 property within the territory proposed for annexation.</p> <p>7 After consulting with the city attorney</p> <p>8 and city staff and reviewing the relevant information,</p> <p>9 I have come to the following conclusions about whether</p> <p>10 Council Member Cox should participate in discussions or</p> <p>11 consideration of a resolution authorizing filing an</p> <p>12 annexation petition. Here are some of the facts I</p> <p>13 considered.</p> <p>14 The petition is proposing an increase to</p> <p>15 the city boundaries. Territories proposed for</p> <p>16 annexation is 3.7 square miles, which is more than 50</p> <p>17 percent of the size of the existing city limits, and</p> <p>18 the territory includes 486 individual parcels. This is</p> <p>19 not a decision that impacts a small number of</p> <p>20 individuals, but one that impacts a large number of</p> <p>21 individuals on an area-wide basis in similar fashion.</p> <p>22 There are two -- excuse me -- there are</p> <p>23 two potential financial consequences for property</p> <p>24 owners in the area proposed for annexation if</p> <p>25 annexation is approved.</p>	<p style="text-align: right;">Page 5</p> <p>1 City Council establishes when it comes to financial</p> <p>2 conflicts of interest for contractual relationships.</p> <p>3 No. 4, the city council is not the final</p> <p>4 decision-maker and does not have the authority to</p> <p>5 approve annexation of the territory; only the Local</p> <p>6 Boundary Commission can make that decision.</p> <p>7 Additionally, the Alaska legislature has an opportunity</p> <p>8 to veto any LBC decision approving annexation.</p> <p>9 So if the city council votes to authorize</p> <p>10 submitting the annexation petition, two separate</p> <p>11 decision-making bodies have the authority and ability</p> <p>12 to determine if annexation will occur.</p> <p>13 No. 5, the annexation petition does not</p> <p>14 specifically identify any proposed zoning changes that</p> <p>15 would impact property values. Any change in zoning</p> <p>16 regulations of property in the new area of the city is</p> <p>17 entirely dependent on any -- on an additional public</p> <p>18 planning process and future votes of the city council.</p> <p>19 If Mr. Cox is on the city council when</p> <p>20 zoning of the area where he owns property is</p> <p>21 considered, any conflict of interest can be determined</p> <p>22 at that time.</p> <p>23 For these reasons, I find that Mr. Cox</p> <p>24 does not have a substantial financial interest in</p> <p>25 approving or not approving Resolution 2019-041 as</p>

<p style="text-align: right;">Page 6</p> <p>1 identified in Soldotna Municipal Code 2.24.015 and as 2 defined under Soldotna Municipal Code Section 2.24.030. 3 However, because this is an issue of 4 critical public importance, and to prevent even the 5 appearance of conflict in the city council's actions, I 6 will rule that Mr. Cox is not eligible to participate 7 in the hearing today or the upcoming decision the 8 council will make whether or not to submit the petition 9 to the LBC for legislative review. 10 Good afternoon. I would like to welcome 11 everyone to this public hearing to take testimony on 12 the City of Soldotna petition to the Local Boundary 13 Commission to annex. If you would like to provide 14 testimony, please sign up on the form provided. We 15 will use that sign-up sheet to call you forward for 16 your testimony. 17 As a reminder, this is a meeting to only 18 take testimony, and there will not be a vote by the 19 council on this matter today. After some preliminary 20 matters, we will start the public hearing. 21 The purpose of this meeting: We thank 22 you for attending this meeting this afternoon. The 23 purpose of this meeting is to conduct the required 24 pre-submission public hearing on the City of Soldotna's 25 petition to amend its boundaries by the legislative</p>	<p style="text-align: right;">Page 8</p> <p>1 Alaska law requires that before a city 2 can submit a petition to annex territory by the 3 legislative method to the State Local Boundary 4 Commission, the city first must conduct a public 5 hearing. This is that public hearing, and agendas are 6 available on the table by the doors in which you 7 entered. 8 The city administration will first 9 present an overview of the information contained in the 10 petition, and you will have an opportunity to provide 11 your comments and feedback directly to the city 12 council. A record of this hearing, including a 13 transcript of all comments received, will be included 14 in the petition if and when it is submitted to the 15 Local Boundary Commission for their review. 16 It is important to note that the city 17 council will not be making any decisions today. The 18 purpose of the hearing is to provide an opportunity for 19 members of the public to comment on the petition. The 20 city staff and council will not be engaging in any 21 questions or answers today, though they will continue 22 to make themselves available to you outside of the 23 hearing to discuss the proposal and answer all of your 24 questions. Today is about receiving feedback. 25 After today's hearing, at the regularly</p>
<p style="text-align: right;">Page 7</p> <p>1 review method of annexation. Annexation means 2 expanding a city's boundaries to incorporate more 3 territory inside the city limits. 4 Under its petition, the City of Soldotna 5 would seek to incorporate approximately 3.8 square 6 miles of land that is adjacent to the existing city 7 boundaries, and this includes land along Kalifornsky 8 Beach Road, the Kenai Spur Highway, and Funny River 9 Road. 10 Two copies of the annexation petition are 11 available for review in the back of the room as well as 12 summaries of the petition and maps showing the areas 13 proposed for incorporation. Copies of the petition are 14 also available at Soldotna City Hall, the Soldotna 15 Public Library, the Kenai Peninsula Borough Clerk's 16 Office, and the Kenai Community Library. All materials 17 are also available in digital format at the City of 18 Soldotna's website, www.soldotna.org. 19 Notice of this meeting was published in 20 the Peninsula Clarion, announced in public service 21 announcements by KDLL and KSRM Radio Group, which 22 includes KSRM, KWHQ, KKIS, KSLD, KFSE, and KKNL. As 23 required by state law, the petition, summary, and 24 notice of this hearing were provided 30 days in advance 25 of the hearing we are having today.</p>	<p style="text-align: right;">Page 9</p> <p>1 scheduled city council meeting on September 12th, the 2 Soldotna City Council will consider whether to submit 3 the petition to the Local Boundary Commission. This 4 will be done by a resolution of the city council, and 5 again, the public is welcome to attend and participate. 6 The meeting is scheduled for Thursday, September 12th 7 at 6:00 p.m. at Soldotna City Hall, which is located at 8 177 North Birch Street in Soldotna. 9 Now, city manager Stephanie Queen will 10 provide information on the individual standards that, 11 per Alaska statute, must be met in order for a city 12 annexation's request to be approved. After reviewing 13 the standards, Ms. Queen will then discuss the State of 14 Alaska's procedure for annexation to a city by 15 legislative review. Next, Ms. Queen will discuss the 16 anticipated effects of the proposed annexation, and 17 lastly will describe the city transition plan for 18 services, which would be transferred to the city from 19 other government entities. This will take 20 approximately 25 minutes. 21 Following this presentation, we will open 22 up the public comment -- we will open up the public 23 comment portion of the hearing. Ms. Queen. 24 MS. QUEEN: Thank you, Vice Mayor 25 Whitney.</p>

<p style="text-align: right;">Page 10</p> <p>1 I appreciate everyone for coming today.</p> <p>2 I know that we are here to hear from you.</p> <p>3 State law is very specific in the</p> <p>4 information that we are required to provide as part of</p> <p>5 this hearing process.</p> <p>6 And so these four items that are listed</p> <p>7 in the agenda, I'm going to go through them, and I will</p> <p>8 try to be brief so that we can allow maximum time to</p> <p>9 hear your comments today.</p> <p>10 I'm going to start with item A, which is</p> <p>11 the annexation standards that exist in state law that a</p> <p>12 community is required to meet in order for the petition</p> <p>13 for annexation to be approved.</p> <p>14 And when we talk about annexation to a</p> <p>15 city, we are talking about incorporating additional</p> <p>16 area within the municipal boundaries which results in</p> <p>17 the extension of city services, city taxing authority,</p> <p>18 and regulatory regulation authority, as well as voting</p> <p>19 privileges for residents living in that area.</p> <p>20 The standards exist in Alaska State</p> <p>21 Statutes 29.06.040 through .060, as well as in the</p> <p>22 Alaska Administrative Code, and I'll give those</p> <p>23 specific references as we go through.</p> <p>24 These standards are addressed in detail</p> <p>25 in the petition at Part Exhibit E, which is the</p>	<p style="text-align: right;">Page 12</p> <p>1 the extension of city government.</p> <p>2 The proposed boundaries must include all</p> <p>3 land and water necessary to provide the development of</p> <p>4 essential municipal services on an efficient and</p> <p>5 cost-effective basis.</p> <p>6 And finally, the annexation must be in</p> <p>7 the best interest of the State of Alaska, which is</p> <p>8 further defined as maximizing local self-government</p> <p>9 with a minimum number of individual governmental units.</p> <p>10 So I will now read portions from the</p> <p>11 petition that the city believes justify how those</p> <p>12 standards have been met.</p> <p>13 As you know, the city and the areas</p> <p>14 around it have grown and developed significantly in the</p> <p>15 past decades. The city currently provides some</p> <p>16 services to areas outside the city boundaries. For</p> <p>17 example, we are currently serving 23 different</p> <p>18 properties with either water or sewer or both at the</p> <p>19 request of those property owners, and those are located</p> <p>20 on K-Beach, Funny River Road, and the Kenai Spur</p> <p>21 Highway.</p> <p>22 Animal control is also a service that the</p> <p>23 city provides occasionally outside our boundaries when</p> <p>24 we take care of an animal and are able to return it to</p> <p>25 its owner.</p>
<p style="text-align: right;">Page 11</p> <p>1 supporting brief portion of the petition.</p> <p>2 And I'd encourage you to read the</p> <p>3 petition that's available on one of the public</p> <p>4 locations or download it online. It's a very long</p> <p>5 document. About half of the document is reports and</p> <p>6 studies that have been previously shared with the</p> <p>7 public over the years, and then it also includes the</p> <p>8 new portion of the narrative, which focuses on these</p> <p>9 standards, which I'll keep my comments focused on as</p> <p>10 well.</p> <p>11 The six standards that must be met in</p> <p>12 Alaska for annexation to be approved are found in 3 AAC</p> <p>13 110.090 through 3 AAC 110.135 of the Alaska Municipal</p> <p>14 Code, I will read through those six standards.</p> <p>15 The first is, is that the territory to be</p> <p>16 annexed must exhibit a reasonable need for city</p> <p>17 government.</p> <p>18 The territory must be compatible in</p> <p>19 character with the annexing city.</p> <p>20 The economy within the proposed</p> <p>21 boundaries of the city must include the human and</p> <p>22 financial resources necessary to provide essential city</p> <p>23 services at a cost-effective level.</p> <p>24 The population within the expanded city</p> <p>25 boundaries must be large and stable enough to support</p>	<p style="text-align: right;">Page 13</p> <p>1 Residents in the territory proposed for</p> <p>2 annexation also benefit from other city services as</p> <p>3 well, such as city parks and recreation facilities,</p> <p>4 campgrounds, the boat launches, the library, Soldotna</p> <p>5 airport.</p> <p>6 These facilities are important to our</p> <p>7 quality of life, and when we plan for the operations of</p> <p>8 these and design the facilities, we design them not for</p> <p>9 the city's 4,300 population, but for the broader</p> <p>10 regional population of about 20,000 people who benefit</p> <p>11 and use those services.</p> <p>12 There are some services provided in this</p> <p>13 area that are currently being provided but by a</p> <p>14 different governmental entity. And so if annexation</p> <p>15 were to be approved, it would transfer from that entity</p> <p>16 to the City of Soldotna.</p> <p>17 And examples of this include road service</p> <p>18 maintenance, which is currently provided by the</p> <p>19 borough's road service area. It would be transitioned</p> <p>20 to the City of Soldotna's road department.</p> <p>21 Also, public safety is currently provided</p> <p>22 by the Alaska State Troopers, and if annexation were</p> <p>23 approved, would be transitioned to the Soldotna Police</p> <p>24 Department.</p> <p>25 Lastly, a commercial planning review for</p>

<p style="text-align: right;">Page 14</p> <p>1 new commercial design is done currently in this area 2 through the state fire marshal's office in Anchorage. 3 And if this area were to be incorporated into the city, 4 we would do that through our building department with 5 our building official at city hall. 6 The territory proposed for annexation is 7 similar to the City of Soldotna in terms of 8 development, land uses, commercial activity, and 9 overall character. The transportation systems are 10 integrated, and the K-12 school district attendance 11 boundaries are the same. 12 The area proposed for annexation and the 13 existing city already function, we believe, as a 14 cohesive community both economically and socially. 15 One of the requirements is that the city 16 have the financial capacity to serve additional areas 17 if it's proposing to enlarge its boundaries. 18 The city performed a fiscal impact 19 analysis in 2015 and 2016 to try and answer this 20 question very thoroughly. And we hired a consultant 21 who looked at our own operational costs and went on a 22 department-by-department level to break down those 23 costs for each of the city's departments that we 24 currently have, of which there are nine, and tell us 25 what the estimated increase in expenditures would be if</p>	<p style="text-align: right;">Page 16</p> <p>1 by annexation, nor would the district attendance 2 boundaries. Currently, there are 2,132 students who 3 attend a school inside the city of Soldotna, which is 4 approximately 26 percent of the entire school district. 5 So we have a good portion of the entire district who 6 come to schools inside Soldotna every day. 7 The annexation territory, as Vice Mayor 8 Whitney mentioned, is 3.87 -- excuse me -- 3.78 square 9 miles, which would bring the city's total footprint to 10 approximately 11.15 square miles. 11 The state law requires that the size of 12 the city that you are proposing be of a consistent 13 size, an appropriate size for city government as 14 opposed to a borough, for example, which are vast, 15 larger areas. 16 The city's petition includes only those 17 areas that are already developed, or reasonably 18 anticipated to develop, or require the need for 19 services, such as public safety services, within the 20 next ten years. 21 All of the territory proposed for 22 annexation is adjacent to the existing city boundaries, 23 and it would not overlap with any other city or other 24 borough entity. 25 Annexation would improve efficiency in</p>
<p style="text-align: right;">Page 15</p> <p>1 we were to expand the area and serve additional areas 2 at the current level of service. 3 The study also looked at the revenue that 4 would be projected from the areas in terms of property 5 tax and sales tax if they were to be incorporated in 6 the city so that we would understand whether the city 7 had the financial capacity to serve these areas at a 8 level the same or higher than we are currently doing. 9 The conclusion of that study was that the 10 revenue would be sufficient to support the added 11 expense to the city, and that property owners would 12 benefit from a higher level of municipal services at a 13 reduced overall property tax rate. 14 The current estimate of the city 15 population is, I mentioned, I think, 4,317 people 16 approximately. The annexation area includes an 17 estimate just under 400 residents that would be added 18 to that city's population. 19 Our population is stable and growing. 20 Soldotna, just inside the city limits, grows about 1 21 percent per year. The areas around us, the census 22 districts around the city are also growing at a 23 slightly higher rate. So the population in our areas 24 continue to trend upwards. 25 School enrollment would not be impacted</p>	<p style="text-align: right;">Page 17</p> <p>1 some cases by, for example, along Funny River Road, 2 correcting what are called enclaves, where the city 3 staff and state or borough staff who are serving that 4 area are driving through areas, but not serving them, 5 just to get to other parts of the city in which we are 6 providing services. 7 As I mentioned, annexation must be in the 8 best interest of the state. They describe that as 9 promoting maximum self-government with the minimum 10 number of government units. 11 The city believes that this standard is 12 met because we would be providing essential municipal 13 services without increasing the number of government 14 units. We would have responsibility that would reduce 15 the cost of the state government by taking on 16 additional policing in the area that's currently being 17 policed by the troopers, also lowering the cost of the 18 state having to provide state fire marshal review for 19 commercial buildings in our area, which, as I 20 mentioned, they are doing from the Anchorage office. 21 Alaska is no longer subject to the 22 federal Voting Rights Act; however, Alaska code also 23 requires that prior to annexation the city demonstrate 24 that no person's civil or political rights would be 25 impacted by the annexation petition.</p>

<p style="text-align: right;">Page 18</p> <p>1 As I mentioned, there are almost 400 2 residents in the area that the city is considering 3 annexing. Before and after annexation they would be 4 eligible to vote in state, federal, and borough 5 area-wide elections; if annexed, they would exchange 6 their right to vote on borough road service area issues 7 and would gain the right to vote in city government 8 elections, as well as hold elected or appointed office 9 with the City of Soldotna. The petition would, in this 10 way, enfranchise area residents and would not deny 11 anyone's civil or political rights. 12 I'm now going to talk towards the second 13 bullet point, which is spending some time talking about 14 the legislative review method of annexation and what 15 that process means, as well as the steps that would be 16 taken. 17 In order for a city to apply to the Local 18 Boundary Commission to annex via this legislative 19 review method, which many of you are aware does not 20 require a vote of the people, the city has to 21 demonstrate that all of the previous standards I listed 22 are met, as well as additional standards. 23 And the state requires that at least one 24 of the circumstances that are listed in 3 AAC 110.140, 25 at least one of those standards has to apply. The city</p>	<p style="text-align: right;">Page 20</p> <p>1 The state statutes describe the process 2 for this hearing and the legislative review method. 3 The legislative review method was actually created in 4 the Alaska Constitution. 5 It is intended -- this hearing today, as 6 Vice Chair Whitney mentioned, is intended to provide 7 you with an opportunity to provide comments on the 8 draft petition. 9 I'm going to describe now the steps that 10 would occur after this hearing so that you have more 11 information about what that process would look like if 12 the city were to move forward. 13 After the hearing, before submitting a 14 petition, the city council would have to take a formal 15 vote authorizing us to submit that. And as Vice Mayor 16 Whitney mentioned, we've got a resolution drafted that 17 would be on their agenda for next Thursday the 12th for 18 our regular city council meeting at city hall, which 19 would give them an opportunity to consider making that 20 decision. 21 If the council does authorize a petition 22 to be submitted, staff to the Local Boundary Commission 23 will start and initiate their own review process. The 24 Alaska Department of Commerce, Community, and Economic 25 Development, which we -- I might refer to as DCCED, is</p>
<p style="text-align: right;">Page 19</p> <p>1 believes that five of the standards apply in this 2 particular petition. 3 The first is that parts of the territory 4 are surrounded on three sides by city boundaries 5 currently. 6 The second is that residents and property 7 owners within the territory in some cases are directly 8 or indirectly already receiving some city services and 9 benefits. 10 No. 3, annexation will enable the city to 11 implement building, health, and zoning standards, which 12 provide for orderly development and the safe occupancy 13 of buildings in our area, particularly as development 14 increases and the density of development increases. 15 Annexation, we believe, will advance the 16 state's constitutional goals of maximum local 17 self-government by allowing us to provide services in 18 the area in some cases that -- in a more cost-effective 19 way than they are currently be providing by the state, 20 or the borough in the case of the road maintenance 21 service area. 22 And finally, maximum local 23 self-government will be advanced by allowing voters in 24 this area to now participate in city elections where 25 currently they are unable to do so.</p>	<p style="text-align: right;">Page 21</p> <p>1 the department that's tasked with investigating each 2 boundary change within the state of Alaska and making a 3 recommendation to the Local Boundary Commission. 4 Upon receiving a petition for annexation, 5 they will conduct a preliminary technical review for 6 completeness, and if it's deemed sufficiently complete, 7 that it's got all of the required components, they will 8 then analyze the petition to see whether it meets the 9 required standards. They will solicit public comments 10 and then issue a report with their findings and final 11 recommendation. 12 And I do want to let you know that DCCED 13 staff provide a resource, and are available even to you 14 and people who might be impacted by a proposed 15 annexation, so they have two staff members who are 16 devoted just to Local Boundary Commission issues, and 17 they've got a website with lots of resources, but they 18 are also available to members of the public who feel 19 that you would be impacted by a decision if you want 20 more information, and I want to make sure that you know 21 that you can make use of that resource as well. 22 After receiving DCCED staff's final 23 recommendation, the Local Boundary Commission will 24 provide public notice and they will hold their own 25 hearing. Parties can present witnesses, and the public</p>

<p style="text-align: right;">Page 22</p> <p>1 will again have an opportunity to speak.</p> <p>2 After the hearing, the commission will</p> <p>3 carefully consider all of the testimony material and</p> <p>4 comments submitted in determining whether the petition</p> <p>5 meets the required state statutes and standards. It</p> <p>6 will then have the ability to approve, deny, or amend</p> <p>7 the city's petition.</p> <p>8 The petition review process generally</p> <p>9 takes about a year before they get to the point where</p> <p>10 they are ready to hold a hearing, and in part that's</p> <p>11 because of substantial opportunities for additional</p> <p>12 public comment, as well as the written reports that the</p> <p>13 staff puts together for the commission.</p> <p>14 If the Local Boundary Commission does</p> <p>15 approve the petition following their hearing, it will</p> <p>16 present it to the legislature the first ten days of the</p> <p>17 regular session. And so in our case, that would be</p> <p>18 January of 2021 at the earliest that that petition</p> <p>19 would be able to be presented to the legislature.</p> <p>20 The legislature then also has the</p> <p>21 opportunity to act on that recommendation. If the</p> <p>22 legislature adopts the concurrent resolution to deny</p> <p>23 the recommendation within 45 days of receiving that</p> <p>24 information from the commission, then the annexation is</p> <p>25 denied, and it won't move forward. If they take no</p>	<p style="text-align: right;">Page 24</p> <p>1 comprehensive plan.</p> <p>2 There would be a lot of work if</p> <p>3 annexation were approved, and much of it would involve</p> <p>4 community input in terms of guiding those policy</p> <p>5 decisions and investment decisions that the council</p> <p>6 would be making into the areas that were newly</p> <p>7 incorporated into the city.</p> <p>8 Starting January 1st of the year after</p> <p>9 annexation is when the different tax rates would take</p> <p>10 effect. Both for property owners, they would be</p> <p>11 assessed at the city's mill rate, which is currently a</p> <p>12 half of mill, and they would no longer be paying the</p> <p>13 borough road service area mill, which is currently 1.4</p> <p>14 mills.</p> <p>15 That would take effect on January 1st,</p> <p>16 because the borough doesn't prorate a year worth of</p> <p>17 taxes. And so if there were to be a change, it would</p> <p>18 need to be made consistent with the calendar year, so</p> <p>19 that date would be January of 2022 at the earliest.</p> <p>20 Also in January, businesses that are</p> <p>21 registered to collect sales tax with the borough would</p> <p>22 begin collecting the city's 3 percent sales tax on</p> <p>23 general sales.</p> <p>24 The borough staff currently collects all</p> <p>25 sales tax for the borough's unincorporated areas as</p>
<p style="text-align: right;">Page 23</p> <p>1 action, however, it is considered tacit approval and</p> <p>2 the boundary change would take affect.</p> <p>3 I want to now speak on the third item,</p> <p>4 which are -- and the fourth item are related, but the</p> <p>5 reasonably anticipated effects of the proposed</p> <p>6 annexation.</p> <p>7 If the Local Boundary Commission were to</p> <p>8 approve annexation and it's not vetoed by the</p> <p>9 legislature, it would likely take effect in the March</p> <p>10 following when it was delivered to that legislative</p> <p>11 session. The transition of services to the City of</p> <p>12 Soldotna after that point would start immediately but</p> <p>13 could take up to a year to complete.</p> <p>14 There is a portion of the petition called</p> <p>15 the transition plan, and that's the part of the</p> <p>16 document where we go through each of the services that</p> <p>17 are provided by the city and describe the timeline of</p> <p>18 implementing those services or transitioning from an</p> <p>19 existing government entity that's currently providing</p> <p>20 those services.</p> <p>21 One of the first steps the city would</p> <p>22 take is updating several of our planning documents, for</p> <p>23 example, our five-year capital improvement plan, which</p> <p>24 guides our capital investment in terms of</p> <p>25 infrastructure, also water/waste water master plan,</p>	<p style="text-align: right;">Page 25</p> <p>1 well as the city's within the borough, and there would</p> <p>2 be no change. They still would do that if you were</p> <p>3 inside the city of Soldotna and a business owner, but</p> <p>4 the additional 3 percent general sales tax that the</p> <p>5 city levies, in addition to the 3 percent levied by the</p> <p>6 borough, would begin to be collected starting on that</p> <p>7 January of 2022.</p> <p>8 The transition plan goes into great</p> <p>9 detail, but I just want to highlight a few of the other</p> <p>10 items that would change following the annexation for</p> <p>11 you, and this is the final piece of my presentation</p> <p>12 today, so thank you for your patience.</p> <p>13 The document describes the city's plan to</p> <p>14 transition services within the shortest practicable</p> <p>15 amount of time, which is what the state requires. And</p> <p>16 in putting together this transition plan, we consulted</p> <p>17 with many different people. Actually, the petition</p> <p>18 includes a list of the people that we met with to make</p> <p>19 sure that we understand all the steps that would be</p> <p>20 taken, as well as the impact for landowners and</p> <p>21 business owners if they were to become incorporated</p> <p>22 into the city.</p> <p>23 We would work with the borough on the</p> <p>24 transfer of road service maintenance, which currently</p> <p>25 is done according to -- there are four separate</p>

<p style="text-align: right;">Page 26</p> <p>1 contracts for road maintenance which would be impacted 2 by these changing boundaries. Those contracts are 3 done, according to our understanding, on a rolling 4 basis. And so we would be working with the borough to 5 understand the appropriate timing to hand off those 6 existing contracts from the contractors who are 7 providing that service currently to the city to be able 8 to provide that road service. 9 Police and animal control would begin as 10 soon as possible. It would be immediate. Emergency 11 9-1-1 calls would still be handled in the same way 12 through the central dispatch center, however, they 13 would be routing those calls to the Soldotna Police 14 Department, whereas currently they are routed to the 15 Alaska State Troopers. 16 The city's full-time animal control 17 officer would begin providing animal control in the 18 areas as soon as practicable. 19 I mentioned previously that the city is 20 serving some non-resident properties and businesses in 21 the annexation territory with municipal water and 22 sewer. There would be no immediate change for 23 properties in terms of how water and sewer impact them 24 if annexation were approved. And that's because the 25 city's current code does not require you to abandon a</p>	<p style="text-align: right;">Page 28</p> <p>1 plan, again to provide some guidance in terms of what 2 the appropriate standards would be in the new areas as 3 part of the city. 4 And we got a lot of feedback through all 5 the public engagement we've had so far about 6 specifically several parts of the city's zoning code 7 that wouldn't be appropriate in some of the areas if 8 they were to be in part of the city, and we recognize 9 that. So that -- part of that work, that effort that 10 would be in front of us, is working together with 11 people to understand what would be appropriate if it is 12 not like what the city has currently in place. 13 Commercial and residential building code 14 services and inspections would be extended into the 15 territory, however, structures that are currently 16 already constructed or if they were under construction 17 would be considered legally non-conforming, and people 18 refer to that as grandfathered in. That means that 19 they aren't required to come into conformity with 20 current standards if they were legally existing that 21 way before. 22 The same thing applies in zoning. And in 23 fact, there are many businesses and buildings in 24 Soldotna that don't currently meet our zoning standards 25 because they existed before 1985 when the city adopted</p>
<p style="text-align: right;">Page 27</p> <p>1 functioning well if you've got onsite well and septic. 2 So even if you were to be incorporated 3 into the city, or if you are in an area where city 4 water isn't currently available but is extended in 5 front of the property, our current city code allows you 6 to keep the onsite well and septic. 7 Water and waste water tie-ins are made at 8 the request of property owners or in the case of, if 9 you are inside the city, is required for new 10 development. So new construction would be required to 11 tie into the city's utility system if it were available 12 and if construction were practically feasible. 13 As I mentioned, we would update some of 14 the master planning documents, and that work involves a 15 lot of discussions with community members to get their 16 input. 17 There would be no changes proposed for 18 property assessment and tax collection. Those 19 functions are performed by the borough. So businesses, 20 as I mentioned, would begin collecting and remitting 21 the city's general sales tax, but the process in which 22 they do that would not change. 23 City planning and zoning would be 24 extended into the territory. It is anticipated that we 25 would first have to update the city's comprehensive</p>	<p style="text-align: right;">Page 29</p> <p>1 zoning. 2 So I think this is a really appropriate 3 way to address this issue, because it allows the city 4 to move towards a certain set of standards for a 5 higher-quality built environment, but it doesn't put a 6 burden on property owners or business owners to make 7 changes right away, costly changes right away. 8 So if they continue to exist as they've 9 been doing before, there aren't a requirement that the 10 city would impose that triggers the need to come into 11 conformity. 12 That change we see happen -- even in 13 Soldotna happens over time as property owners and 14 business owners themselves initiate projects and make 15 updates to their -- to their structures. 16 The final item in the transition plan, I 17 think I mentioned this twice already, but just the 18 state fire marshal review. 19 So there's no residential building code 20 that applies in the borough, but there is commercial 21 plan review that's required for new businesses. So if 22 you're a business owner, you would send those plans up 23 to the state fire marshal presently; instead, the city 24 would handle that through our building department if 25 these areas were to be part of the City of Soldotna.</p>

<p style="text-align: right;">Page 30</p> <p>1 And that concludes my comments on the 2 four items that we are required to cover today in the 3 hearing. 4 Again, I want to -- I want to thank you 5 for being here, and reiterate what the vice mayor said, 6 that our staff, our city staff, all the department 7 heads and myself are available anytime someone wants to 8 come ask questions or get some additional information. 9 Thank you. 10 VICE MAYOR WHITNEY: We will now invite 11 members of the public to provide testimony to the city 12 council. Speakers will have three minutes each to 13 provide testimony, and we will begin by calling on 14 those individuals who indicated on the sign-up sheet 15 they would like to testify. 16 After we have made it through the list of 17 people who have signed up to testify, we will invite 18 anyone else who has not yet spoken the opportunity to 19 provide their comments. 20 When speaking, please speak into the 21 microphone, state your name and address, as well as 22 telling us whether you live, own land, or operate a 23 business in one of those areas proposed for annexation. 24 As we previously stated, the purpose of 25 this hearing is to take public testimony and is not</p>	<p style="text-align: right;">Page 32</p> <p>1 front, you may use that speaker down in front. They 2 are -- excuse me -- the microphone down in front. 3 Okay. We'll start out with the first 4 names. And I'll apologize in advance if I mangle your 5 last name. 6 First one, Matthew Lay. Next one, Tracy 7 Lay. No. 3, Steve Wright. No. 4, Mitch Michael. And 8 No. 5, Don Boston. 9 Mr. Lay, you will be up first. 10 MATTHEW LAY: Hi. My name is Matthew 11 Lay, and I'm all three. I live in the area, I run a 12 business in the area, and I own property in the area, 13 which happens to be Zone 4. 14 Currently the City of Soldotna is working 15 on annexing our area. We have been voting this down 16 multiple times over the years, and we've asked the City 17 of Soldotna to listen to us. That doesn't appear to be 18 happening. 19 The water and sewer services, we didn't 20 ask for those to be there. You are providing water and 21 sewer systems to a few places that request them. 22 The residents in the areas that you are 23 looking to annex have been purposely gone around, so 24 your income just off the businesses alone has dropped. 25 So providing the extra services that you are going to</p>
<p style="text-align: right;">Page 31</p> <p>1 intended as a question-and-answer session. Please 2 limit your comments to the three minutes provided, and 3 if the timer goes off while you are speaking, please 4 wrap up your comment quickly. 5 There will be a timer over there at the 6 end of the table, and it should be visible, and there's 7 also a beeper that you will hear. 8 You may only speak once during the public 9 hearing, and you may not transfer your time to another 10 speaker. We ask that you please be considerate of 11 those who are speaking by refraining from conversation 12 or making comments during the testimony. Our goal is 13 to provide everyone who is interested in participating 14 and providing comments the opportunity to do so, and 15 therefore we ask you to be respectful of other's 16 comments or viewpoints. No applause or verbal 17 outbursts will be permitted. 18 The way we are going to do this is we 19 will invite the first five speakers that are listed 20 here on the sheet to please come up here and take a 21 seat at -- on the stage, and then I will call those 22 names in order and they would testify. When they are 23 finished testifying, we will call the next five. 24 If you are not comfortable on walking up 25 the stairs that are on the side or the stairs here in</p>	<p style="text-align: right;">Page 33</p> <p>1 need to provide in our areas, you are not going to have 2 the income. 3 So for the city to say, "Well, we are 4 going to have extra income to provide road services, 5 fire services," and everything else, all your property 6 taxes have dropped off because you've purposely went 7 around the residential areas. 8 The business areas that are in the zones 9 have said on multiple occasions, "We don't want to be 10 annexed." This is not something that we have taken 11 lightly. We have gone through and we have said 12 multiple times we don't -- we purposely bought property 13 outside of the Soldotna city limits. 14 There have been multiple businesses that 15 have been in place for 30, 40 years, and the people are 16 now ready to retire. I personally know of two that 17 have lost sales of their business because of this 18 annexation. Their property values have dropped, and 19 they are not able to sell their business and retire 20 because of this. People do not want to invest in an 21 area inside of the Soldotna city limits. 22 The city's -- many of the council members 23 have told me directly that they don't represent us, and 24 for all intents and purposes, they are correct. They 25 do not, at this moment, represent us. But we do ask</p>

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1 that you listen to us.
2 We don't want to be in the city, we don't
3 want to be annexed, we've purposely bought area outside
4 of it. The city cannot provide the services that they
5 current -- we currently have now. We ask that you stop
6 and re-evaluate, and listen to the people and put it up
7 for a vote.
8 **VICE MAYOR WHITNEY:** Thank you, Mr. Lay.
9 Tracy Lay.
10 **TRACY LAY:** Hi, I'm Tracy Lay. That's my
11 husband Matthew. We own Big Dog Custom on East Poppy.
12 I don't want to be annexed. I want to be able to teach
13 my daughter to ride her ATV in our yard up and down the
14 trails. I want us to be able to shoot our guns safely
15 in our neighborhood and not have to go to a gun range
16 or wherever you guys think we have to go to do it. We
17 have plenty of open woods safely to hunt in around our
18 neighborhoods outside of the city.
19 I don't want to be in there. A good many
20 people don't want to be in there. We didn't buy in a
21 city for a reason. And yet no matter how many times
22 people say no, it seems like you guys are a giant bully
23 who just don't care. We don't want in the city,
24 period. Thank you.
25 **UNIDENTIFIED SPEAKER:** Excuse me, could

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1 you adjust the mic for the next one so we could hear
2 better?
3 **STEPHANIE QUEEN:** Rusty, there was a
4 question if the mic can be adjusted to hear a little
5 bit better.
6 **UNIDENTIFIED SPEAKER:** Oh, yeah. You can
7 just feel free to scoot the mic closer on the stand. I
8 have it turned up about as loud as I can.
9 **STEPHANIE QUEEN:** Sure. Thank you, sir.
10 We will try and remind people to be close to the
11 microphone.
12 **UNIDENTIFIED SPEAKER:** That would be
13 great.
14 **STEVE WRIGHT:** Testing, one, two, three.
15 My name is Steve Wright, I live at 48030
16 Helgeson Avenue, North Echo Lake Road. I've been a
17 resident at that location since 1984.
18 My number one issue with the proposed
19 annexation is the City of Soldotna blue book of city
20 codes and city regulations.
21 Within a stone's throw of my house there
22 is a horse ranch, there is a farm that harvests hay
23 every season, there is another equestrian training
24 neighbor that has horses, cattle, and chickens and
25 goats. All around me is farm community.

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1 And what I need to know is who gives you
2 the authority to change the lifestyle of all my
3 neighbors, to force their city codes and regulations
4 down our throat? We don't want it. We did not -- we
5 chose not to live in the city of Soldotna because we
6 don't want to live like city dwellers, we're country.
7 Okay.
8 My neighbor wants to raise and trains
9 horses, they are Americans, they have the right to do
10 that. You do not have the right to take that from
11 them.
12 Right now I do not live within the
13 boundary areas, it's within a stone's throw across Echo
14 Lake Road from me. But I can see in the future it will
15 expand, and my property will be included. I'm here to
16 speak for the residents that have chosen the country
17 way of life, they don't want to live in the city, and I
18 hope that you will listen to us.
19 I do understand now with your information
20 that anybody that built their business or their home
21 before 1985 will be grandfathered in. That is a good
22 thing. I hope it will apply to everybody that owns
23 property within the boundaries, and we will not have to
24 change our entire life to please the City of Soldotna.
25 Thank you for your time.

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1 **VICE MAYOR WHITNEY:** Thank you, Mr.
2 Michael -- excuse me, Mr. Wright.
3 Mitch Michael.
4 **MITCH MICHAEL:** All right. I don't
5 particularly like speaking in public, so -- and it's
6 rather painful. Hopefully, this will be painful for
7 everybody else here too.
8 My name is Mitch Michael, and I live on
9 the northern portion up on Ridgeway, it used to be
10 called Frontier Avenue, and I support annexation. And
11 the reason I do is because I live one mile from the Y.
12 If there was a gunshot at my house, if we were
13 outdoors, we would hear it.
14 One of the issues with being that close
15 is, which is really bizarre, we had a gerrymandering
16 issue about 12 years ago which took me out of the
17 voting district that was in this area for the assembly,
18 and I won't be able to vote for Mr. Cox because they
19 actually did that. Now I am in the Sterling area. I
20 have no affinity -- a lot of friends in Sterling, but
21 my place is closer to Soldotna.
22 Let me tell you why I think this is a
23 great idea. Protection, police protection. In the
24 past five years, I have had three break-ins at my home.
25 One totaled to almost \$3,000 worth of tools that were

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1 stolen; another time, two broken windows which cost me
2 about \$600; and during the earthquake, I got broken
3 into again in broad daylight. And do you know why I'm
4 not there, why they get away with it? They are doing
5 it in broad daylight. So that was a \$600 door. They
6 didn't get in, but it shows you how close crime is
7 occurring here.

8 Another issue is, and I found this out
9 from a local police officer who is working undercover
10 narcotics, that road is a noted area for drug deals.
11 My next-door neighbor was actually cooking meth in his
12 house, and the house had to be gutted, and the police
13 knew about it and their issue was, "We're looking for
14 the big guys."

15 Another reason coming in is homeless.
16 Two weeks ago I found a homeless camp on my neighbor's
17 property. Why is this all going on? This is going on
18 because we're not in the city of Soldotna. A police
19 officer in Kenai mentioned to me a lot of folks, a lot
20 of crime, a lot of illegal activity doesn't occur in
21 cities in Kenai or in Soldotna, but it occurs on the
22 edges.

23 Because thieves know, they are not
24 idiots -- well pretty damn close -- but they know that
25 they can get away with things outside. A police call

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1 from the state troopers to my house takes four hours
2 even though they are over there. There are more police
3 officers in the city of Soldotna than there is working
4 for the state troopers, and they are covering
5 everywhere from Girdwood almost all the way down past
6 Homer right now.

7 Another issue is road service. I live on
8 a road that is not maintained by -- it is not
9 maintained by the borough. A really nice fellow
10 decided to spill this to the assembly, and a result
11 after five years working of getting road improvements
12 done on the road that I've been paying taxes on is not
13 going to be done because the assembly decided that this
14 was going to be annexed, and they weren't going to
15 invest any money in it.

16 The assembly then goes out and decides to
17 vote a -- almost a no-support of the annexation, but
18 actually they only supported having a vote for
19 annexation.

20 I've got ten minutes here.

21 Also, this comes down to fairness. I
22 like paying taxes like everybody else. The only thing
23 better than not paying for taxes is having somebody
24 else pay for the services you get from taxation. And I
25 think that's -- we should all examine what we

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1 individually want from being in the borough or not
2 being with the borough, but if you are getting
3 something and you're getting something for nothing,
4 somebody else is paying.

5 I'm tired of the borough and the state
6 and the feds paying for things that I feel I have a
7 responsibility to pay for.

8 All right. Thank you. I never talked so
9 fast before.

10 **VICE MAYOR WHITNEY:** Thank you, Mr.
11 Michael.

12 Mr. Don Boston.

13 **DON BOSTON:** My name is Donald Boston. I
14 live in Soldotna, and I've got property in Ridgeway,
15 like, several properties.

16 This guy is wanting to be able to vote.
17 It's, like, I don't know why, I thought we voted on
18 this already, so -- but here we are.

19 If you guys shove this down our throats,
20 we will fight back. We do not want this. My
21 businesses are in Ridgeway because I don't want to be
22 in the city, and that's why they are there. I invested
23 millions of dollars, and I don't want to be subject to
24 city rules and bologna. And no disrespect, but we are
25 going to organize, the businesses around here are going

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1 to organize, and we are going to fight back.

2 And if it has to be at the ballot box
3 come election day, that's where it's probably going to
4 be. Because if it comes down our throats, we're going
5 to come back on everybody that tries to force it down
6 our throats.

7 Thanks.

8 **VICE MAYOR WHITNEY:** Thank you, Mr.
9 Boston.

10 The next five would be Patricia
11 Patterson, Ravin Swan, Rusty Swan, Sean Cude. Please
12 come up here or use the other microphone. Thank you.

13 I'm sorry, I can't hear. (Whispered comment). Okay,
14 then we will move to Jack Foster.

15 Ms. Patterson.

16 **PATRICIA PATTERSON:** Yes. Can you
17 hear -- oh, geez, sorry.

18 My name is Patricia Patterson. I own
19 commercial property on 36312 Irons Avenue, which is
20 just the top part of, I think, Area 7.

21 I'm a person in this community, not in
22 your community, but I belong to this community out
23 here. I am your neighbor.

24 The City of Soldotna has given many
25 opportunities for us to talk to you and express our

<p style="text-align: right;">Page 42</p> <p>1 concerns and give feedback, but you have not heard us, 2 and you have not listened. You have failed the people 3 of this community. 4 You have strategically included proposed 5 lands in annexation based entirely on financial benefit 6 to you. You have failed the people of this community. 7 You have denied local mom and pop businesses the 8 consideration that our business is our home. Even 9 though we don't live there, it is our home, which means 10 you have failed the people of this community. 11 You have justified your option for forced 12 annexation by throwing numbers, graphs, and broad 13 statements of how you meet my needs without regard to 14 this community's need or desire for self-determination. 15 You have failed this community. 16 You have strategically carved out the 17 neighborhoods who need you the most. The Knight Drive 18 area, the low income, that people who truly need you, 19 you carved them out. Shame on you. You failed the 20 people of that part of the community. 21 Your mayor publically announced there 22 would be a vote, and when your mayor left, you did not 23 honor what he said. You failed this community. 24 Your area of forced annexation has taken 25 out almost all voting citizens, it's mostly commercial.</p>	<p style="text-align: right;">Page 44</p> <p>1 you to partner with greed. Your footprint is made up 2 of people, houses, land, and residents. You do not own 3 it, it's not your footprint. And we do not want to 4 become part of it, and we made that choice by where we 5 built and where we live. 6 That's all I have to say. 7 VICE MAYOR WHITNEY: Thank you. 8 Ravin Swan. 9 RAVIN SWAN: My name is Ravin Swan, and I 10 am totally opposed to the City of Soldotna annexing my 11 property, which is located at 34276 Business Park, 12 Frontage Road, K-Beach. 13 I have owned and operated Gama's Designs 14 for the past 25 years and have first-hand experience 15 dealing with the City of Soldotna. 16 For the first 21 years my business was in 17 the city of Soldotna leased with other buildings. In 18 2015 I was able to purchase my own building and 19 property, and I purposely choose to build and buy 20 outside the city limits. 21 Your building codes, your rules, your 22 ordinances are difficult to navigate. They are 23 expensive and make owning a small business in the city 24 limits very difficult. They dictate to where and even 25 if science can be used, your parking lots are required</p>
<p style="text-align: right;">Page 43</p> <p>1 This allows you to retain your local power without 2 having to justify what you -- justify your actions, 3 which means you have failed this community. 4 You have never once considered some major 5 economic changes that are happening in the brick and 6 mortar area. The blueprint of brick and mortar, it is 7 changing so fast that you don't even see it. 8 By expanding yourself three miles and 9 spending the money to expand yourself the four miles, 10 you have not seen the fact that we are all surviving 11 the loss of the brick and mortar. And I predict other 12 than alcohol and fresh food, everything is a worldwide 13 situation now. You are not going to have the gains 14 because you visualize so much brick and mortar being 15 able to make your city bigger. That is not what is 16 happening in our economic base. 17 And sales tax alone, you are the richest 18 city in the Peninsula, which means you have no 19 financial need for my sales tax -- 20 VICE MAYOR WHITNEY: Could you please 21 wrap up? 22 PATRICIA PATTERSON: Excuse me? 23 VICE MAYOR WHITNEY: Could you please 24 wrap up so we can go to the next one? 25 PATRICIA PATTERSON: -- which has allowed</p>	<p style="text-align: right;">Page 45</p> <p>1 to be paved, and you even dictate how to landscape your 2 property. 3 Ms. Queen, you talked about the 4 grandfather clause. That's all fine and dandy until I 5 have to remodel. I want to add on, I want to put 6 another sign up, I have to follow your guy's standards 7 there. 8 If the annexation goes through, property 9 owners will eventually be required to connect to the 10 city's sewer and the city water at a huge cost to us 11 property owners. I will have to pave my parking lot, 12 and I may have to change my signage. I don't want to 13 be forced to do any of these things. 14 My business is currently located on a 15 borough maintained frontage road, and the services are 16 excellent. I don't believe the city could even come 17 close to matching of what the borough does now. 18 So the City of Soldotna cannot provide me 19 with any better roads, definitely cannot provide me 20 with any better police service. Remember, I was in the 21 city for 21 years. I pretty much dealt with, at one 22 time or another, every department in the city. 23 I have read the city's 312 page 24 annexation petition, and in my opinion this is just a 25 money grab to fill your coffers under the guise of</p>

<p style="text-align: right;">Page 46</p> <p>1 funding your city services.</p> <p>2 I, like many K-Beach owners, we don't</p> <p>3 live in Soldotna and will not ever have the opportunity</p> <p>4 to vote on the City of Soldotna affairs or issues that</p> <p>5 will affect my property.</p> <p>6 I will have to pass that additional 3</p> <p>7 percent sales tax onto my customers. Like many small</p> <p>8 businesses, online and internet competition has been</p> <p>9 very difficult to deal with. The increase to that 3</p> <p>10 percent will affect my customers.</p> <p>11 I have worked hard to operate my business</p> <p>12 and finally own my own property. I have dreams of</p> <p>13 expansions, but if this annex goes through, I fear my</p> <p>14 dreams may never be realized.</p> <p>15 Thanks for your time.</p> <p>16 VICE MAYOR WHITNEY: Thank you, Ms. Swan.</p> <p>17 Sean Cude.</p> <p>18 SEAN CUDE: My name is Sean Cude. I own</p> <p>19 SBC Construction Development Group and Peninsula</p> <p>20 Pumping and have operated in that area off of K-Beach</p> <p>21 for 20-plus years and a resident since 1988.</p> <p>22 I own 40 acres of highway frontage there,</p> <p>23 150,000 square foot of building. Millions I've</p> <p>24 invested into that area. And 30 of my acres plus</p> <p>25 100,000 square foot of my real estate will be affected</p>	<p style="text-align: right;">Page 48</p> <p>1 let me build them a new building here or in the Valley</p> <p>2 if it was on city property because of the strict</p> <p>3 zoning. And I don't think any of you understand that.</p> <p>4 It's almost like being in New York City and you are the</p> <p>5 mob and you are just going to take it from us without</p> <p>6 even listening, no vote.</p> <p>7 When we go to build and go forward, every</p> <p>8 build cost, when I have to permit through you, is going</p> <p>9 to go up a minimum of 10 percent in build costs and</p> <p>10 permitting and additional things. I'm already meeting</p> <p>11 all the state, federal, and local codes. It's a deal</p> <p>12 killer.</p> <p>13 You are going to watch the developers</p> <p>14 like me just throw their hands up because we can't get</p> <p>15 people to move in. So when you are doing \$4 or \$5</p> <p>16 million developments a year, and you add \$4- or</p> <p>17 \$500,000 to those projects, they don't pencil out.</p> <p>18 I appreciate what the city is doing and</p> <p>19 beautification in Soldotna, and if I chose to come to</p> <p>20 Soldotna and build, I'll make sure that my numbers</p> <p>21 check out economically to work out.</p> <p>22 But in a warehouse district, a landscape</p> <p>23 plan and a few extra trees doesn't really help get one</p> <p>24 more penny of rent.</p> <p>25 I got one other issue. I have a</p>
<p style="text-align: right;">Page 47</p> <p>1 by this.</p> <p>2 I have tenants in there, Coffee Roasters,</p> <p>3 Whitey's, Big Daddy's Pizza, they are hanging on by a</p> <p>4 thread. They are month-to-month and barely making it</p> <p>5 in our community. And just like Ravin said, they want</p> <p>6 to move a light switch, and we have to come permit it</p> <p>7 and change signs and everything that we do, they can't</p> <p>8 afford another nickel of rent. It is really going to</p> <p>9 impact everything that goes forward for developers.</p> <p>10 I'm one of the largest developers on</p> <p>11 K-Beach and have invested more in that whole K-Beach</p> <p>12 corridor in the last four or five years than anybody.</p> <p>13 I don't want to be part of the city. I</p> <p>14 chose to buy property there, invested millions to not</p> <p>15 have to go through the regulations. You guys see my</p> <p>16 buildings, I build nice buildings. I run them through</p> <p>17 the state fire marshal. They meet all the local codes,</p> <p>18 standards, and everything. But I don't need an</p> <p>19 industrial warehouse district to have a landscape plan</p> <p>20 or a signage plan.</p> <p>21 You know, I own a scrapyard in Anchorage.</p> <p>22 We had to plant 150 trees behind a privacy fence to</p> <p>23 meet Anchorage's landscaping plan. That's not what I</p> <p>24 want.</p> <p>25 Ferguson Plumbing, they would not even</p>	<p style="text-align: right;">Page 49</p> <p>1 five-acre septic treatment facility that's behind</p> <p>2 Northstar that's in part of this area too. I'd really</p> <p>3 like to see how we're going to zone, permit, and do</p> <p>4 improvements on a sewage treatment facility that you</p> <p>5 guys have never even dealt with. It's not even a</p> <p>6 normal building.</p> <p>7 I hope that you listen, because I think</p> <p>8 there's been one yes and a whole lot of no's, and it's</p> <p>9 not what we want.</p> <p>10 VICE MAYOR WHITNEY: Thank you.</p> <p>11 Mr. Foster.</p> <p>12 JACK FOSTER: Hello. I'm Jack Foster,</p> <p>13 and I've got a gravel pit right there by Sean there, 60</p> <p>14 acres-plus, 44484 Knight Drive.</p> <p>15 And you know, I don't have any intentions</p> <p>16 or -- I don't want you guys to annex that. You know, I</p> <p>17 was here a couple of years ago and spoke my piece, and</p> <p>18 thankfully Dave Carey, you know, stood up for us people</p> <p>19 out here, and I wish he was still here.</p> <p>20 We put that street in that goes into our</p> <p>21 gravel pit right by the car wash. We put water and</p> <p>22 sewer for the city, it was a city job when Steve</p> <p>23 Bonebrake was here, and I can't even get the city to</p> <p>24 maintain that street. They will maintain Knight Drive</p> <p>25 west, but they won't come and do, you know, that little</p>

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1 short street. So I plow the snow, you know, and I sand
2 it, and I take care of that for Ron's car wash and
3 ourselves. And I've tried them two occasions to get
4 that line extended into our office so we could have
5 water and sewer.
6 So, you know, I look at areas like out
7 toward the golf course, you know, there's not been any
8 expansion of water and sewer out in that direction.
9 There's a lot of businesses out there that deserve
10 that, but it's not feasible money-wise, or otherwise
11 you guys would probably be out there, but yet they
12 deserve it because they are in the city.
13 And sometimes maybe -- maybe you've got
14 to put the money out, you know, to satisfy the people
15 that's in the city already before you go annex other
16 parts of the city.
17 So anyway, I'll let you know I'm opposed
18 to it. I appreciate you listening.
19 **VICE MAYOR WHITNEY:** Thank you, Mr.
20 Foster.
21 The next five would be Mary Hutchison,
22 George Pierce, Ed Granger, and I'm not sure if the
23 other person there wishes to testify -- I'm not quite
24 sure how to say the name -- and Marcella Bremond and
25 Susan Mathews.

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1 Ms. Hutchison, thank you.
2 **MARY HUTCHISON:** Hello. My name is Mary
3 Hutchison. I do not have property in the area that is
4 proposed, but I'm close to it. And in ten years from
5 now I'm not looking forward to the city expanding to my
6 area.
7 But I was wondering if I could get a vote
8 of the ones that are in the proposed annexed area to
9 just raise your hand if you are for the proposed
10 annexed areas, could I just see your hand if you are in
11 the area? We have one. And can I see the people
12 against that are in the area? Okay.
13 So there are things that have been said,
14 and I hope you listen to them all, and thank you very
15 much.
16 **VICE MAYOR WHITNEY:** Thank you.
17 George Pierce.
18 **GEORGE PIERCE:** My name is George Pierce,
19 and I live in Kasilof. I don't have no dog -- fight in
20 this mess, but it's obvious these people want to have a
21 voice, and for you to sit up here and think you are
22 above everybody is wrong.
23 Soldotna is not a very friendly city.
24 They want to charge and charge and charge. I can go to
25 Kenai and buy twice as much food as I can down here

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1 because you've overpriced everything. You are running
2 more people away than you are getting into your city.
3 You are not a very friendly city.
4 You want to always -- you've got to get
5 your budget under control. You've got way too much of
6 a spending problem. You have got to change the way you
7 are figuring things out here.
8 So I hope you are keeping count of all
9 the people that are against it, and I am against it. I
10 don't want you coming down to Kasilof, and I can see
11 where that would go too. You know, you think you can
12 get away with taking this property. Next thing you
13 will be going down to Anchor Point or something.
14 So it's really disgusting that we have to
15 come up here and waste our time to tell you folks what
16 we want you to do. It's a bad idea. So listen to the
17 will of the people, try that for a change, will you?
18 And quit charging so much money for
19 everything. You are running businesses away instead of
20 getting them into you. That's all I have to say.
21 **VICE MAYOR WHITNEY:** Thank you, Mr.
22 Pierce.
23 Ed Granger.
24 **UNIDENTIFIED SPEAKER:** Say it again.
25 **VICE MAYOR WHITNEY:** I'm sorry.

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1 **UNIDENTIFIED SPEAKER:** I said, "Say it
2 again."
3 **VICE MAYOR WHITNEY:** Ed Granger.
4 **ED GRANGER:** I can talk, I just can't
5 hear too well, okay.
6 Anyway, I'm Ed Granger, and I'm very
7 privileged to be able to address you guys today on
8 this.
9 We live in Sterling, and the reason we
10 live in the Sterling is we moved down there about 12
11 years ago to get away from government. You know, good
12 government is small government, and I see your proposal
13 is going in exactly the opposite direction.
14 This fellow that was up here just a
15 minute ago concerned about these squatters that's
16 living around here, "If they were just in the city,
17 there wouldn't be squatters there," he said.
18 Well, he ought to take that message and
19 send it to L.A., San Francisco, Portland, okay, because
20 a city is not all that effective in those places. I
21 wouldn't expect this one would be any better.
22 But let me say I compliment you for
23 putting up with the job that you have, because it's not
24 an easy one. But you've got to look at your motivation
25 for doing this, and all you've got to do is follow the

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1 money.
2 And these people moved here for the same
3 reason we did, these objectors I should say, because
4 they wanted to stay out of the government clutches, and
5 I don't see that proposal coming down from your
6 initiative.
7 You know, and a little -- and I'll be
8 done here in just a minute -- you look at what's
9 happening, what I heard here today, and I'm somewhat of
10 a stranger, I haven't been following this like I
11 probably should, but I see the threat even to Sterling.
12 You know, you are coming down the road and coming down
13 the road, and although I may be sixth, I'm afraid I'll
14 still be around when you hit Sterling.
15 But just in case I am, I want to be able
16 to tell my kids and grandkids that I objected to it
17 early on and you didn't listen.
18 You know, one thing that I've noticed of
19 what I've heard here today is that you've done several
20 studies, hearings, and discussions among yourselves and
21 between yourself and the public, but these studies that
22 you keep coming up with, if you look at them, you've
23 got to ask, "Who is paying for it? Who paid for those
24 studies?" The assembly did, the council members did.
25 And why did they did it -- did that, is because they

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1 were motivated.
2 So the guy that's working for the people
3 that is paying for the study, do you think he's going
4 to come up with something that you don't want? Of
5 course, he isn't. I've been involved in studies like
6 that where I was the one that was doing it for the
7 customer. So of course it's going to come out heading
8 in the direction you wanted it to go. To me, that
9 makes it invalid.
10 This whole thing that you've got going
11 should, in fact, go to the public vote. I mean, when I
12 say "the public," not just Soldotna, they shouldn't be
13 able to drive this nail into the coffin all by
14 yourselves. It ought to be out there where you've got
15 some fair representation on the subject.
16 But thank you again for the privilege of
17 being here.
18 **VICE MAYOR WHITNEY:** Thank you, Mr.
19 Granger.
20 Marcella Bremond.
21 **MARCELLA BREMOND:** Hello. My name is
22 Marcella Bremond, and you can find me at P.O. Box 1588
23 in Kenai.
24 But I have property across from K-Beach
25 Elementary, directly across, and I'm a daughter of a

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1 homesteader. That was a homestead back in the day.
2 And at present I'm not in the target, but
3 it's just a matter of time. I mean, I am -- these are
4 my people, and what is not happening directly at this
5 moment based on our last couple of meetings, I know
6 that eventually there's a good chance you are going to
7 come back for those pieces that you didn't get before.
8 The services that you guys call benefits
9 are no benefit to anybody here, nobody wants them. The
10 people that you are serving those services to, they
11 came to you and asked for them. But nobody in this
12 room, aside maybe for the gentleman there, wants any of
13 the services that you are offering. I don't want your
14 city water. I don't need police protection from
15 Soldotna police. All of us -- most of us probably have
16 guns, we can take care of ourselves. There's nothing
17 that you are offering that is something that we want,
18 and we try to tell you that.
19 But I stand with all these people because
20 I will be a target again when you are done trying to
21 take from them what you want, and I just want to oppose
22 that, because I'm not interested at all in being a part
23 of the city, none of us are. We don't want to be in
24 the city of Soldotna at all.
25 And so I'm not sure where it's going to

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1 end, but we will continue to push, just like you push.
2 We will continue to fight so that we can remain outside
3 of the city and conduct business like we do, be a part
4 of this community without actually being a part of the
5 city.
6 It's possible, but you are not offering
7 anything that we need. And we don't mind contributing,
8 and we don't mind being a part, but we don't need to be
9 in the city to actually be functioning, supporting
10 people of the community.
11 So that is what I'm here to say, is that
12 I just do not want my property ever to be a part of the
13 city. And like many people have said before, it's why
14 we are not in a city. Any of us can move to the city
15 at any time we wanted to, but we don't because we don't
16 want to be a part of the city. And I understand the
17 city needs to grow, but maybe you should consider
18 growing in the other direction, because there's plenty
19 of land going the other direction. But I understand we
20 all know this is about you guys making more money from
21 us.
22 It's a small number, 400-some people is
23 not much. But really, all those business owners out
24 there, you see money, you don't see people, you see
25 their money, and it's a shame.

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1 So I just wanted to say I do not want to
2 be a part of annexation ever, I never want to be part
3 of the city, and neither do any of these people.
4 **VICE MAYOR WHITNEY:** Thank you.
5 Susan Mathews.
6 **SUSAN MATHEWS:** Hi. I'm Susan Mathews, I
7 live at 46150 Sather Court. I'm a K-Beach area person,
8 and I identify myself as a K-Beach area person.
9 K-Beach is a community. It doesn't have
10 lines excluding and including, but K-Beach is a tight
11 community, we support each other.
12 You're trying to take away all the
13 businesses from that community who honestly work
14 together. It's a community. We support each other.
15 I'm just one person. My land is not,
16 this time, within the annexation program, but as many
17 other people have said, it probably will be in some
18 future time when you actually want the residential
19 areas.
20 I have big concerns about the way that
21 the process has gone. I compliment you. You followed
22 every step, every meeting that you needed to have, you
23 just haven't listened to the responses. There is a lot
24 of us out there.
25 I don't have a business stake. I don't

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1 have money riding on it. I have my life and how I live
2 it with my friends and the people in that area. And I
3 think it's more than just 400-some people that you are
4 trying to annex. There's a lot more people who will be
5 affected by that.
6 And I sincerely wish that these meetings
7 would end up in someone listening. I don't see that
8 happening. It's been going on for so many years. Just
9 this last has been three years of so many meetings, so
10 much time and effort from all these people who take
11 away from businesses, take away from family time to
12 come and say, once again, please, we don't want to be
13 annexed.
14 Thank you.
15 **VICE MAYOR WHITNEY:** Thank you.
16 Next up will be Charles Henry, Griselda
17 Mustard, Brian Olson, Gene Moyer, and Dan Green.
18 Mr. Henry.
19 **CHARLES HENRY:** Mr. Vice Mayor, council
20 members, and city manager and clerk, thank you for
21 showing up today and allowing us this opportunity.
22 Personally, I'm here to talk to these
23 folks and you. I am a Soldotna city resident, and I'm
24 against the annexation based on the idea that you are
25 going to annex some people and you are not going to

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1 provide services.
2 I already live in the city of Soldotna,
3 and you guys fail. I have to call repeatedly to get my
4 road graded. Oftentimes, I just have to use my work
5 truck and grade my own way out in the snow.
6 You can tell I'm a little bit nervous up
7 here, so.
8 Twenty-three percent of Soldotna
9 residents do not receive basic services, that's in your
10 study. I'm here to say you need to provide services to
11 all of Soldotna before you annex and try to tax another
12 group of people. It's just wrong. It's like
13 colonization, we don't do that anymore.
14 That's all I've got to say. Thank you.
15 **VICE MAYOR WHITNEY:** Thank you, Mr.
16 Henry.
17 Ms. Mustard.
18 **GRISELDA MUSTARD:** Hi. My name is
19 Griselda Mustard, I'm from Soldotna, Marydale Avenue.
20 Everybody said what I wanted to say. I need to
21 reinforce all of this.
22 We don't want it. I mean, I do a lot of
23 business with all these businesses, I've been up here
24 for 40 years, and I love it, raised my kids. And now
25 everything is going to change and go up higher. And

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1 really that's what I want, is you not to have the money
2 and us to have the money.
3 So that's how I feel. Thank you.
4 **VICE MAYOR WHITNEY:** Thank you.
5 Mr. Olson.
6 **MR. OLSON:** Brian Olson, Soldotna,
7 Alaska.
8 Forced annexation is anathema to the
9 democratic process. It appalls me that in this day and
10 age the Soldotna City Council, who do not represent the
11 folks living outside the city limits, can annex land
12 without the explicit consent of the residents and the
13 businesses.
14 Borough residents have zero
15 representation on the city council but will have their
16 property rights and lives forever changed.
17 We went through this ugly and contentious
18 process when Soldotna attempted to annex us back in
19 2005 to 2008. It resulted in many people in the
20 borough having strong feelings towards the city for
21 trying to annex property without a vote.
22 The only reason many of us are not city
23 residents today is because of a veto by then-Mayor Dave
24 Carey. Thank you, Mayor Carey. He espoused the same
25 views our forefathers did. Nowhere in America should

<p style="text-align: right;">Page 62</p> <p>1 any citizen be governed by people they did not elect, 2 that is taxation without representation. 3 Nothing is different this time around. 4 In fact, the anger towards the city has risen, and the 5 overwhelming majority of borough residents are 6 adamantly opposed to any annexation without a vote. 7 It appears the city couldn't care less 8 about the wishes of the residents who will be 9 irreversibly affected by this. You have shown complete 10 disregard of the impact annexation will have on borough 11 residents, not just those in the selected areas. 12 Borough residents have packed the city 13 hall for the past five years explaining we do not want 14 to be annexed. The city was presented with petitions 15 and polls showing that over 90 percent of all the 16 businesses in the affected areas were opposed to 17 annexation to no avail. Even your own \$50,000 18 consultant reported the overwhelming opposition against 19 forced annexation. 20 Last September, the Kenai Peninsula 21 Borough Assembly passed Resolution 2018-036, a 22 resolution opposing the City of Soldotna plan to annex 23 adjacent property without seeking voter approval. This 24 body of government represents over 50,000 residents of 25 the Kenai Peninsula Borough. We are all proud to live</p>	<p style="text-align: right;">Page 64</p> <p>1 GENE MOYER: Gene Moyer, I live off of 2 Echo Lake Road. I have apartments outside of the city 3 of Soldotna. My tenants are not all the ones that can 4 afford an increase should you ever annex that just on 5 down Echo Lake Road. 6 But my first question is, is there 7 anybody in this audience or anybody here that's on that 8 boundary commission? Anybody? How come we don't have 9 anybody in the boundary commission here to hear all 10 this opposition? Is that something they are 11 restricted, not supposed to listen to these public 12 hearings? I'd really like to know an answer to that. 13 Anybody give it to me? Nobody seems to want to. 14 Do you remember MarkAir? They did a good 15 job here for a while, but all of a sudden they wanted 16 to expand. Guess what happened to MarkAir? They went 17 down. 18 I see that with Soldotna. You are a good 19 little city. Make it a better city. Make it better. 20 Do the things. Some of these folks said they need more 21 services. Take that money that you are spending around 22 and take care of your people inside the city so those 23 people are happier, and maybe the next time they might 24 support. 25 But let's look at this thing. Maybe you</p>
<p style="text-align: right;">Page 63</p> <p>1 in a free and democratic society, which our country was 2 founded on those principles. 3 When a city government, who does not 4 represent me or my neighbors, can force any of us to 5 become a resident and taxpayer to your city against our 6 will, but we do not get to vote for you, that's wrong 7 on every level. 8 People who chose to live outside the city 9 do so of their own free will and for their own reasons, 10 more freedom, less government regulations than living 11 in the city. Annexation will economically benefit the 12 city while we lose our current freedoms. 13 This meeting today is nothing more than 14 another check in the box to justify this petition for 15 annexation to the LBC. So now what? 16 If our elected officials claim to listen 17 to the will of the people, then we encourage Senator 18 Micciche, Representative Knopp, Representative 19 Carpenter, Representative Vance to stand up and fight 20 on behalf of the overwhelming majority of their 21 constituents. 22 VICE MAYOR WHITNEY: Thank you, Mr. 23 Olson. 24 Mr. Moyer. Gene. Gene Moyer, okay. I 25 told you I would mangle it at the very beginning.</p>	<p style="text-align: right;">Page 65</p> <p>1 could annex certain areas that want to be annexed 2 instead of this broad spectrum. 3 I support probably, oh, I guess, a third 4 of the businesses on K-Beach. Every one of those guys 5 are there because they want to be outside the cities. 6 They don't want Kenai, they don't want Soldotna, they 7 want to be out there where they can control their 8 destiny. 9 So I think that I've spoken before, and 10 I've only heard one person supporting this. So I would 11 really like to encourage you folks to think about your 12 votes when you decide to either go forward or go 13 backwards or stop. I think the stop is the key to the 14 thing. Thank you. 15 VICE MAYOR WHITNEY: Thank you. 16 Mr. Green. 17 DAN GREEN: My name is Dan Green. I own 18 property in the city of Soldotna, and I own property 19 outside the city of Soldotna in affected areas, more 20 than one piece. I live at 37464 Mackey Lake Road is 21 where I reside. 22 I'm sure this council is sick and tired 23 of listening to the annexation testimony, therefore, 24 I'm going to keep my testimony very short. 25 You've already heard all the concerns on</p>

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1 force annexation, and you are apparently deciding to
2 move forward and completely ignore these issues.
3 Numerous times over the years the people affected by
4 annexation have sent a message loud and clear to this
5 council that they are not in favor of annexation,
6 especially forced annexation.
7 So what are we doing here today? Is this
8 simply another hearing required to complete the
9 annexation process so the city can check all the boxes
10 and submit the final petition to the boundary
11 commission? Is this hearing a waste of people's time
12 or are the six individuals, are you six individuals
13 going to seriously consider the requests of these
14 people that are testifying here today? Do you not care
15 how forced annexation affects this group of property
16 owners? I don't understand that. It's beyond me.
17 This annexation effort is going to
18 dramatically change people's personal property rights.
19 You seem to have no interest in allowing a vote, and
20 that's unfair, and unnecessary, and unjustified. You
21 are affecting these people's lives, their property
22 rights, and you don't seem to care.
23 We have members of the state legislative
24 branches here today, and it's my hope they are
25 listening. If this annexation petition works through

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1 the boundary commission and is submitted to the
2 legislature, I certainly hope our representatives take
3 this group's concerns seriously and veto this effort at
4 that level if necessary.
5 Forced annexation, my friends, is wrong.
6 It's rarely done in this country anymore. Many states
7 don't even allow it. It's disappointing to me how six
8 council members ignore these people and not give them a
9 voice. Allow them the right to vote. Sell the
10 benefits of annexation. Show them how this improves
11 their position in life.
12 Please, I'm almost going to beg you guys,
13 don't ram annexation down their throat. It's wrong,
14 it's unacceptable, it's unjustified, and it's
15 unnecessary. Thank you.
16 **VICE MAYOR WHITNEY:** Thank you, Mr.
17 Green.
18 Michael Modreel, Megan Swanson, Trevor
19 Earll, and Kelley and Andy Cizek.
20 Michael.
21 **MICHAEL MODREEL:** Good day. I'm Michael
22 Modreel, store manager of Alaska Ammo on K-Beach, 43687
23 K-Beach Road.
24 I consider myself and Alaska Ammo as part
25 of the Soldotna community, but the owner of Alaska Ammo

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1 and myself are against annex.
2 If the annexation goes through, Alaska
3 Ammo won't be part of the community for long. The lack
4 of city tax has allowed new businesses like Alaska Ammo
5 to come to the area. The new businesses in the area
6 help out the people in city limits with employment and
7 new companies to add to what's available in the area.
8 Operating within city limits will prevent
9 growth that Alaska Ammo needs, not just taxes that
10 could otherwise be used to develop the location, but
11 also a proposed indoor gun range.
12 We will not benefit from the city
13 services in a way that will better our growth. As it
14 stands right now, we have a good deal of business that
15 we get through our doors solely because we don't have
16 city taxes. If this passes through, we lose that edge
17 over big businesses in the area, namely Sportsman's.
18 We have nothing to gain and business to lose when this
19 passes. Thank you.
20 **VICE MAYOR WHITNEY:** Thank you, sir.
21 Megan Swanson.
22 **MEGAN SWANSON:** Hello. I am Megan
23 Swanson, I am actually a property owner of the city of
24 Soldotna, and I also have interest in the annexed
25 areas. My family owns and operates several businesses

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1 in the K-Beach area and have since 1983.
2 We are Concrete Ready-Mix, and many of
3 you know Davis Block used to be inside the city limits,
4 and they have therefore now moved outside into an area
5 just outside of the annexation area. It actually ends
6 at the boundaries of our property, which as you guys
7 stated -- or in the petition it states an unfair
8 advantage for businesses inside the city limits
9 competing with those that are directly outside of the
10 city limits, and that is exactly what you would be
11 forcing our business to do would be the opposite. You
12 would be forcing us into the city and forcing unfair
13 advantage onto our business.
14 Also, we have several road maintenance
15 contracts through the borough that we have, as a
16 company, invested hundreds of thousands of dollars into
17 equipment to support road maintenance. Many of our
18 contracts will actually be affected during this
19 annexation.
20 And I would just like to question how
21 exactly city government thinks that they can provide
22 better services to residents than the small businesses
23 you will be directly taking money from people that you
24 are trying to support in your communities, you know,
25 making people have to move, relocate. We are losing

<p style="text-align: right;">Page 70</p> <p>1 jobs. We'd be losing funding simply by the city taking 2 over certain areas that is being maintained very 3 effectively by borough subcontractors. 4 You also had -- in the petition it 5 discusses, and the gentleman down there for the city, 6 you know, for the annexation stated that he doesn't get 7 any troopers or anything in that area. But in the 8 petition it discusses that the city is already offering 9 city services, like police efforts, to close outlining 10 and surrounding areas. But if that gentleman lives 11 just a block away and he's not getting any, you know, 12 police, then where are you guys sending your city 13 police officers to that are not currently inside the 14 city limits? 15 And then -- discussing about the schools 16 and how there was over 2,000 students that attend 17 schools inside the borough -- or inside the city. Most 18 of them live inside the city limits and their -- that's 19 their schools, where their boundaries are. 20 I just hope you guys really think about 21 what you are possibly doing to local businesses that 22 don't want to be inside in the city limits, that have 23 chosen for 20, 30, 40 years to be outside the city 24 limits, and now you are forcing this upon us. 25 And as far as my experience goes</p>	<p style="text-align: right;">Page 72</p> <p>1 see the effect. You know, I go to Save-U-More, and 2 extra 3 percent is an extra 3 percent, and you add that 3 up over the year, and of course the five years, it adds 4 up to a sum. 5 I'll also echo that the road service that 6 I already have through the borough contractor, and I 7 don't know if it's Ms. Swanson's family doing it or 8 who, they do a wonderful job. I've lived on Silverweed 9 Street, I grew up on Silverweed Street, which I don't 10 think is included, but it's off of West Poppy, and we 11 were maintaining it ourselves, and that was back before 12 it was -- is developed as it is now. 13 I'm relatively fresh out of high school. 14 I got out of high school, like, six or seven years ago. 15 I took Alaska government, and the whole thing was you 16 have a voice, and let it be heard. 17 It's not news to you folks, and I 18 appreciate the eye contact by the way, that we don't 19 want this. These services, these benefits are not 20 being asked for. We are not giving consent, which is a 21 huge thing in other aspects of social interaction. 22 So why is it that something like this, 23 something that affects us, the lifestyles that we 24 maintain, not necessarily the money, because if the 25 borough property taxes are, in fact, more expensive</p>
<p style="text-align: right;">Page 71</p> <p>1 personally with the city, I have a property that is on 2 one of the only gravel roads in the city, and it is 3 never maintained. 4 And like many people have said, focus on 5 maintaining the city. Bring the standards up to what 6 you guys are expecting for your small area and leave 7 the rest to be done as is, because it seems to be doing 8 just fine. Thank you. 9 VICE MAYOR WHITNEY: Thank you, Ms. 10 Swanson. 11 Trevor Earll. 12 TREVOR EARLL: Trevor Earll, I live on 13 Commerce Street across from where Ravin has Gama's 14 Design. 15 I will just echo what everyone said. The 16 first lady who spoke said she wants to be able to teach 17 her daughter how to ride an ATV. I have a 3-year-old, 18 I want to be able to do the same thing. 19 Squirrels come into my yard, I want to 20 blow them away, not necessarily with a shotgun, that's 21 a little overkill, but I also don't want the, you know, 22 cops showing up because I'm trying to get rid of a 23 pest. 24 Businesses, I don't personally own 25 businesses or property or anything like that, but I can</p>	<p style="text-align: right;">Page 73</p> <p>1 than city taxes, that would be a good thing for me, but 2 it's the lifestyle change. I don't want that. I want 3 the freedom. I want to be able to throw up a shed and 4 not have to worry about whether it's in code. 5 I just built a deck this summer that I 6 put a lot of research into and even looked up the City 7 of Soldotna's recommendations for snow load, because 8 annexation, I wanted it to be right, plus I didn't want 9 it to crap out on me either. But that's something that 10 I want to take upon myself to build it the way I wanted 11 to because I had the money to do it. There are other 12 people that need to do things around their homes who 13 don't necessarily have the access to financial 14 resources like I do. 15 And the other thing, too, is this isn't 16 representative of everybody who lives here. I have 17 buddies on the Slope right now who aren't here but live 18 in the affected zones, and I know they are pissed off 19 and mad about it. 20 So I would appreciate it if you guys 21 would listen to us and put it up to a vote, and then 22 vote no and just quit. Improve the city with the sales 23 tax dollars that we provide shopping at Safeway or Fred 24 Meyers and all the other businesses, and do good with 25 what you got, and let us live our lives. Thanks.</p>

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1 **VICE MAYOR WHITNEY:** Thanks, Mr. Earll.
2 Mr. Cizek.
3 **ANDY CIZEK:** Good afternoon, and thanks
4 for the opportunity to express our opinions. I do hope
5 it's heard, as the rest do as well.
6 We live just outside of Soldotna up above
7 the Food Bank there, but we do have several rental
8 properties in the area, proposed annexation.
9 And this isn't the first time it has come
10 up. It was only a few years ago that we were doing the
11 same thing, and it got voted down, and it was like six
12 months later you guys tried another one, "Well, maybe
13 if we don't tax the people who are renting these
14 places, maybe we can get the vote through." Well, no,
15 it didn't pass then again.
16 Okay, so it's kind of a broken record,
17 you guys. And, I mean, there's been more than that.
18 This is just fairly recent in the last few years that
19 this has all taken place.
20 And as far as your services provided,
21 when we drive into Soldotna, especially your snow
22 plowing, you guys, it drives me insane. You plow the
23 road, and you put the snow in the middle of the road.
24 Are you trying to stop traffic? I don't quite get it.
25 You know, so and then you are paying

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1 extra numerous amounts of money to have dump trucks
2 haul it off, okay. And these are private people, as
3 well as your dump trucks. I see it happening
4 periodically when I come into town. But try to save
5 money, not -- not see how fast you can burn it up,
6 okay.
7 As far as police go, dear Lord, we've got
8 more police in this area than you can shake a stick at.
9 Like I say, we live above the Food Bank, and the
10 few-mile drive into town, if you don't pass at least
11 two cops, they are at the coffee shop. It's crazy.
12 We've got more cops than we know what to do with, and
13 I'm talking Kenai -- I've seen Whittier cops on
14 K-Beach, the Alaska Wildlife Troopers, the highway
15 patrol, the state troopers, the Soldotna cops, I mean,
16 you name it, they are all over the place, okay.
17 And as far as if this taxation goes
18 through, it's going to grow government. And right now
19 we can't afford to grow government on the backs of a
20 hurting economy, okay.
21 In our rentals, I would say that 75 to 90
22 percent of the people that have moved out in the last
23 few years have been going out of state, okay. Why are
24 they leaving? Lack of jobs, okay, that's the biggie
25 anyway. That's what they -- you know, "I just got laid

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1 off from the Slope," or "I just..." you know, blah,
2 blah, blah.
3 So more taxation is going to drive more
4 out, okay. So you guys are kind of going down the
5 wrong road -- not kind of, you are going down the wrong
6 road -- unless you want to chase more people out, and
7 that's going to hurt your tax bases more yet.
8 Roughly every time we come into Soldotna
9 we are paying taxes, okay, whether it be at the grocery
10 store or at Trustworthy or where the heck ever you are
11 buying things at. You are taxed on food, you are taxed
12 on shopping, taxed on the airplane parking.
13 And you guys, you know, all I ever hear
14 is, "Oh, you can't take care of the airport because oh,
15 we are too busy doing everything else." And, you know,
16 granted, I believe you are, but if you can't do what
17 you're already slated to do, don't try to eat more,
18 okay, don't try to take on more.
19 I see my time is up. I did have a few
20 more things to say, but thank you for your time.
21 **VICE MAYOR WHITNEY:** Thank you, Mr.
22 Cizek.
23 Next will be Duane Bannock, Charles
24 Jackson, Terry Berger, and Daniel Lynch.
25 Go ahead, Mr. Bannock.

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1 **DUANE BANNOCK:** Good afternoon. Thank
2 you for being here, especially on a Saturday afternoon.
3 Thank you for hearing my comments.
4 My name is Duane Bannock. Today I am
5 representing three different companies, Shilling
6 Rentals, D&M Property, and Irini. Collectively those
7 three -- located at 47 Spur View Drive in beautiful
8 downtown Kenai, Alaska.
9 If I remember the three questions, no,
10 I'm not a city resident of the city of Soldotna; the
11 companies that I'm representing have businesses in Zone
12 4 and 5; and forgive me, I cannot remember question No.
13 3.
14 Those aforementioned companies do have
15 seven different parcels located within Zone -- Areas 4
16 and 5. We wholeheartedly agree with Ms. Queen
17 regarding the services provided by the City of
18 Soldotna; however, as Zone -- Areas 4 and 5 are largely
19 commercial districts -- and for the record, we have
20 zero residential properties in any of those parcels --
21 those services provided are likely not beneficial
22 towards us.
23 Back to the question of my residency
24 within your city, I find that a curious question. Does
25 my voice matter more or less based on the answer to

<p style="text-align: right;">Page 78</p> <p>1 that question? The irony of that question is 2 overwhelmingly people that do not live in your city and 3 don't want to live in your city. 4 Finally, while there is little doubt in 5 my mind of the outcome of your actions at your next 6 city council meeting, as responsible tax-paying and 7 local property owners, we wish to strenuously object 8 and formally lodge our objection to being included in 9 your annexation process. Thank you. 10 VICE MAYOR WHITNEY: Thank you, Mr. 11 Bannock. 12 Mr. Jackson. 13 CHARLES JACKSON: Hello, I'm Charles 14 Jackson. My family moved to our homestead in '57 out 15 on K-Beach. We were in your earlier proposal of 16 annexation, but you kindly dropped us out of that. 17 We are an agricultural family. We've 18 been doing that since we first cleared our homestead in 19 '57. Other family members continue to farm the land, 20 and becoming part of the city takes that away from a 21 lifestyle that we've had for 60-plus years. 22 Other people that moved to this area 23 moved here because they wanted to be in the country, 24 not to be in a city. And once you get included in a 25 city, then your restrictions about what pets, animals</p>	<p style="text-align: right;">Page 80</p> <p>1 VICE MAYOR WHITNEY: Thank you, Mr. 2 Jackson. 3 Mr. Berger. 4 TERRY BERGER: Hi. My name is Terry 5 Berger, and I'm not a resident of Soldotna. I have 6 property that is in Area 4 that is being considered for 7 annexation, and I live on Community College Drive. 8 I shop in Soldotna. I shop in Kenai. 9 They are both nice towns. Kenai is not telling me that 10 I shouldn't deserve to be able to use your library because 11 I'm not part of Kenai. Soldotna is evidently doing 12 that. 13 I've been to a number of these meetings, 14 and everybody says, "No, we don't want to be annexed 15 into Soldotna." We have talked to you guys plenty of 16 times, and it just doesn't seem to register with you. 17 In the last Soldotna meeting I went to, 18 we had three minutes to speak, and after we were done 19 the council members could go ahead and speak 20 afterwards. And one of them said, "Well, you guys are 21 saying no, but you are not a significant amount of the 22 area that's being annexed." So I guess that means 23 we're not really -- that we are insignificant to you 24 basically. 25 I've been to, like I say, numerous</p>
<p style="text-align: right;">Page 79</p> <p>1 you can have, what you can do with your own land gets 2 put aside. Our land is our land. We have the right to 3 do with our land as we see fit, not as someone else 4 sees fit. 5 As members of this council, you are 6 there, you weren't appointed, you were elected, 7 correct? You were elected to your position, you ran 8 and were voted for? And I don't see any constituents 9 out here, to speak of, that voted for you that are 10 standing behind you right now to say, "Yeah, we want 11 you to annex these different areas." 12 It seems like when people come into an 13 elective office, they seem to forget about the people 14 that elected them, they forget about the people around 15 them. 16 Please listen to the people. This is a 17 country of the people and for the people and by the 18 people. 19 When we first came here, we weren't even 20 a state, we were a territory, the Territory of Alaska 21 because we wanted to be part of the Last Frontier. And 22 we don't want to be part of a city. And all these 23 people here are voicing the same thing, they don't want 24 to be part of a city. So please listen to them and 25 take their words to heart. Thank you.</p>	<p style="text-align: right;">Page 81</p> <p>1 meetings of these, and everybody says no, but it just 2 doesn't matter to you. 3 I have the services I need, the borough 4 provides those. I don't need anything from the city. 5 The city is not going to give any real services. 6 They've told us that at the meetings, "Well, we might 7 be able to get a cop coming through or something." My 8 roads are plowed, they are taken care of. I've got 9 dust control, everything else. I don't really care 10 about that. 11 You say I can have a voice in the city. 12 Okay. I've been saying, "No, I don't want to be 13 annexed." This spring the voters said, "No, we don't 14 want to spend millions of dollars on a sports center," 15 and it was voted down. 16 Well, the first thing that happens the 17 next day or so in the paper was you get people are 18 saying, "Well, we are going to bring it up to a vote 19 again, we just have to reach these people better." I 20 don't want that. That's exactly one of the reasons I 21 don't want to be part of this city. You guys don't 22 really listen to what the people want. 23 And then efficiency, you are going to 24 have to hire more people. And I'm going to have to be 25 thinking about, "Gee, there's four people standing</p>

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1 there doing one person's work," when I drive by, now
2 I'm going to be part of that, I'm going to be paying
3 for those wages.
4 If I wanted to live in the city, I would
5 have bought property in the city. And I'm just in
6 agreement with everybody else that's here.
7 Towns generally are formed because
8 there's an area of opportunity. The city doesn't
9 typically come first. There is a community here that
10 had fishing, farming, oil, and all of that, so there
11 was opportunity for a city to come in and business to
12 get started and make money at that. So they serviced
13 us, and we serviced them, and now you are telling us
14 that you are more important than we are.
15 I guess that's about it. Thanks.
16 **VICE MAYOR WHITNEY:** Thank you, Mr.
17 Berger.
18 Mr. Lynch.
19 **DANIEL LYNCH:** Daniel Lynch, 24-year city
20 resident by free choice. First thing I noticed is the
21 candidate Mr. Cox is not here, and the two-town mayor
22 is not here who promised nothing would happen without a
23 vote of the people.
24 Anyhow, when I get your -- when I got
25 your handout at the doorway, it says, "Considering."

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1 You are well past considering. And you told me it was
2 not question and answer, but the question is how many
3 tens of thousands of dollars have already been spent on
4 this journey for consultants and staff time?
5 Okay, in America there is a difference
6 between eminent domain for the betterment of society
7 and annexation for greed, and that's all this is, is
8 annexation for greed.
9 Second page you mention that the City of
10 Soldotna is in a position to deliver essential services
11 such as water and sewer. Why don't you deliver them to
12 the people that are in the city limits, okay? The city
13 does not actively plan for extension to the boundaries.
14 You mention you provide services, parks
15 and recreation, library, animal control, economic
16 development. Okay, the recreation is basically the
17 borough schools. The parks draw tax dollars to your
18 city. If the library is too much, have a user fee like
19 the Kenai dipnet fishery if there is too many people
20 from outside using it, okay.
21 The storefront improvement, that's when
22 you take tax dollars on necessity groceries from me and
23 my poor neighbors year-round on our bologna and our
24 bread and give it to private property and business
25 owners, also known as the good ole boys. Is that the

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1 role of city government and that's what you want these
2 people to be moving into? I don't think so.
3 The other facilities you referred to are
4 the borough building, the borough hospital, the borough
5 schools, the post office. You don't even have your own
6 fire station. Kenai has a fire station, Homer has a
7 fire station, Soldotna has a -- Seward has a fire
8 station.
9 You hitchhike off the borough taxpayers
10 when there's a shortage of firemen in the outlying
11 areas from Funny River to K-Beach to Sterling, okay,
12 and you are hitchhiking off them, and now they got a
13 big bill in front of them.
14 So you looked at Knight Drive, you looked
15 at the Knight areas. What is profitable? Not the
16 other side of the existing street, that's not
17 profitable.
18 The annexed neighbors, if I buy my
19 tobacco from Ms. Patterson, my cost up 3 percent. If I
20 buy cannabis, my cost is up 4-and-a-half percent.
21 Anything I buy at Save-You-More is up 3 percent. When
22 I get my vehicle fixed at Mr. Lay's, up 3 percent. I
23 get fuel from Mr. Bannock, up 3 percent, because you
24 did what for them?
25 And by the way, all those businesses,

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1 they will go up 9 percent, 3 percent increase to their
2 Enstar, to their phone bill, to their HEA, because they
3 are in the city, because you did what for them?
4 I'm out of time. Thank you.
5 **VICE MAYOR WHITNEY:** Thank you, Mr.
6 Lynch. Please, no applause.
7 Dwight Ross, and Brenda Uchtman.
8 **DWIGHT ROSS:** Hello. My name is Dwight
9 Ross, I've lived in this area for 56 years. I do not
10 reside in the city. I do own property that the city is
11 looking to annex, I don't know what number area.
12 And I'm against any annexation of
13 property. I don't think the city has justification for
14 it. I've read the hogwash in the paper a day or two
15 ago, and you imply that we get the library and the
16 parks, which we do, but we also pay sales tax every
17 time we buy groceries, every time we get gas in the
18 city, anything that is shipped to Soldotna post office
19 you get money on, it doesn't matter if we live in here
20 or not, and it's bullshit.
21 If you want land, I suggest you do like
22 everybody else does, go out and buy it. You can make a
23 deal with the borough or the feds, get property, and
24 build the city you want. We live outside the city for
25 a reason, and we have our businesses outside the city

1 for a reason.
2 So I suggest you listen to the people.
3 You should take a survey of every one of them property
4 owners and see how many want to be in your city. You
5 have a beautiful city, keep it that way, but quit
6 trying to steal land. Thank you.
7 **VICE MAYOR WHITNEY:** Thank you, Mr. Ross.
8 Ms. Uchtman.
9 **BRENDA UCHTMAN:** Hi. My name is Brenda
10 Uchtman, and I just purchased some property outside of
11 city limits. I live at 48625 Prairie Avenue.
12 And I wanted the right to have less
13 government, less taxes, and less regulations. If I
14 want to put up a dog house, I don't want to have to go
15 to the city to get a permit or have it built and having
16 something like that to be moved in. I wanted to keep
17 my taxes down. I'm nearing retirement and a single
18 income, and I'm concerned about the rising prices.
19 I'm concerned that -- watching the City
20 of Homer, they forced annexation through even though
21 that the residents had voted it down. I know people
22 who were impacted where the city came in and
23 disrespectfully slaughtered, cut down trees, did not
24 honor people's property, and just came in, because they
25 were the city, and had people tear down fences, they

1 way the people feel.
2 And I just want to thank you for my time
3 here to be able to give my testimony, and thank you.
4 **VICE MAYOR WHITNEY:** Thank you. We are
5 now going to take a 15-minute break, and anyone who has
6 not commented or signed up while the public hearing was
7 taking place will be given the opportunity to comment
8 when we return from the break and sign up on the
9 sign-up sheets, which are still out there by the front
10 door. Thank you very much.
11 (Break)
12 **VICE MAYOR WHITNEY:** It's now 4:15, we
13 will come back into session. And we have five more
14 individuals who wanted to testify, and that would be
15 Ben Hopkins, Daniel Nelson, Shane Webster, Renee
16 Heeren, and Dave Standerfer.
17 Mr. Hopkins, go ahead.
18 **BEN HOPKINS:** Ben Hopkins. I was
19 undecided if I would speak today, but I represent one
20 group I haven't heard yet. I actually live in
21 Anchorage, but I own two parcels in one of the affected
22 areas.
23 And I wanted to come up and say that
24 large and part, except for one person, I agree with
25 everything that was said, and I think everybody can

1 clearcut trees.
2 So just the fact of having city water and
3 sewer, there has to be a lot of clear-cutting in order
4 to put that through. So I don't want my property
5 touched. I wish you would honor and respect the fact
6 that people are asking for no annexation.
7 Also, I have been a former city employee,
8 and when I was on COBRA insurance, the City of Soldotna
9 seemed to have so much money that they decided to pay
10 for three months of my health insurance -- or all the
11 city's health insurance for three months because they
12 had all this extra money and they were going to pay the
13 employees' medical.
14 And I was very grateful I was a recipient
15 of it, but I felt it was a mismanagement of funds. Do
16 we have too much money that we have to give it away, or
17 is there something else we should have done with it
18 more responsibly instead of padding the employees?
19 So I just would like to have less
20 regulations and more freedom, and I believe there
21 should be a democracy, it should not be shoved through.
22 And you guys are elected officials, and you are
23 servants of the people who have elected you.
24 So I ask you to kindly have a servant's
25 heart in whatever you do, and be responsible with the

1 guess the one person I disagree with.
2 I am against annexation. The property I
3 purchased with my two partners in those parcels, the
4 other two could not be here today, if they could they
5 would. We don't want to be a part of your city, never
6 did, never asked for it, we don't want the services, we
7 don't need the services.
8 We basically have what most people would
9 call a fish camp I use in July. I don't need planning
10 and zoning, I don't need a permit to build a shed.
11 I hope this group is listening to these
12 people. That's all I have to say. Thanks.
13 **VICE MAYOR WHITNEY:** Thanks, Mr. Hopkins.
14 Mr. Nelson.
15 **DANIEL NELSON:** My name is Daniel Nelson.
16 I am the general manager at Spenard Builder's Supply
17 here in Soldotna. I was undecided as to whether I was
18 going to stand up and speak today because I feel like
19 it is somewhat of a rubber-stamp process.
20 But one of the areas that I haven't heard
21 mentioned is the fact, like Best Concrete, our
22 competitors will not -- we will be right over 3
23 percent -- up to 3 percent higher in our sales to our
24 nearest competitors because they are not included in
25 the annexation, including our own sister branch down in

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1 Kenai.
2 The net effect to that for me as a
3 manager is I manage my employee level to those sales.
4 As those sales decrease because it's -- you call Kenai
5 and get it delivered and not pay the 3 percent -- and
6 as we've heard from several people, 3 percent does make
7 a difference -- I lose business.
8 As I lose business, I lose the
9 opportunity for growth and I lose the opportunity to
10 keep the employees and the opportunities that I have.
11 I've spoken with the consultants, I've
12 spoken with the city. The previous manager, Rick
13 Abbott, has done the same. I just feel like we're
14 missing some of the thought process in what would be a
15 gain, or what you think is a gain will be lost because
16 of the income that I will lose in gross sales because
17 of the shift of business.
18 So I don't want to eat up a lot of time.
19 That was just what I wanted to say. Thank you.
20 **VICE MAYOR WHITNEY:** Thank you, Mr.
21 Nelson.
22 Mr. Webster.
23 **SHANE WEBSTER:** Hello. My name is Shane
24 Webster. I do not own property in the proposed annex
25 areas, however, I have family that does that could not

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1 be here this evening.
2 Along with everybody else, I'm opposed to
3 the annexation, as well as my family members that are
4 affected. They own businesses in Section 1 or Area 1.
5 I don't see the benefit to the people
6 being annexed. I do see the benefit to the city. I
7 understand why you guys are pushing it. I think that
8 you see an income and you want to grab it. You want to
9 dip into somebody else's bank account.
10 When I'm low on funds, I have to change
11 my spending habits, I can't take it from my neighbor,
12 take money from my neighbor. I'm a little nervous,
13 sorry.
14 I don't -- expanding now because we need
15 the income, because the city needs the income when we
16 haven't -- you guys haven't even reached the full city
17 yet, with the services that you are promising the
18 people in the annexation areas, is kind of ridiculous
19 to me. I think it's a false promise. Eventually, yes,
20 you would make it out there to the annexed areas, but
21 not for a long time.
22 I see a lot of areas that I feel is
23 frivolous spending by the city. I understand that
24 money is compartmentalized, and you are only limited to
25 doing certain things with the money that you are given,

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1 but maybe we can re-address how we spend our money that
2 we are currently receiving rather than trying to grab
3 somebody else's money to augment your projects.
4 I believe that's all I've got to say.
5 Thank you for your time.
6 **VICE MAYOR WHITNEY:** Thank you, Mr.
7 Webster.
8 Mr. Standerfer.
9 **DAVE STANDERFER:** Hi. My name is Dave
10 Standerfer, and I own Standerfer Stoneworks right on
11 K-Beach, it's in Area 4.
12 Yeah, I've been part of the group that's
13 been pushing back. Obviously, you all know my face by
14 now, you are probably tired of seeing me.
15 But I bought -- my wife and I basically
16 bet our retirement on our little business that we
17 bought out there on K-Beach. I have a lot on the line.
18 I look back at it sometimes and I think,
19 "Gosh, I can't believe I actually did it, what was I
20 thinking?" But we are surviving, we're doing okay,
21 business is growing.
22 But I purposely bought that business --
23 one of the reasons I bought that business is because it
24 was outside the city, and I looked at that as just
25 being a little more freedom to do things exactly the

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1 way I wanted, signage and so on, and just less
2 overreach, so that's part of the reason I bought that
3 business.
4 And like I just said, my business is
5 really growing. I want to expand. My wife and I, we
6 are at the point now where we've got to make some
7 decisions. I compete -- there's about eight granite
8 shops up in Anchorage, and they do come down here, so
9 that's my competition.
10 So I'm at the point now where we have to
11 decide, do we make some pretty big investments in
12 machinery to where I've got the same equipment that
13 those shops up there have. They can crank out their
14 stone cheaper than what I can crank out, the granite
15 countertop that we make, because of the machinery that
16 they have.
17 But geographically I'm in a bit of a
18 favor because I am here right on the Kenai, so -- but
19 anyway, long story short, we want to expand. We want
20 to hire probably a couple more people in the next year
21 or two, but we don't want to do it in the city. I just
22 don't want the burden of so many of the steps that I
23 have taken to, say, build a new building or rent a
24 newer property somewhere and install my machinery. I
25 don't want the oversight.

1 There is enough oversight on the borough
2 side on things -- the buildings that Sean Cude talked
3 about that he's put up on K-Beach, they are beautiful,
4 he's doing it right. If I were to build a building, I
5 would do it exactly the same way. I don't need
6 somebody, you know, from the city looking over my
7 shoulder for everything that I do.
8 So I'm a little cynical on this whole
9 thing because I've been to so many of these meetings
10 the last couple of years, and for whatever reason you
11 all don't seem to really hear what we are saying.
12 We all know that this is a money grab,
13 that's all it is. You can tell me otherwise, but I'm
14 sorry, at this point, I don't -- I don't believe you.
15 Soldotna is doing good with the tax
16 revenue you are getting now. Live within your means,
17 and let us do our thing out there, and just leave us
18 alone, that's all I'm asking.
19 Oh, one other thing. You all done a real
20 good job of energizing us lately, so we are happy to
21 follow this whole process to Juneau. Whatever we've
22 got to do, we'll follow what you all -- decisions you
23 all make. We are going to follow it to the ballot box,
24 and we'll be there. We are all pretty fired up now,
25 and it's beautiful to see this many people. So that's

1 **VICE MAYOR WHITNEY:** Thank you. That is
2 the last name on our list that signed in to -- okay, we
3 have two more. Margaret Moran and Edward Lee.
4 **MARGARET MORAN:** I'm Margaret Moran.
5 We've lived here in excess of 40 years. We've paid
6 taxes in Soldotna all of that time shopping in Soldotna
7 city limits. We don't live in Soldotna city limits.
8 And if you look at your map there, how
9 many voters are there in that southern district, in the
10 Tsalteshi Trail area? None.
11 Did you calculate how many voters are in
12 that business district along K-Beach? Did you
13 understand that those people who own those businesses
14 will not have a vote? They don't live in Soldotna.
15 But you will impact their business, you will impact all
16 of us, and you are just grabbing money up there in a
17 resident -- in a business district, not residential.
18 You are not going to provide services.
19 Did you calculate that? Did you figure out, "Oh, we
20 could get this much money in taxes, and we won't have
21 to provide anything? It's a win-win. It won't cost us
22 a thing. We'll grab the money off of that business
23 area, we are not going to provide anything to any
24 residential area, any people who actually need some
25 services"? No, you are not going to do that.

1 it.
2 **VICE MAYOR WHITNEY:** Thank you, Mr.
3 Standerfer.
4 I'm sorry, Ms. Heeren, I skipped over
5 you. It's your turn now.
6 **RENEE HEEREN:** Renee Heeren, I live off
7 of K-Beach and Gaswell. And no, our property is not
8 threatened at this time, but we have no doubt that it
9 would be if this annexation does pass.
10 So I have a rhetorical question or two,
11 to be honest. That one, if it does pass, and let's
12 pretend that half of the businesses on K-Beach fold up,
13 default, shut their doors, whatever, how much money are
14 you really making off of them? Because every one of
15 those may be difficult to move, but they can or will or
16 should, and I think that's really -- it's not right.
17 My second rhetorical question is who on
18 this council is taking the responsibility of
19 introducing this again? You know, I'd like to know if
20 your property, your business is being impacted.
21 Someone is responsible, and why don't we know?
22 You want to hear from us, I'd like to
23 hear from you. Forgive me for my ignorance, I just
24 don't know who is the responsible person.
25 That's all I have.

1 And up there on K-Beach, do you really
2 think we expect Soldotna Police to come up there and
3 help us? They've got to go, what, at least three extra
4 miles from the trooper station. Not only that, they
5 have to go through the busy district of Soldotna at
6 least two red lights and make a right turn onto K-Beach
7 to get up to that district that you want to annex.
8 Nobody wants your services, but you
9 aren't going to provide any. You are just going to
10 take some money and hurt us.
11 You've got big ideas. You want to live
12 too high. You wanted to build a visitor center. You
13 put in the turnarounds. You've got ideas that are way
14 beyond your means, and you need to stick within your
15 means.
16 Why do you have four city planners when
17 you have seven square miles? Seriously? You are
18 spending a lot of money that you don't have, and now
19 you want more money so you can grow. You've got ideas
20 of grandeur.
21 You are Soldotna. You are a small city,
22 you are a small area, and you aren't going to pay
23 anything or do anything for this.
24 Look at Little Street. Isn't it Little,
25 the one that's right behind Trumpeter? It's, what, I

<p style="text-align: right;">Page 98</p> <p>1 don't even know if it's s a quarter-mile from the city 2 council, probably not. It's not even paved. 3 I would hope that the border commission 4 would think if you cannot provide services to a quarter 5 of your people -- if what the person said earlier that 6 you are not providing services to a 23 percent -- you 7 shouldn't be even considering expanding and you 8 shouldn't be allowed to. 9 VICE MAYOR WHITNEY: Thank you. Please. 10 Mr. Lee. 11 EDWARD LEE: Hi. My name is Edward Lee, 12 and I live on 36185 Kenai Spur Highway. 13 First things first. I would like to 14 commend you for volunteering to just basically be 15 roasted in front a whole bunch of people, so I commend 16 you for that. 17 Secondly though, I will have to say that 18 I am opposed to the annexation of the surrounding 19 areas, of the targeted areas, just mainly because, even 20 though I'm an advocate for change, I feel like this 21 change is very drastic, to the point that, like, it 22 might be maybe detrimental. 23 I mean, like, for one reason, like, the 24 increase in tax, the 3 percent tax. I know that as a 25 small business owner I have to be competitive with,</p>	<p style="text-align: right;">Page 100</p> <p>1 council members have a closing comment they would like, 2 starting with Mr. Chilson. 3 COUNCIL MEMBER CHILSON: Well, first of 4 all, I would like to thank all of you for coming out 5 this afternoon. I know this has been a highly divisive 6 issue through the years leading up to this point. And 7 I just, you know, one of the things we keep hearing is 8 that we don't listen, your voices carry no weight, they 9 fall on deaf ears. I don't believe that's the case. 10 I believe that there is a middle ground 11 that we can come together and find. And so far I feel 12 like we are already progressing to that point. You 13 know, we've heard from numerous people over our 14 meetings leading to the point that they do not want to 15 live in the city, and we have listened to that to a 16 certain extent, and we have dropped several areas from 17 annexation. We've also made modifications to a number 18 of our areas to leave out the residential districts 19 where people don't want to be part of our city. 20 The other thing is that we have the 21 ability to do mixed-use zoning. Just because you are 22 part of the city does not necessarily mean that you 23 have to live a lifestyle that's consistent with those 24 that live in the center of our urban area downtown in 25 Soldotna.</p>
<p style="text-align: right;">Page 99</p> <p>1 like, stores like Fred Meyer's and Safeway and, you 2 know, they have, like, you know, raging deals all the 3 time. To increase sales tax 3 percent more, I would 4 have to charge my customers 3 percent more, which 5 would -- which I'd have to be -- which would make it 6 even harder to be competitive with big markets like 7 that. 8 Sorry, I'm not really good at public 9 speaking. 10 And, you know, just -- my family has 11 owned a business out in Ridgeway for almost 40 years, 12 and, I guess, like, we've always done things one way 13 and it's always worked, little changes here and there 14 have always worked. 15 But, you know, a big change such as the 16 annexation, who knows, there might be a chance that it 17 might be better, but there's also chance that it might 18 be detrimental, and, you know, that's just a risk that 19 I'm really hesitant to take. 20 So thank you for your time. 21 VICE MAYOR WHITNEY: Thank you, Mr. Lee. 22 That was the last name we have on our 23 sign-up list to testify. So we thank everyone who came 24 to this meeting and provided their comments. 25 And now I'm going to ask if any of the</p>	<p style="text-align: right;">Page 101</p> <p>1 I am very much an advocate of protecting 2 a way of life. You know, you people have made it very 3 clear that you have chosen to live outside the city for 4 a reason, and I believe that we can find a middle 5 ground where we can allow preservation of that 6 lifestyle. 7 The last thing I will leave this with is 8 our choice to pursue the legislative option does 9 empower businesses to have a voice. The local option 10 does not give businesses an ability to vote in this 11 process. And due to the fact that the majority of this 12 area is business-centric, I want businesses to have a 13 voice in this process, and by going down the route that 14 brings in the Local Boundary Commission, which was 15 established by the framers of our constitution to act 16 as a neutral third party, to take the facts and 17 objectively recommend a path forward that's in the best 18 interest of all parties. 19 So I highly encourage you to use your 20 voice, reach out to the Local Boundary Commission. 21 Please continue to reach out to us. I'm always 22 available. I want to hear your feedback, and I'm 23 interested in finding that middle ground. 24 So thank you for coming out, and please 25 know that your voices are not falling on deaf ears.</p>

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1 Thank you.
2 **VICE MAYOR WHITNEY:** Mr. Cashman.
3 **COUNCIL MEMBER CASHMAN:** I'd just like to
4 thank you all for coming out. I know it's tough to sit
5 up here and give your testimony. It's certainly very
6 valued, and thank you guys very much for coming out
7 here.
8 **VICE MAYOR WHITNEY:** Ms. Parker.
9 **COUNCIL MEMBER PARKER:** I would just
10 reiterate with what both Mr. Cashman and Jordan have
11 said. It is a difficult process. We have the areas
12 where people have asked for the city water and sewer,
13 and they said, "Yes, we'll become part of the city when
14 you extend this to us."
15 So it will be interesting discussion next
16 week. I regret that I will not be at the meeting on
17 Thursday night, but the voices of the 30-plus, 35
18 people who testified, with only one testifying in favor
19 and the 34 against, were definitely heard.
20 So thank you for coming out, and we will
21 see you at our next meeting.
22 **VICE MAYOR WHITNEY:** Mr. Ruffridge.
23 **COUNCIL MEMBER RUFFRIDGE:** I would also
24 just like to say thank you to everyone who came out,
25 took time to let your voices be heard.

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1 I was remarking earlier that I had not
2 taken this many notes since college, but I do have
3 plenty to go over and to kind of bring out some of the
4 highlights that each of you -- each of you brought out.
5 I do take these things very seriously,
6 otherwise I don't think any sane person would choose to
7 do what we're trying to do up here. We do listen and
8 really appreciate taking effort, and I know I do. And
9 I will be looking these over and hope to see you guys
10 next week as well. Thank you.
11 **VICE MAYOR WHITNEY:** Again, I would like
12 to thank everyone for taking their time out on a
13 Saturday afternoon to come down here and voice your
14 opinions, we appreciate that, we listen, and there are
15 still more hearings to come.
16 Our next regular city council meeting is
17 Thursday, September 12th at 6:00 p.m. at the city
18 council chambers on Birch Street.
19 And with that, seeing no other business
20 in front of us, we are adjourned.
21 (Meeting adjourned)
22
23
24
25

1 **CERTIFICATE**
2 I, Sheila Garrant, transcriber, do hereby certify
3 that the foregoing pages numbered 1 through page 103
4 are a true, accurate, and complete transcript of
5 proceedings transcribed by me from a copy of the
6 electronic sound recording to the best of my knowledge
7 and ability.
8
9
10 September 22, 2019
11 Date Sheila Garrant, Transcriber
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Exhibit H

Attachment 3- Written Comments from the Pre-Submission Public Hearing

Brekke Hewitt

From: Dan Nelson (AK) <dan.nelson@sbsalaska.com>
Sent: Friday, September 06, 2019 10:02 AM
To: City Clerk
Subject: Annexation Public Comment

To whom it may concern,

The City of Soldotna draft proposal for annexation of the property from which Spenard Builders Supply operates will as stated in numerous past conversations with Rick Abbott and myself hurt the day to day business that we conduct.

It appears that your one of the central arguments for annexation include to provide better equity among businesses. In the case of Spenard Builders Supply this annexation does exactly the opposite. The current map/proposal clearly shows our nearest competition (Builder's Choice) has been left out of the annexation while the property around that business appears to be in the area. This means our total sales price is automatically 3% more on a sale up to \$500 than Builder's Choice who are only 5 miles down the road. These economic times require us to be very cognizant of the market and costs in order to keep the business in our branch. This annexation will also create a disparity between our own two branches. The shift of business from this branch location to our Kenai location will be real and result in a loss of income. That loss in income will result in less employment opportunities in the Soldotna area with our company.

The City refers to greater demands placed upon city services and resources. I would argue that annexation will create greater demands. The city police will have to respond versus State troopers to crime related problems that exist within the boundaries of Spenard Builder's Supply Soldotna. Currently that is not the case. The costs will far outweigh the tax advantage.

The need to plan for growth as it relates to the properties adjacent to our business is not an argument as we have not changed our footprint in over 30 years and this property backs to the moose range. The City has always been a good neighbor for our business and we would advocate for keeping things as they are.

It is clear the proposed annexation of the property located at 48855 Funny River Road, operating as Spenard Builders Supply, is a clear attempt to increase the taxes collected without looking at the expenses associated with this "land grab". The ability to participate in local government decisions is a mute point as we have expressed several times over a many years the desire to be left out of this annexation process.

Sincerely

Dan Nelson

Spenard Builders Supply


Dan Nelson

General Manager

48855 Funny River Road

Soldotna AK 99669

Phone 907-262-9143

Fax 907 262-1338

Cell 907 632-2052

Email address: dan.nelson@sbsalaska.com

I have been told that the Soldotna City Council plans to annex my neighborhood into the city without taking it to a citizens' vote. There have been previous votes where this plan was soundly rejected, and so this seems like an underhanded attempt to ignore the voters' voices.

As the original resident on Oehler Road, I have lived on my small farm for forty years. I see no need for annexation. This is a rural area and we should not have to comply to rules and regulations that apply to city dwellers. It would be a waste of time, money, and resources for Animal Control to patrol my road, waiting for my rooster to crow so they could write a violation.

I also object to being annexed just so the city can tax me for services I do not use and do not need

Renske Vinke
43628 Oehler Rd.
Soldotna - AK
262-2969

Handed in personally at the Public Hearing 9-7-2019

EXHIBIT I.

**Affidavit of Petitioner's Representative Concerning
Accuracy of Information.**

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

I, Stephanie Queen, City Manager and representative of the Petitioner seeking annexation, being sworn, state that the following:

To the best of my knowledge, information, and belief, formed after reasonable inquiry, the information in the Petition is true and accurate.



Petitioner's Representative

SUBSCRIBED AND SWORN TO before me on 10-24, 2019.





Notary public in and for Alaska

My commission expires: 5-24-19

APPENDIX A

Analysis of the Fiscal Effects of Annexation for the City of Soldotna

Appendix A includes the following:

- 1) *Analysis of the Fiscal Effects of Annexation for the City of Soldotna;*
- 2) City of Soldotna Ordinance 2015-018, An Ordinance Increasing Estimated Revenues and Appropriations by \$50,000 in the General Fund and Small Capital Projects Fund for Professional Services Associated with Annexation Economic Impact Analysis;
- 3) City of Soldotna Resolution 2015-036, A Resolution Authorizing the City Manager to Execute a Contract with Northern Economics in the Amount of \$49,930 for Economic Analysis of Annexation Alternatives;

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Abbreviations

AAC	Alaska Administrative Code
CAGR	Compound Annual Growth Rate
CDP	Census Designated Place
KPB	Kenai Peninsula Borough
LBC	Local Boundary Commission
ROW	Right of Way
DCCED	Alaska Department of Community, Commerce, and Economic Development
ADOLWD	Alaska Department of Labor and Workforce Development

1 Introduction and Purpose

The purpose of this report is to analyze the fiscal effects on the City of Soldotna (hereafter referred to as Soldotna or the City) should the City decide to move forward with a petition to annex areas adjacent to the current city boundaries. Envision Soldotna 2030, the community's Comprehensive Plan, contains a goal to, *"explore annexation to promote orderly high-quality development, cost-effective extension of public services, protection of the City's sales tax base, and protection of the natural environment"* (Envision, pg. 57). This study is intended to provide the City Council, Administration, and the public with economic information, which is one part of a broader consideration that must be given to the topic.

Under Alaska's constitution, cities do not have the power to annex territory. Cities can only propose an annexation by initiating a petition to the Local Boundary Commission (LBC). The LBC has sole authority to approve local governmental boundary changes. The role of the LBC, and its procedures and standards for reviewing proposed city annexations, are explained more fully in Section 2 of this report.

This document does not specifically suggest which, if any, of the geographic areas the City might petition to annex. The purpose of this analysis is strictly to understand the effects of annexation on the City's finances based on different annexation alternatives. This type of analysis is the first step in evaluating the feasibility and the impacts of a potential annexation and should be followed by future analyses, public discussions, and debate about any possible future LBC application.

This report does not have a traditional executive summary because it does not contain recommendations to Soldotna. Instead, the goal is for the reader to start with the beginning of the analysis, working through the background and goals of the analysis, the role of the LBC, and designation of study areas before discussing how the study team and Soldotna worked through the fiscal effects modeling process. Lastly, results from the fiscal effects analysis are discussed, with results reported for each potential study area and the aggregation of all study areas.

The study team hopes that the results contained in the report enlighten discussion about annexation and the potential fiscal effects.

1.1 Background

Soldotna is located in the Kenai Peninsula Borough, approximately 150 highway miles south of Anchorage, at the junction of the Sterling and Kenai Spur Highways. It lies 10 miles inland from Cook Inlet and borders the Kenai River.

Alaska Native Athabaskans have lived and used the areas around the Kenai River for many thousands of years. Modern day development patterns date back to the late 1940s when new arrivals to Alaska began homesteading in the area. Construction of the Sterling Highway from Anchorage and the Kenai Spur Highway in the late 1950s resulted in increased settlement in the area. In 1957, oil was discovered in nearby Swanson River, further boosting the population and economy of the area (City of Soldotna 2016). Soldotna incorporated in 1960 with 332 residents and is currently one of 19 first class cities in Alaska.

Soldotna has grown steadily to its current population of 4,319 residents, located within an area of approximately 7.3 square miles. However, rapid growth outside of the City's boundaries continues to increase pressure on City resources. Adjacent areas that experienced the highest growth since 2000 include the Funny River and Kalifornsky Census Designated Places (CDPs), located adjacent to Soldotna's south and west boundaries. Between 2005 and 2008, annexation discussions resulted in the development of a draft petition to annex these high-growth areas. The then-current mayor vetoed a

resolution that would have allowed the City to file the petition with the LBC. Since 2000, Funny River CDP and Kalifornsky CDP averaged an approximately 2.5 percent annual growth rate; and in 2014 the CDPs combined contained over twice the population of Soldotna.¹

According to Soldotna's 2011 Comprehensive Plan, as development of nearby areas progresses, and the need for essential services that the KPB does not provide becomes evident, residents will look to the City to provide those services. Currently Soldotna provides a variety of services, including operating a water, sewer and wastewater treatment utility; providing police protection, planning and zoning, animal control, library services, and parks and recreation services; and maintaining streets, sidewalks, and storm sewers. Soldotna also owns and operates the municipal airport.

1.2 Study Goals

The purpose of this study is to assess the economics of any potential petition for annexation. In plain terms, the City is interested in understanding whether municipal services could be provided to areas adjacent but outside the current City limits, or if doing so would have a negative impact on City finances. If annexation costs the City more than the revenue it generates, it may not be feasible nor desirable from an economic perspective. The City would need to evaluate whether non-economic factors would justify further consideration.

1.2.1 Comprehensive Plans

Tracing back to the 1970s, each of Soldotna's comprehensive plans have included a discussion of or goal related to annexation. As previously stated in the introduction, one of the goals set forth by Envision Soldotna 2030, the current comprehensive plan, is to explore annexation to promote high-quality development, cost effective extensions of public services, protection of the City's sales tax base, and protection of the natural environment. Additional considerations include recognizing that key corridors into and out of the City help define the community and are commercial opportunities for job growth and economic development. With the comprehensive plan's many goals related to economic development, it's helpful to recognize that Soldotna's economy does not start and stop at the municipal boundaries, but involves influences and interactions over a much broader area. It is in the City's best interest to plan for and secure long term economic and financial health for residents. City financial conditions are dictated by the type of revenue that is generated within its boundaries. Currently, sales tax makes up the majority of city revenues but property taxes are also part of the City's revenue stream. As growth happens outside of the City's boundaries, more demand is placed on city services from populations outside of the City boundary. Annexation may be one tool to help secure long term financial sustainability. Additionally, the City, through its economic and community development policies, has the potential to help shape that growth for the benefit of the City.

1.2.2 Decline in Oil Prices and Changing Fiscal Situation

As Soldotna considers annexation, the price of oil has plummeted, and Alaska is facing a nearly \$4 billion annual deficit. During the 2016 legislative season, lawmakers in search of solutions that cut the state's deficit, have made steep reductions to state spending, along with repeatedly discussing and evaluating potential new state revenue sources—including implementation of sales and income taxes,

¹ Populations for Kalifornsky CDP and Funny River CDP in 2014 were 8,441 and 877, respectively. Therefore, most of the population resides in the Kalifornsky CDP which is approximately 7 times larger than Soldotna. It is important to note that while the entire Kalifornsky CDP is not being studied for annexation, Soldotna, along with Kenai, serve as a regional hub for trade and services.

and use of the earnings reserve of the Alaska Permanent Fund. These actions will undoubtedly have an impact on local governments as they are likely to experience decreased revenue sources from the state, while potentially increasing tax burdens to residents.

As the State of Alaska confronts its fiscal situation, local governments will come under increased pressure to be less dependent on state resources, and more self-dependent to provide basic services. While annexation is a tool that enables the City to plan for timely and cost-effective extension of services, it also aims to provide the City with a sustainable principal revenue source for which to provide basic services to residents.

The fiscal and economic strength of Soldotna helps promote independence while maximizing the health, safety, and quality of life for Soldotna residents. In addition to the health and well-being of Soldotna and its residents, the area is home to one of the world's most productive fisheries—the Kenai River, which borders many of the adjacent developing areas. Responsible development along the shores of the Kenai River will help ensure the health and vitality of one of the area's greatest resources.

1.3 Process for Considering Annexation

To consider a petition for annexation, the comprehensive plan suggests the City should assemble a socially diverse and impartial panel of community and business leaders to evaluate the potential need for annexation and the appropriate areas to be petitioned. The meetings of the panel should be open to the public and transparent. In addition, the City should employ a variety of methods to educate Soldotna residents and adjacent residents about the annexation process.

In 2014, the City formed a 12-person Annexation Working Group to advise the administration whether petitioning for annexation was still a priority topic, since adoption of the comprehensive plan was several years prior.

The Annexation Working Group met four times in 2014, though the meetings were not advertised nor open to the public. In December 2014, the group adopted the "Statements of Consensus," shown in Figure 1. These statements identify key policy issues related to patterns of growth in the Soldotna region, as well as the need to examine the financial issues associated with annexation. The group also identified the need to engage the public early in the annexation process to share information and develop ideas about annexation options.

In 2015, the City Council appropriated funds and retained Northern Economics, Inc. to conduct an economic analysis of potential annexation as the first step to determining whether annexation is financially feasible to the City of Soldotna. With the economic results from this study in hand, the City can decide whether to continue considering a petition for annexation, or no longer consider it. If the City Council decides to continue, the next step will be to engage area residents in a robust public process to understand and address any concerns. The role of the LBC and its annexation standards are described in more detail in the next chapter.

Figure 1. Advisory Annexation Committee Statement of Consensus, December 2014

ADVISORY ANNEXATION COMMITTEE
STATEMENTS OF CONSENSUS – December 2014

- The City has grown in population while maintaining roughly the same City boundaries since incorporation.
- Many residents select to live in Soldotna because of the services that are offered to include: proximity to schools, shopping, and the hospital, paved roads and sidewalks, sewer and water, and city amenities like the sports center, parks and library.
- Residential development in the unincorporated area outside the City has outpaced residential building inside the City.
- As new residential growth flows outside, new retail and service businesses may follow their customers outside the city.
- With increasing development outside city boundaries, the need for essential service like water, sewer and public safety will become evident and residents will look to the city to provide those services. Annexation is a tool that enable the city to plan for the timely and cost-effective extension of those services.
- The City's sewer and water service boundaries go well beyond existing city limits and authorize the city as the sole provider of those services. Currently these services only serve a portion of the area within the existing city limits and a small number of properties outside of the City limits.
- The City has the unique ability to plan for and deliver essential public services to adjacent areas as development progresses.
- The city should be proactive and take steps to achieve its economic and development goals.
- Soldotna should continue to identify or create sites for new large-scale retail development.
- Maintaining a strong sales tax base is vital to the city's ability to fund public services and keep city property taxes low.
- The City should explore annexation to promote orderly, high quality development, cost-effective extension of services, and protection of the city's tax base, quality of life, and natural environment.
- The City should engage the public early in the annexation process to solicit concerns and issues, to share information, and to develop ideas about possible ways to resolve annexation issues.
- The City should research the financial feasibility of annexation in the areas around the City.
- The City should identify and address code and policy changes in advance -- before an annexation petition is submitted.

Source: City of Soldotna 2016b.

1.4 Next Steps

The tasks below outline the subsequent steps should Soldotna continue to consider annexation:

Publish study. The complete economic analysis of potential annexation will be published for the community to review.

Present findings. The Study Team will present the findings to the City Council. This is scheduled for June 2016.

Decide whether to pursue annexation. Based on the results from the economic analysis, the City may decide to develop a petition for annexation.

If annexation is pursued, implement public process and draft petition. If the City decides to pursue annexation, it will implement a community engagement process to draft a petition for annexation that makes sense for Soldotna.

If petition is drafted, submit to LBC. If the City, through its public process, drafts and approves a final petition for annexation, it will be submitted to the LBC for consideration. The LBC's role in considering petitions is explained in the next section.

LBC decision. If a petition is submitted to the LBC, the LBC will decide whether the petition should be approved and, if appropriate, submitted for legislative review.

2 Role of the Local Boundary Commission

Annexation is the only option available for Alaska cities, boroughs, and unified municipalities to extend their boundaries. Alaska's constitution (Article X, Section 12) established a local boundary commission and reserved to it the power to consider and approve any proposed local governmental boundary change, subject only to veto by the legislature (Article X, Section 12, Alaska Constitution).

The Alaska Supreme Court clarified the LBC's purpose and role in a landmark 1962 decision²:

Article X [of the Alaska Constitution] was drafted and submitted by the Committee on Local Government, which held a series of 31 meetings between November 15 and December 19, 1955. An examination of the relevant minutes of those meetings shows clearly the concept that was in mind when the local boundary commission section was being considered: that local political decisions do not usually create proper boundaries and that boundaries should be established at the state level. The advantage of the method proposed, in the words of the committee: "... lies in placing the process at a level where area-wide or state-wide needs can be taken into account. By placing authority in this third-party, arguments for and against boundary change can be analyzed objectively."

Boundaries

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. (*Article X, Section 12, Alaska Constitution*)

Fundamentally, the role of the LBC is to ensure an objective review of local city and borough boundaries to avoid placing sole decision-making responsibilities with local governments, particularly with respect to boundaries which can be difficult to properly define.³

Petition Methods

State statutes and administrative regulations further define the role and operations of the LBC, including the method by which local governments may propose local governmental boundary changes, the LBC's procedures for considering proposals, and the standards by which the LBC must evaluate proposals.

The "legislative review" procedure authorized by the constitution is the primary, default method by which local governments may seek to alter their boundaries. There are several important features of the LBC's process as it applies to "legislative review" city annexations.

- The only means by which Alaskan cities can alter their boundaries is by an annexation petition to the LBC.
- Cities and certain other parties may propose local boundary changes by petition to the LBC, but only the LBC can approve a boundary change. Cities cannot, by themselves, change their local boundaries.
- The LBC reviews the petition for compliance with applicable standards.

² Fairview Public Utility District No. 1 v. City of Anchorage, 368 P.2nd 540 (Alaska 1962).

³ Local Boundary Commission, Report to the 29th Alaska State Legislature, 1st Session February 2015

- As part of its review, the LBC conducts an extensive process for public comment, including a local public hearing. Both supporters and opponents of annexation have opportunity to argue the merits of their position before the LBC.
- Based on the petition record, the LBC may approve, amend or impose conditions and approve, or disapprove the petition. To approve a petition, the LBC must find the petition satisfies all applicable standards.
- If the LBC approves the petition, it presents the petition to the legislature. The legislature may disapprove the petition only by a resolution approved by a majority of members of each house.
- Proposed boundary changes are not decided by local vote. This process is consistent with the constitutional intent, affirmed by the Alaska Supreme Court, to place decisions about often contentious local boundary changes “at a level where area-wide or state-wide needs can be taken into account” and where “arguments for and against boundary change can be analyzed objectively” by a third party.

In summary, Alaska’s constitution, state law and administrative regulations set in detail the “rules of the game” both for petitioners and for opponents and supporters of annexation petitions as they argue their position before the LBC.

LBC regulations require local governments to hold at least one local public hearing on a draft “legislative review” annexation petition before the local governing body can approve the final petition for submittal to the LBC. However, experience has shown that local government are well advised to conduct an extensive and open public information and consultation process, such as discussed above in section 1.3, as they consider the merits of a proposed annexation.

Parenthetically, it may be noted that the legislature has authorized limited exceptions to the “legislative review” method described above for boundary changes. The legislature has waived its authority to review certain non-controversial city annexation petitions, called “local action” petitions. These petitions must meet specific conditions and must still be reviewed and approved by the LBC. In effect, the legislature has pre-judged that these annexations are below its threshold of concern for exercising legislative review. (The annexation alternatives evaluated in this report do not appear well-suited to annexation by “local option“.) By statute, local action petitions are limited to:

- Annexation of adjoining city-owned property.
- Annexation of adjoining territory, unanimously supported by property owners and voters in the territory proposed for annexation; and
- Annexations approved by a majority of voters in the annexing city and in the territory proposed for annexation.

Local Boundary Commission Annexation Standards

Table 1, below, summarizes the LBC’s annexation standards for review of city annexation petitions. This summary is included here as context for the economic study. If the City opts to pursue annexation and develop a petition, this economic assessment provides some information to inform the development of the petition according to the LBC standards. In particular, this economic study provides data to help evaluate the “resources” criterion (3ACC 110.110), which examines the economic feasibility of annexing certain areas. While the study may also provide pertinent information pertaining to other annexation standards, such as “character of the territory,” it is important to note that a petition will require information on other topics listed in Table 1.

Table 1. Local Boundary Commission Standards for City Annexation (3 AAC 110.090-3 AAC 110.130)

LBC Criterion	Standard	Specifics that may be considered
1. Needs of the Territory Proposed to be Annexed (3 AAC 110.090)	The territory must exhibit a reasonable need for city government.	Existing or anticipated residential and commercial growth outside the City anticipated over 10 years. Existing or anticipated health, safety and general welfare problems Existing or anticipated economic development Adequacy of existing services in the territory Extraterritorial powers of municipalities Territory may not be annexed to a city if services to that territory can be provided more efficiently by another existing city or by an organized borough.
2. Character of the Territory Proposed to be Annexed (3 AAC 110.100)	The territory must be compatible in character with the annexing city.	Land use, subdivision platting and ownership pattern Salability of land for private uses. Population density / recent population changes Suitability of land for community purposes Transportation and facility patterns Natural geographic features/environmental factors
3. Resources of the Territory Proposed to be Annexed and the Annexing City (3 AAC 110.110)	The economy of the proposed post-annexation boundaries must include the human and financial resources necessary to provide essential city services on an efficient, cost-effective level.	Expenses and revenues from added territory Economic base + property values Industrial, commercial and resource development
4. Population of the Territory Proposed to be Annexed and the Annexing City (3 AAC 110.120)	The population within the post-annexation boundaries must be sufficiently large and stable to support the extension of city government.	Total population Duration of residency / age distribution Historical population patterns / seasonal change
5. Appropriate boundaries (3 AAC 110.130)	The proposed post-annexation boundaries must include all areas necessary to provide full development of essential city services on an efficient, cost-effective level.	Land use + ownership patterns / Population density Transportation patterns Geographic features / Should be contiguous Not large unpopulated areas 10 years' worth of predictable growth
6. Best interests of the State (3 AAC 110.135)	The proposed annexation must be in the balanced best interests of the state, the territory proposed for annexation, the annexing city, and the borough in which the annexation is proposed.	Promotes maximum self-government Promotes minimum number of government units Relieves the state from providing local services

3 Study Areas

For purposes of this report, land outside of the City of Soldotna being evaluated as part of this economic analysis is referred to as study area(s). Study areas are different from annexation territories. If the City decides to pursue annexation, a petition would be drafted that would include specific annexation territories, and additional information beyond what is contained in this economic report. The City has not decided whether to pursue a petition for annexation, and as a result, no annexation territory has been identified. Boundaries for the study areas were created in order to estimate city revenues and expenses for various areas of land in close proximity to existing city limits.

It is important to note that just because an area is included in the economic analysis study, does not mean it will ultimately be part of a petition for annexation, if the City decides to move forward. Similarly, just because an area is not currently within the study area, does not mean it is exempt from being considered for an annexation petition in the future. If the City decides to pursue a petition for annexation, the community may request certain areas come out of the territory being considered for annexation. Alternatively, community members may request that other areas be included.

3.1 Method to Develop the Study Area

At the beginning of the economic analysis, the City indicated that it intended to focus the economic analysis on areas which exhibited one or more of the following characteristics:

- Areas where residents and businesses are already receiving city services, such as emergency response, water and/or sewer utilities, or where extension of utilities can be reasonably achieved or anticipated;
- Existing or potential commercial highway corridors or nodes near the City, whose development has the potential to erode the City's sales tax base;
- Areas that are undeveloped or under-developed which provide opportunities for residential, commercial, or other types of development, and that may benefit from city services and standards prior to residential, commercial, or other development; and
- Areas where health and safety issues may exist or where a request has been received by the City to offer services not available in the borough.

When defining these areas, the study team took great care to exclude, when possible, specific neighborhoods, agricultural lands, and other areas due to prior public comment and demographics.

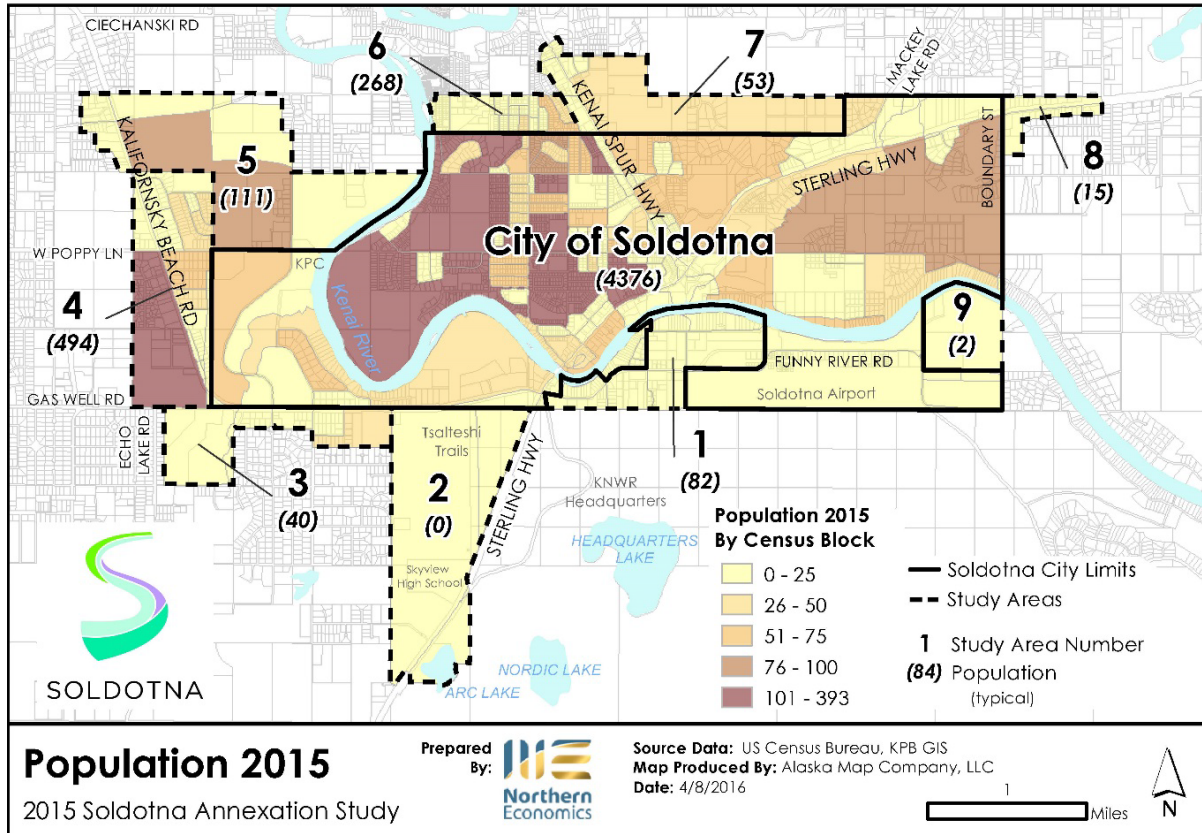
The scope of work and budget for the economic assessment allowed for the overall study area to be broken up into several individual subareas, to allow for a more detailed analysis.

There are no statewide policies that explicitly identify the criteria for an economic analysis of annexation. However, there are criteria that the LBC implements when deciding whether to approve an annexation (as described in section 2). The LBC criteria are similar to those used by the City's in selecting its study area:

- Where is growth happening now and over the next 10 years?
- Where are there health and safety issues that need addressing by the City?
- Where is economic development happening or anticipated?
- Do the sub-areas have similar natural features?
- Are the land use patterns similar?

These study areas, and their populations, are depicted in Figure 2.⁴ The nine study areas have an estimated population of 1,065 citizens and encompass approximately 4.5 square miles. To help the reader more quickly identify each study area, the analysis will refer to the study areas as: Funny River West (1), Skyview (2), K-Beach South (3), K-Beach Central (4), K-Beach North (5), Knight Drive (6), Kenai Spur (7), Sterling Hwy (8), and Funny River East (9).

Figure 2. Study Area Map by Phase

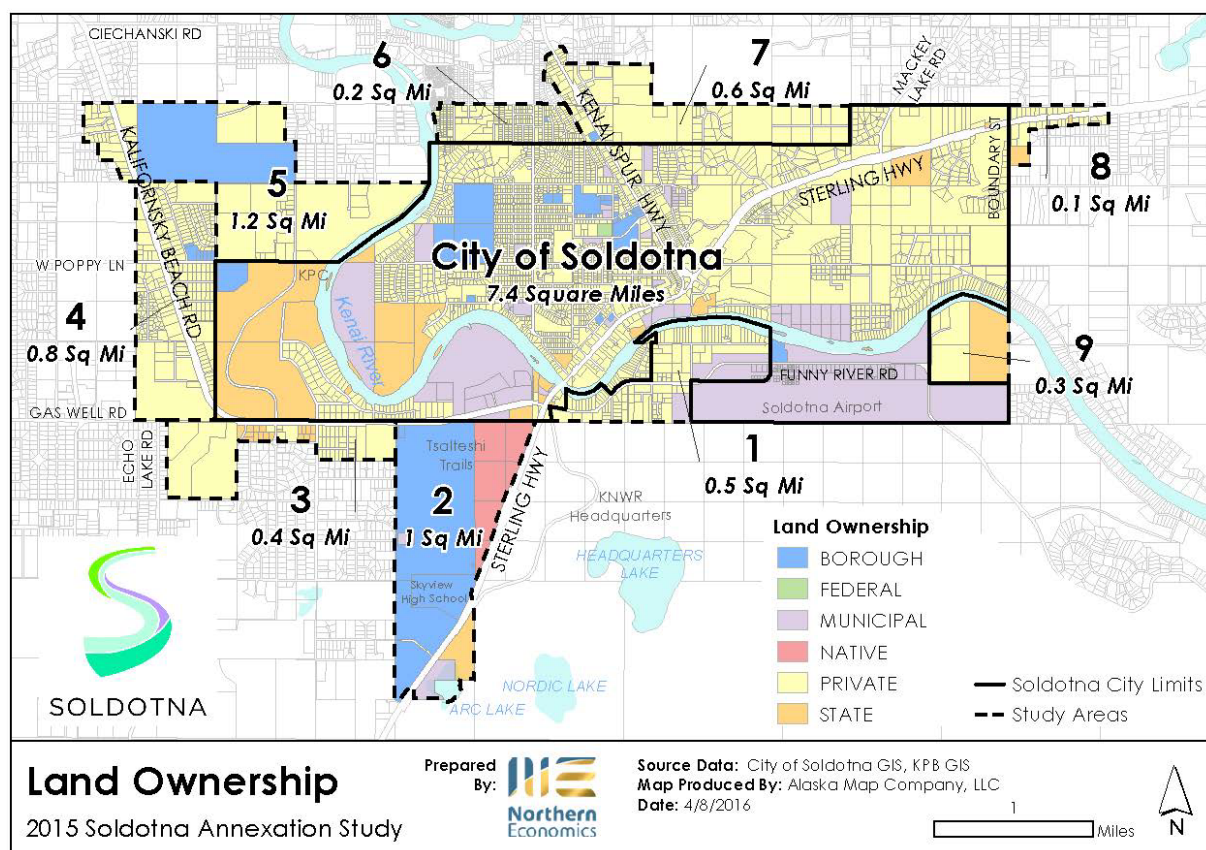


Source: Alaska Map Company 2016.

Land ownership in the nine study areas and Soldotna is summarized in Figure 3 and Table 2. The study areas are largely comprised of private- and borough-owned lands, totaling over 2,883 acres combined. Of that, over 1,800 acres are privately owned—nearly two-thirds—while the Kenai Peninsula Borough (KPB) owns nearly 700 acres. Nearly all of the KPB's ownership exists in Skyview (2) and K-Beach North (5). In Skyview (2), the Tsalteshi Trail System and Skyview High School both reside on KPB land. The State of Alaska and Salamatof Native Association each own roughly 140 acres of land throughout the study areas. All of Salamatof Native Association's land is located in Skyview (2) along the Sterling Highway while the State of Alaska owns lands dispersed among Skyview (2), K-Beach South (3), Sterling Hwy (8), and Funny River East (9).

⁴ Full-size maps located in Appendix.

Figure 3. Study Area Land Ownership Map, by Area



Source: Alaska Map Company 2016.

Table 2. Study Area Land Ownership, by Area, in Acres

Area	Borough	Municipal	Native	Private	State	Federal	Total
Funny River West (1)	0.0	62.3	0.0	186.8	0.0	0.0	249.1
Skyview (2)	445.2	27.3	136.5	0.0	34.1	0.0	643.1
K-Beach South (3)	0.0	0.0	0.0	212.5	19.9	0.0	232.4
K-Beach Central (4)	9.2	0.0	0.0	396.4	0.0	0.0	405.5
K-Beach North (5)	240.0	0.0	0.0	448.7	0.0	0.0	688.7
Knight Drive (6)	0.3	0.0	0.0	114.3	0.0	0.0	114.6
Kenai Spur (7)	2.1	0.0	0.0	345.5	0.0	0.0	347.6
Sterling Hwy (8)	0.3	0.0	0.0	40.1	10.5	0.0	50.8
Funny River East (9)	0.0	0.0	0.0	75.4	76.3	0.0	151.7
All Areas	697.1	89.5	136.5	1,819.6	140.8	0.0	2,883.6
City of Soldotna	174.9	899.5	0.0	2,324.4	537.5	4.5	3,940.9

Source: KPB 2016; City of Soldotna 2016c.

Table 3 identifies land use categories by land use codes assigned by the KPB to land in the study areas where development has occurred.⁵ City zoning codes provide much more accurate data, and were used to summarize the City of Soldotna's land use composition. Residential land use accounts for 762.6 acres of the total 1,909.2 developed acres. At a little more than 253 acres, commercial land use accounts for the second largest land use classification. These proportions of land use are similar to the current city zoning within Soldotna. It is also worth noting that the amount of vacant land in each of the study areas ranges between 17 and 51 percent. Land vacancy and build-out are discussed further in section 5 with respect to the carrying capacity of each study area.

Table 3. Study Area Land Use Codes, by Area, in Acres

Area	Residential	Commercial	Farm/ Agriculture	Leased	Industrial	Gravel Pit	Institutional	Non- Vacant	Vacant	Total
Funny River West (1)	85.5	38.4	0.0	0.0	0.5	12.5	56.2	193.2	54.0	247.2
Skyview (2)	17.2	0.0	0.0	0.1	5.0	0.0	504.6	526.9	108.4	635.3
K-Beach South (3)	76.6	5.3	48.2	0.0	0.0	0.0	11.1	141.2	90.5	231.7
K-Beach Central (4)	79.0	120.5	0.0	0.0	1.3	20.0	18.0	238.8	163.7	402.5
K-Beach North (5)	222.3	34.9	0.0	0.0	0.0	54.0	22.0	333.1	352.2	685.4
Knight Drive (6)	51.4	3.1	0.0	0.0	0.0	6.9	0.3	61.6	52.3	113.9
Kenai Spur (7)	117.4	37.2	0.0	0.0	0.0	109.8	0.0	264.4	83.1	347.5
Sterling Hwy (8)	4.1	14.0	0.0	0.0	21.7	0.0	1.1	40.9	10.0	50.8
Funny River East (9)	109.0	0.0	0.0	0.0	0.0	0.0	0.0	109.0	42.7	151.7
All Areas	762.6	253.4	48.2	0.1	28.4	203.2	613.3	1,909.2	956.8	2,866.0
City of Soldotna ⁶	1,265.8	412.7	0.0	0.0	347.6	102.2	973.2	3,101.5	817.4	3,919.0

Source: KPB 2016; City of Soldotna 2016c.

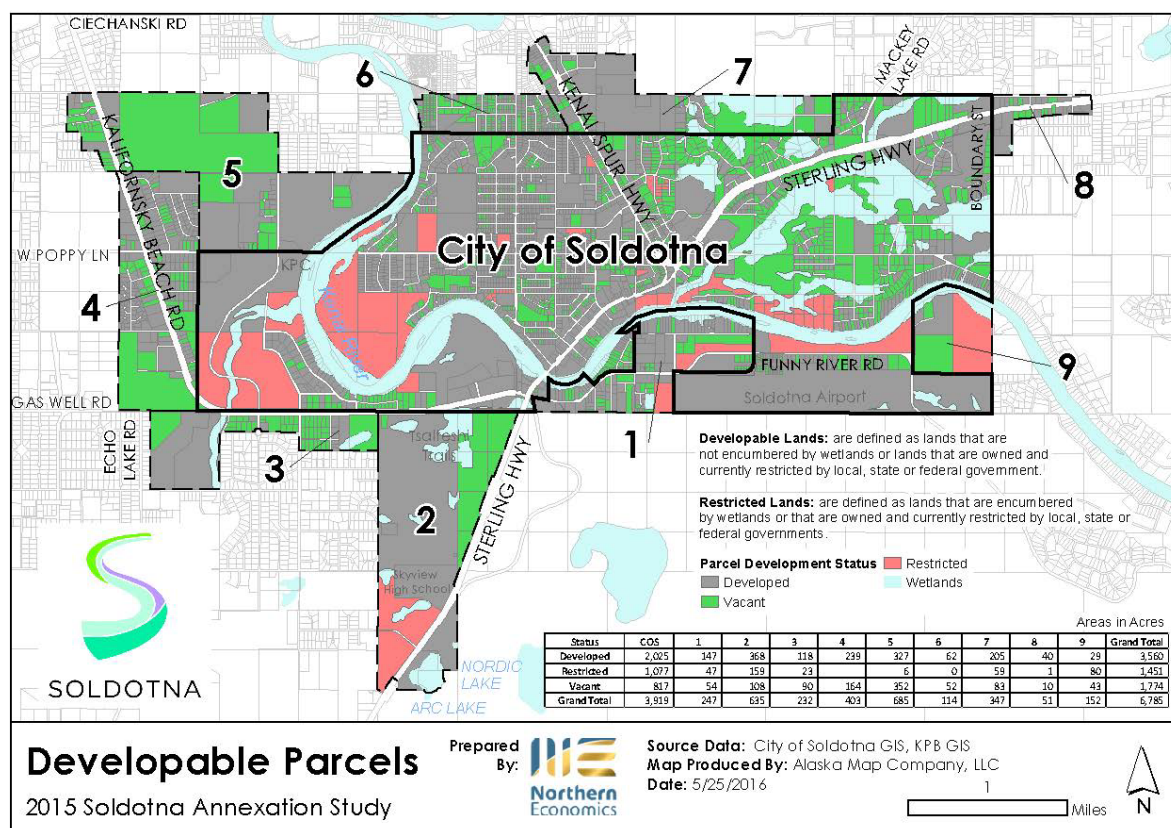
Figure 4 provides an accurate and detailed version of the current availability for development of individual parcels within the City of Soldotna and surrounding annexation study areas. Parcels and portions of parcels are broken into three different categories: developed, vacant and restricted. Developed lands include any land use type or zoning and are defined as developed if the parcel contains a building according to the KPB building table or contained substantial nonstructural infrastructure like a trail system, airport, gravel pit, power lines, water tower etc. These lots were manually determined using current satellite imagery and with the help of the City of Soldotna.

⁵ The KPB assigns land use codes for all land in the Borough. However, these codes are subject to change before development, and therefore are not included at this time.

⁶ Initial estimates of developed and vacant lands were generated using the Kenai Peninsula Borough GIS parcel data. It was found that these data, specifically the 'Usage' field were too limited in scope and contained many errors resulting in less than desirable report results. Per the suggestions of the City of Soldotna and with the help of planning staff a new layer was developed to minimize the reliance on the 'Usage' field.

Restricted lands are defined as lands that are encumbered by wetlands or that are owned and currently restricted by local, state or federal governments. These lots are primarily government owned and used as parks, schools and conservation parcels. Vacant lands are those parcels that are not developed or restricted.

Figure 4. Study Area Land Use Map, by Area



Source: Alaska Map Company 2016.

4 Approach

This section details the approach and methodologies used to estimate the fiscal effects to the City under various annexation scenarios for nine areas adjacent to current city boundaries. To measure impacts, the model compares the cost of providing basic city services in each study area to the expected revenue that study area would generate under current conditions using a series of study area-specific mathematical models. The net fiscal impacts are measured as the difference between expected costs and expected revenues, in real dollars, under each specific annexation scenario. Combining the net fiscal effects of all areas estimates the total fiscal impact to Soldotna.

To construct the fiscal model, several model components are needed, including fiscal and demographic data for Soldotna. The area specific models operate primarily on a per capita basis, using the five-year average per capita revenues and expenditures. Fiscal impacts are then primarily driven by changes in population. It is important to note that a few expenditure components are unlikely to change with population, and different methodologies were employed for these.

4.1 Methods

The analytical methods utilized for the fiscal effects analysis rely on historical revenue and expenditure data from the City, alongside demographic estimates for each study area provided by the Alaska Map Company. Fiscal effects are measured by impacts to Soldotna's general fund. General fund revenue sources include both property and sales taxes, along with various other fines, fees, and donations. These funds are then used by the general fund to provide many of the City's basic services, which include general government, public safety, and public works (including streets).

It is important to note that the general fund also provides revenue to several capital project funds and special revenue funds through transfers. However, because these funds are not considered basic city services, they are only implicitly modeled by the performance of the general fund, and not specifically included in the analysis. This includes the Public Utilities fund, which provides water, sewer, and wastewater treatment operations. The extension of utilities is an independent decision based on the Utility Master Plan and on current infrastructure needs that would not necessarily be impacted by any annexation decisions, and therefore are not included in the analysis.

The fiscal effects model is primarily a function of changes in population; therefore, only general fund revenue sources and expenditures directly associated with changes in population are included using a per capita methodology. Services that did not make sense to extrapolate on a per capita basis either employed an alternative methodology or were omitted entirely. Individual model components are examined in detail within section 4.1.1., below.

4.1.1 Individual Model Components

Individual model components used in the analysis include estimated revenue and expenditure streams. Historic general fund per capita revenue and expenditure components are shown in Table 4. The factors measured on a per capita basis are representative of the five-year per capita average between 2010 and 2014, while tax revenues and the street expenditure categories are estimated using slightly different methodologies.

Table 4. Historical Per Capita Revenue and Cost Factors

	2010	2011	2012	2013	2014	Average
Revenues	2,100	1,944	2,004	1,917	1,936	1,980
Sales Tax	1,738	1,638	1,754	1,785	1,792	1,741
Property Tax	200	203	140	81	62	137
Building Permits/Fees	23	18	36	19	35	26
Traffic and Animal Fines/Fees	16	21	19	19	15	18
Other Revenues	122	64	56	13	32	57
Expenditures	1,242	1,195	1,282	1,326	1,430	1,295
General Government	329	299	316	318	341	321
Public Safety	493	490	475	495	536	498
Public Works - Administration	73	71	78	99	114	87
Public Works - Planning and Zoning	46	45	52	51	71	53
Public Works - Building Maintenance	30	31	37	35	42	35
Public Works - Streets	271	258	259	262	244	259
Public Works - Shop	0	0	65	66	81	43

Source: Alaska Department of Community, Commerce, and Economic Development (DCCED) 2015; ADOLWD 2015.

Table 5 summarizes model revenue and expenditure factors. The subsequent sections discuss each model components in detail, including population and housing components.

Table 5. Model Revenue and Cost Factors

Category	Value
Revenues	
Property Tax	0.5 Mills per \$1,000 in Value
Sales Tax	3%
Building Permits/Fees	\$26 per Capita
Traffic and Animal Fines/Fees	\$18 per Capita
Other Revenues	\$57 per Capita
Expenditures	
General Government	\$321 per Capita
Public Safety	\$498 per Capita
Public Works - Administration	\$87 per Capita
Public Works - Planning and Zoning	\$53 per Capita
Public Works - Building Maintenance	\$35 per Capita
Public Works - Streets	\$20,550 per mile (paved) \$28,350 per mile (gravel)
Public Works - Shop	\$43 per Capita

Source: DCCED 2015; ADOLWD 2015; PDC Inc. Engineers 2016.

4.1.1.1 Population and Housing

Population for each of the study areas is estimated by multiplying the number of household units in the study area by the average household size as recorded by the 2010 Census. Average household size was determined using 2010 Census block data for each study area. The Census Bureau defines census blocks as smaller areas within Census tracts, which are, in turn, part of reported counties or boroughs. In the event a study area stretched across multiple census blocks, block data for the majority of the study area were used. Table 6 summarizes 2010 and 2015 population estimates. K-Beach Central (4) contains the largest population (494), with Knight Drive (6) having the second largest at 268. K-Beach North (5)'s population increased the most since 2010, adding 37 people.

Table 6. Demographic Statistics by Area

Study Area	2010 Population	2010 Housing Units	2010 Average Household Population	New Housing Units 2010- 2015	2015 Housing Units	New Population	2015 Population
Funny River West (1)	78	84	0.93	4	88	4	82
Skyview (2)	0	0	0.00	0	0	0	0
K-Beach South (3)	40	15	2.67	0	15	0	40
K-Beach Central (4)	486	189	2.57	3	192	8	494
K-Beach North (5)	74	42	1.76	21	63	37	111
Knight Drive (6)	261	119	2.19	3	122	7	268
Kenai Spur (7)	53	28	1.89	0	28	0	53
Sterling Hwy (8)	11	6	1.83	2	8	4	15
Funny River East (9)	1	1	1.00	1	2	1	2
All Areas	1,004	484	2.07	34	518	71	1,075
City of Soldotna	4,163	1,974	2.11	73	2,047	154	4,317

Source: U.S. Census 2016a; KPB 2016.

With the exception of K-Beach South (3) and Kenai Spur (7), population for each study area is then projected using historic population growth rates for the CDP that is located closest to the study area. CDPs include Funny River, Kalifornsky, Ridgeway, Sterling, and Soldotna.⁷ K-Beach South (3) and Kenai Spur (7) are expected to experience alternative build-outs based on more recent development patterns. Therefore, their populations are projected based on a separate methodology, and are discussed in section 5. Table 7 summarizes population projections for each study area. Note, because of rounding, Compound Annual Growth Rates (CAGR) may not be uniform across CDPs.

⁷ 10-year average growth rates for CDPs are shown Table 12 on page 13.

Table 7. Population Projections by Area

CDP	Study Area	2015	2020	2025	2030	CAGR, 2015–2030 (%)
Funny River	Funny River West (1)	82	92	107	116	2.3
Kalifornsky	Skyview (2)	0	0	0	0	0.0
	K-Beach South (3)	40	70	121	218	12.0
Kalifornsky	K-Beach Central (4)	494	529	567	607	1.4
Kalifornsky	K-Beach North (5)	111	126	146	167	2.8
Ridgeway	Knight Drive (6)	268	273	278	283	0.4
	Kenai Spur (7)	53	55	57	59	0.7
Sterling	Sterling Hwy (8)	15	15	15	15	0.0
Funny River	Funny River East (9)	2	2	2	2	0.0
All Areas		1,065	1,162	1,293	1,467	2.2
City of Soldotna	Soldotna	4,376	4,583	4,800	5,028	0.9

Source: Northern Economics analysis of data from U.S. Census 2016b.

4.1.1.2 Revenues

The revenue group reflects the primary sources of general fund revenues received by Soldotna. The analysis does not account for sources of revenue that are unlikely to be affected by annexation, such as federal grants. Instead, it focuses on the revenue sources that are within the City's power to control. The revenue streams include real property tax, sales tax, building permits/fees, traffic and animal fines/fees, and other revenues. Each revenue category is discussed in the following section.

Real Property Tax

Real property taxable values were obtained through the KPB's assessor's office and analyzed using GIS software. Real property consists of the land and everything located on the land, known as improvements. Improvements may include houses, mobile homes, outbuildings, barns, sheds, etc. Table 8 summarizes real property taxable value for each of the study areas. The total taxable value of all areas is estimated at over \$150 million—less than the assessed value of \$218.5 million. This difference is a result of numerous exemptions on real property tax.⁸ In 2014, K-Beach Central (4) contained the highest amount of taxable value at \$68.3 million—even as exemptions accounted for nearly 15 percent of the area's total assessed value. Funny River West (1) has the second highest value at \$24.6 million. Conversely, Skyview (2) contained virtually no taxable real property. Interestingly, the City has approximately the same amount of exempt property value than taxable value.

⁸ The City of Soldotna's property tax exemptions differ slightly from the KPB. Therefore, total assessed property in each of the study areas was adjusted to mirror the City's exemptions. The calculation involved including exemptions for reduced valuation for easements and disabled veterans. All other KPB exemptions that are not also granted by Soldotna were included in the taxable value.

Table 8. Real Property Tax Values by Area

	Land Value	Improved Value	Assessed Value	Taxable Value	Exempt Value ⁸
Study Area	\$ Millions				
Funny River West (1)	11.6	16.4	28.0	24.6	3.3
Skyview (2)	1.4	38.0	39.4	.0	39.4
K-Beach South (3)	2.2	5.1	7.4	3.0	4.4
K-Beach Central (4)	11.8	66.6	78.4	68.3	10.1
K-Beach North (5)	6.4	14.1	20.5	16.3	4.2
Knight Drive (6)	3.6	15.0	18.6	16.3	2.4
Kenai Spur (7)	5.9	11.9	17.8	17.3	.6
Sterling Hwy (8)	1.5	3.5	5.0	3.9	1.1
Funny River East (9)	3.1	.4	3.4	1.9	1.5
All Areas	47.5	171.0	218.5	151.6	67.0
City of Soldotna	210.2	766.3	976.5	484.8	491.7

Source: KPB 2016; Wheat 2016.

Revenues from real property tax for each of the study areas are estimated by extrapolating 2014 per capita real property taxable value and multiplying by Soldotna's current mil rate of 0.5 mils. Total real property taxable value is estimated and extrapolated for each study area, including all exemptions, and is shown in Table 8.

Sales Tax

Total taxable sales data by service area were provided by the KPB finance department for 2012–2014. However, only five of the nine study areas were released due to confidentiality restrictions. For those study areas for which data were available, the average of annual total taxable sales between 2012 and 2014 was used to estimate 2015 sales tax revenues. However, for those study areas without total sales data, the analysis estimated total 2015 taxable sales using a weighted average of total taxable sales per business license. The weighted average is calculated using 2014 business license and total taxable sales data from those study areas for which data were available.⁹ Total taxable sales are then extrapolated forward using a per capita methodology. Sales tax revenues are estimated by multiplying estimated total taxable sales by Soldotna's current sales tax rate of 3 percent.

Additional sales tax revenue is estimated as a result of sales taxes levied on utilities. If Soldotna chooses to annex any, or all, of the study areas, additional sales tax revenue is expected to come from utility sales such as natural gas and electricity. To project sales tax revenue associated with utility sales, the study team calculated the service area population being served by the local electric utility. Using total revenue generated from energy sales reported in the utility's annual report, a per capita estimate was calculated and used to estimate future revenue based on changes in population. This methodology assumes commercial and industrial users will grow at the current proportion.

The team was unable to calculate the service area population for local natural gas sales. As a result, the model held revenues from natural gas sales steady at a level amount.

⁹ Calculation of the weighted average included available data from areas 1, 4, and 7 (areas 2 and 9 reported having no taxable sales or businesses). This methodology was used to estimate total taxable sales for areas 3, 5, 6, and 8 for which taxable sales were confidential. The calculation did not include taxable sales or business license data for the City of Soldotna, as it would likely overestimate the average business's taxable sales in the study areas.

Building Permits/Fees

Between 2010 and 2014, Soldotna collected approximately \$26 per capita in building and permit fees. The model estimates current and future revenues based on this amount, times population estimates for each study area.

Traffic and Animal Fines/Fees

On average, \$18 was collected from each person for traffic and animal fines between 2010 and 2014. The model projects traffic and animal fines by multiplying this amount by population estimates for each study area.

Other Revenues

Other revenues include interest income, library fees, donations, and miscellaneous revenues contained in the general fund. Other revenue per capita averaged \$57 between 2010 and 2014. As was done with other revenues, future revenues in this category are projected by multiplying the per capita average by the increase in population in each of the study areas.

4.1.1.3 Expenditures

The expenditures group reflects general fund expenditures incurred by Soldotna. This group does not include expenditures associated with special revenue or capital project funds, since many of these funds do not intersect the primary expenditures of the City. In addition, general fund expenditures associated with the City's library and non-departmental items are omitted as they are unlikely to respond to changes in population. Another important expenditure not included, but worth noting, is the utility fund, which account for water, sewer and wastewater treatment plant operations. Because the provision of utilities is an independent decision based on the Utility Master Plan and existing infrastructure needs, it would not necessarily be impacted by any annexation decisions and therefore not included.

With the exception of street maintenance expenditures, all expenditures were estimated on a per capita basis using the average per capita expenditure between 2010 and 2014 and the forecasted change in population in each study area. For general government and public safety expenditures, economies of scale are applied based on the assumption that per capita expenditures are likely to marginally decrease as population increases.¹⁰ A list of average per capita expenditures is shown in Table 5.

General Government

On average, general government services cost Soldotna \$321 per person between 2010 and 2014. However, for general government, the study team assumes that the per capita expense will decrease marginally as the population grows. This is illustrated in Figure 5 where general government per capita expenditures for various Alaskan cities are plotted. As the size of the City increases, per capita general government expenditures decrease. Soldotna is shown below the regression line, indicating that the City's per capita expenditure on general government is more efficient than what the regression predicts it would be. Soldotna also outperforms several other cities that have larger populations—indicating expenditures on general government are efficient for its size.

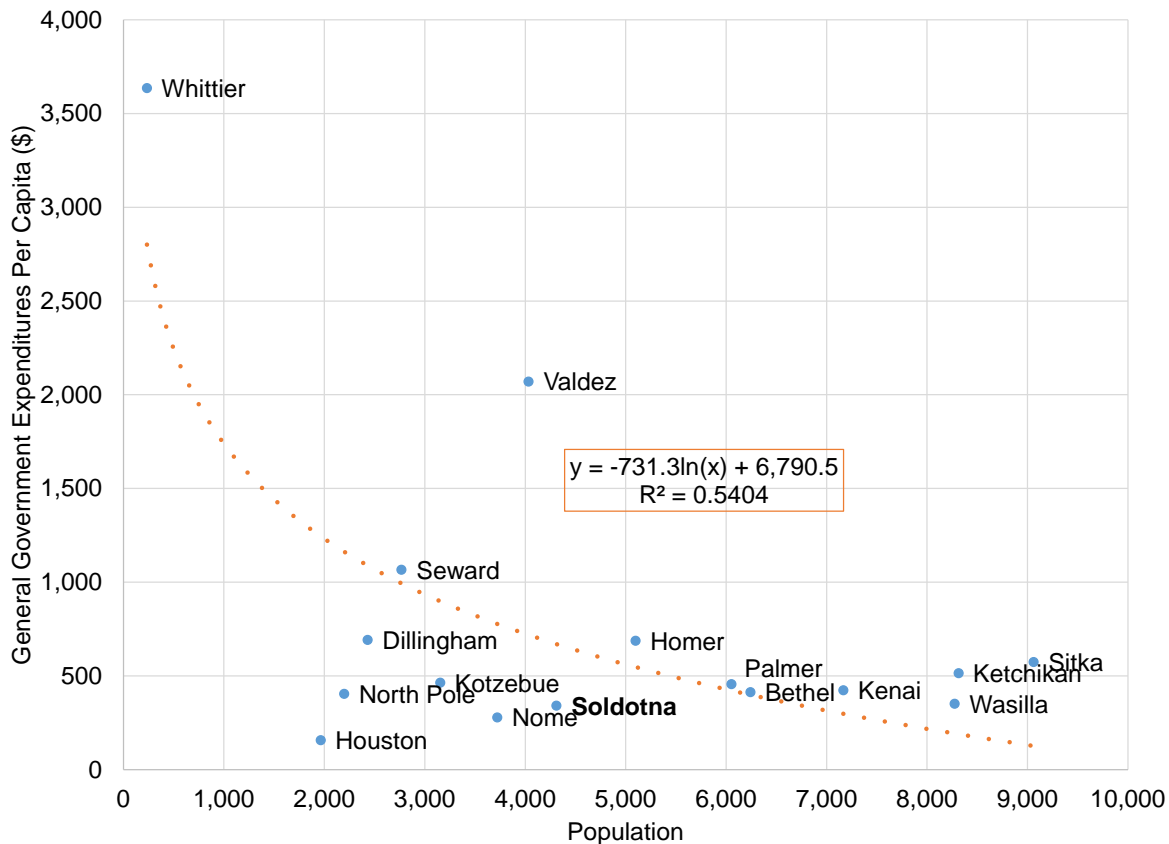
For modelling purposes, the study team estimated the per capita expenditures for Soldotna using the regression line for 2015 and 2030. The change in estimated per capita expenditures was then divided

¹⁰ General government and public safety expenditures were adjusted using work previously completed by Northern Economics, Inc., and were not chosen specifically for this analysis. Previous work only included analysis of general government and public safety.

by the change in population, yielding a decrease in per capita general government expenditures of approximately \$0.16 for each additional person. For example, the per capita expense for Soldotna's general government in 2015 is \$320.68. By 2035, the per capita expense is estimated to decrease to \$219.11, given a population increase of 652.

The model estimates costs of providing these services to the study areas by multiplying the estimated population in the study area by the adjusted average per capita cost. This category includes costs associated with the mayor and city council, general administration, finance, and management information systems.

Figure 5. Per capita General Government Expenditures

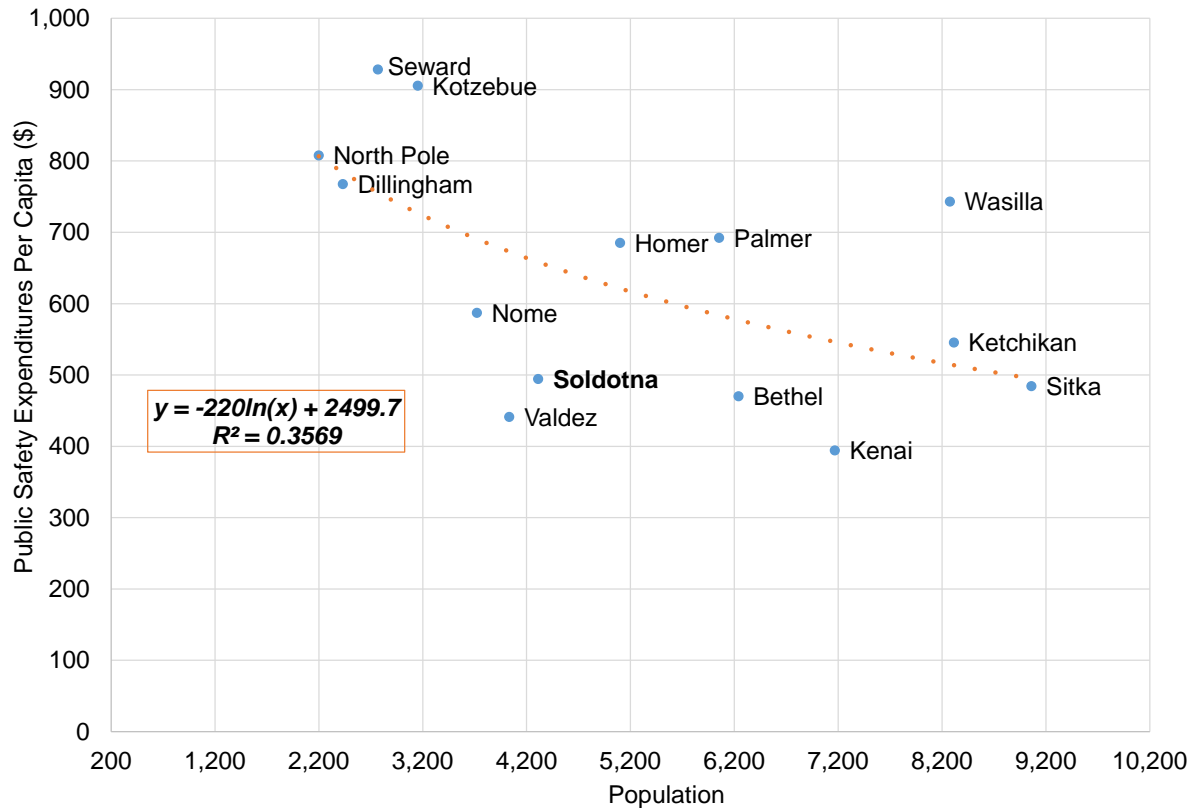


Public Safety

Public safety costs for Soldotna include police and animal control services. Public safety expenditures cost the City of Soldotna an average of \$498 per person between 2010 and 2014. Figure 6 shows per capita expenditures on public safety for Soldotna and various other Alaskan cities.

Like general government, per capita expenditures are expected to decrease marginally as population increases. Also like general government, Soldotna's per capita expense is below the regression line, indicating the City is more efficient than what the regression estimates. Also, Soldotna's per capita expenditures on public safety are smaller than many other Alaskan cities with larger populations. The model estimates costs of providing these services within the study areas by multiplying the estimated population in the study area by the adjusted average per capita cost.

Figure 6. Per capita Public Safety Expenditures



In addition to the per capita methodology, discussions with city officials concluded that additional costs would likely be incurred as a result of Soldotna's police department taking over jurisdiction of Skyview High School. Therefore, Skyview (2) includes an additional \$5,000 annual expenditure. This expenditure includes additional costs for manpower, incidental equipment usage, and other expenses.

Public Works

Public works expenditures include costs associated with administration, streets, economic development and planning, building maintenance, and shop. For all areas except streets, the model estimates costs of providing these services to the study areas by multiplying the estimated population in the study area by the average per capita cost. Between 2010 and 2014, the average per capita expenditure for those categories was \$217. A breakdown of these categories was shown earlier in Table 5.

Road Maintenance

The analysis includes maintenance for all paved and gravel roads contained within each study area. Using GIS software, and data from the KPB (2016), current road infrastructure is estimated for each of the study areas. Projecting road infrastructure was done using an area that represents a typical urban residential buildout. This methodology assumes that all main thruways are built and future road infrastructure only requires the addition of feeder roads. To accomplish this, the analysis derives an estimate of linear road feet per acre that is multiplied by increased acreage resulting from additional population. The proportion of paved and gravel roads is held constant for each study area.

The number of miles for each road type is then multiplied by a per mile maintenance cost recently published in the March 2016 Streets Inventory and Management Plan.¹¹

Capital Expenditures

The study team engaged with Soldotna's leaders to determine what, if any, capital expenditures might be expected as a result of incorporating any, or all, study areas. Most capital expenditures are decided through the City's regular budgeting process and would not be immediately impacted by annexation. All of the needs of the City are weighed, prioritized and funded accordingly.

Personal communication with the street maintenance department manager revealed that, given annexation of all study areas, a new road grader would be necessary to service the additional roads requiring maintenance from Soldotna. The cost of a new road grader is estimated to be approximately \$300,000, and is included only under the scenario where all study areas are annexed—requiring Soldotna to maintain approximately 21 miles of additional road.

¹¹ The Streets Inventory and Management Plan explicitly states that due to differences in expenditures as a result of differing population densities, the per-mile maintenance costs stated in the study aren't likely to result in direct cost increases of those amounts. Therefore, this methodology is likely to overestimate maintenance costs resulting from additional roads being maintained by the City.

5 Build-out Projections

A build-out projection is needed to estimate the amount and location of potential build-out scenarios for each of the study areas. For this study, the build-out analysis extrapolates the existing conditions in each study area by dividing the projected population (see Table 7) by the average 2010 household population (Table 6) to derive the total number of households. This estimation also includes a vacancy rate of 9.7 percent—the U.S. Census Bureau’s current estimation for Soldotna. Projected housing units for each of the study areas are shown in Table 9.

Table 9. Total Household Units, by Area

Study Area	2015	2020	2025	2030
Funny River West (1)	97	109	126	137
Skyview (2)	0	0	0	0
K-Beach South (3)	16	29	49	90
K-Beach Central (4)	211	226	242	259
K-Beach North (5)	69	79	91	104
Knight Drive (6)	134	136	139	142
Kenai Spur (7)	31	32	33	34
Sterling Hwy (8)	9	9	9	9
Funny River East (9)	2	2	2	2
All Areas	568	621	692	777
City of Soldotna	2,276	2,384	2,497	2,615

Table 10 summarizes some of the existing build-out conditions in each of the study areas. The average acreages per housing unit ranges from 0.4 in area 6 to 15.9 in area 9. The smaller the acreage, the more densely populated the area is. For example, Knight Drive (6) contains many multi-family housing units (duplexes, triplexes, apartments, etc.). Funny River East (9) however, contains two residential households that exist on large lots of land. With the exception of K-Beach South (3) and Kenai Spur (7), all areas are assumed to maintain their current build-out metric.

Additional analysis of K-Beach South (3) suggests future development will occur differently than past development for two reasons. First, recent development in areas adjacent to K-Beach South (3) has consisted of multi-family structures. In addition, many of the parcels located in K-Beach South (3) are smaller than one acre and would inhibit any build-out of single-family houses. For these reasons, K-Beach South (3) is projected using Soldotna’s average acreage per housing unit (0.5).

Due to Kenai Spur’s (7) small population and the low growth rate of Ridgeway CDP, the model did not estimate any growth through 2030. After discussions with Soldotna officials who recognized recent growth in areas immediately adjacent to this area, the study team estimates Kenai Spur (7) to grow by 1.89 persons (Table 6) every five years through 2030. This results in a growth in population from 53 in 2015 to 59 in 2030.¹²

¹² Population estimates are rounded to the nearest whole number.

Table 10. Study Area Build-out Metrics, by Area

Study Area	Total Residential Parcel Acres	Occupied 2015 Housing Units	Average Acres per Housing Unit	2015 Constructed Acres	2015 Vacant Acres	Total Parcel Acres	ROW* Acres	Total Acres	Efficiency Factor (%)
Funny River West (1)	96	88	1.1	193	54	247	58	305	81%
Skyview (2)	0	0	0.0	527	108	635	36	671	95%
K-Beach South (3)	80	15	0.5 ¹³	141	90	232	27	259	89%
K-Beach Central (4)	131	192	0.7	239	164	403	79	482	84%
K-Beach North (5)	234	63	3.7	333	352	685	54	739	93%
Knight Drive (6)	46	122	0.4	62	52	114	26	140	81%
Kenai Spur (7)	62	28	2.2	264	83	347	35	382	91%
Sterling Hwy (8)	7	8	0.9	41	10	51	20	71	72%
Funny River East (9)	32	2	15.9	109	43	152	12	164	92%
All Areas	688	518	1.2	1,909	957	2,866	347	3,213	89%
City of Soldotna	1,093	2,047	0.5	3,102	817	3,919	801	4,720	83%

Note: *ROW = Right of Way

Source: KPB 2016.

To ensure that each study area has the carrying capacity to meet the build-out, the projected number of households is multiplied by the average acreage per housing unit to estimate the total land required. The total is then adjusted upward using an efficiency factor (shown in Table 10) to control for right-of-way (ROW) easements.

Typically, ROW easements are a roadway or pathway that provide a transportation corridor and access to property. Therefore, ROW land cannot be developed and is needed in addition to the total land needed for development. The efficiency factor is calculated by dividing total parcel acres by total acres.

These efficiency factors vary by study area based on the current buildout of each area. For instance, Sterling Hwy (8) has the lowest efficiency factor at 72 percent due to the majority of the area containing the Sterling Highway, which has 200 feet of ROW. Holding Sterling Hwy (8)'s build-out characteristics constant, this means that for every acre developed in the Sterling Hwy (8) area, over one-third of an additional acre is needed for ROW—requiring 1.38 acres of land. Put another way, someone wishing to develop 0.72 acres would need one acre to accommodate ROW land.

¹³ Existing conditions estimate the average acres per housing unit in area 3 to be 5.4. However, a separate analysis of areas adjacent to area 3 lead the study team to believe that a future build-out would encompass a larger portion of multi-family development given patterns in recent development and parcel sizes. Therefore, area 3's average acre per housing unit is assumed to be equal with the City of Soldotna.

The cumulative build-out of each area is shown in Table 11. Total acreage for residential build-out is expected to grow to 330 acres by 2030. With the exception of Funny River West (1), all study areas are expected to have ample capacity for growth through 2030. Funny River West (1) is estimated to reach maximum capacity in 2028. The estimated population growth for Funny River West (1) in 2029 and 2030 are then included in K-Beach South (3). K-Beach South (3) are estimated to see the second largest relative decreases in carrying capacity with only 51 percent of vacant land remaining by 2030. As expected, Skyview (2) and Sterling Hwy (8) are not expected to develop and will not see any change.

Table 11. Cumulative Residential Build-out, Acres by Area

Study Area	2015 ¹⁴	2020	2025	2030	Vacant Parcel Acreage	% Vacant Used	% Vacant Remaining
Funny River West (1)	0	16	39	54	54	100	0
Skyview (2)	0	0	0	0	108	0	100
K-Beach South (3)	0	7	20	44	90	48	51
K-Beach Central (4)	0	12	26	39	164	24	76
K-Beach North (5)	22	61	109	162	352	46	54
Knight Drive (6)	1	2	3	4	52	8	92
Kenai Spur (7)	0	3	5	8	83	10	90
Sterling Hwy (8)	0	0	0	0	10	0	100
Funny River East (9)	19	19	19	19	43	44	56
All Areas	41	120	221	330	957	34	65
City of Soldotna	11	79	152	227	817	28	72

Source: Northern Economics analysis of data from KPB 2016.

¹⁴ As previously shown in Table 6, three of the study areas were estimated to have grown between 2010 and 2015. Development between 2010 and 2015 was increased using compound annual growth.

6 Discussion of Current Conditions and the Status Quo

The section presents a baseline scenario for the status quo and will briefly discuss potential implications for Soldotna assuming no annexation occurs. The section begins by looking at forecasted population for the City of Soldotna and the availability of land needed to accommodate the projected growth. The section then briefly discusses current and potential impacts on city services from regional growth.

6.1 Population and Development

The study team and model do not see annexation or lack of annexation as a significant driver of population growth rates either inside the City of Soldotna or in the potential study areas considered in this analysis. Neither annexation, nor the lack of annexation, are likely to change the underlying economic and demographic factors that are driving population growth rates. Over the past five years, the ten-year growth rate for Soldotna's population has been largely stable at around one percent per year (see Table 12). The Funny River CDP's growth rate has been consistently slowing and while growth averaged 3.3 percent per year from 2001 to 2010, the same area averaged just 1.6 percent from 2005 to 2014. Growth in the Kalifornsky CDP is also slowing, but it is still averaging more than 100 new residents per year. While annual growth varies, the Ridgeway CDP appears to be growing at a steady half percent per year or less on average. The Sterling CDP is also a consistent grower at just under two percent per year.

The team expects these trends and patterns to continue forward regardless of annexation and any changes of long-term trends will likely be driven by larger macroeconomic factors such as the state's fiscal condition, oil prices, and large-scale development projects. In addition, these growth rates are higher than the long-term 0.2 percent to 0.8 percent growth rates per year that are projected by the State of Alaska's demographic scenario for the KPB as a whole.

Table 12. CDP Population Growth Rates, 10-Year Averages, Per Year

Area	Preceding 10-Year Population Growth Rate (%)				
	2010	2011	2012	2013	2014
City of Soldotna	1.1	1.2	1.0	0.5	1.1
Funny River CDP	3.3	3.8	3.0	2.1	1.6
Kalifornsky CDP	3.0	3.0	2.8	2.8	2.3
Ridgeway CDP	0.5	0.4	0.5	0.3	0.5
Sterling CDP	1.8	2.0	1.7	1.6	1.6

Source: Northern Economics analysis of data from U.S. Census 2016b.

Should current trends continue, Soldotna itself will grow by roughly 650 residents over the next 15 years, while the potential study areas will grow by just under 400 people. In short, it is not unreasonable to expect the immediate area's population to increase by somewhere around 1,000 individuals over the next 15 years. These projections do not include growth in portions of the borough immediately outside the considered areas, other communities in the borough that use the City's facilities, and growth in the rest of the Southcentral area, which will likely continue to use Soldotna as a base for exploring the recreational opportunities offered by the Kenai Peninsula. Population projections are summarized in Table 13.

Table 13. Study Area and City of Soldotna Population Projections

Area	2015	2020	2025	2030	2015–2030 Expected Change
City of Soldotna	4,376	4,583	4,800	5,028	652
All Study Areas	1,065	1,162	1,293	1,467	402
Total Change	5,441	5,745	6,093	6,495	1,054

Source: Northern Economics analysis of data from U.S. Census 2016b.

Given these growth projections, Soldotna would need to use nearly 30 percent of the City's vacant land, as shown previously in Table 11. A quick, back-of-the-envelope calculation reveals that under the current projections, vacant land would become entirely used up within Soldotna's current boundaries in approximately 50 years (2062). It is important to note that this calculation is for reference only, and does not include any area required for development other than residential uses. It only serves to highlight the fact that Soldotna is not currently constrained by land capacity and that plenty of vacant land is currently available within the current boundaries.

6.2 City Services

Soldotna lies at the heart of the Kenai Peninsula and serves as regional crossroads for visitors to the southern and central portion of the Peninsula. At the same time, Soldotna provides access to goods and services to borough citizens who reside outside of the City's boundaries.

The City of Soldotna, through its support of facilities such as the Soldotna Regional Sports Complex, the Soldotna Public Library, and the Soldotna Airport, Parks, serves as a hub for the smaller communities and unincorporated areas beyond the City's boundaries. While residents in these communities and unincorporated areas help pay for municipal services when they shop in Soldotna, there is no direct connection between these citizens' use of these facilities and their resident/non-resident status within the City—Soldotna does not charge them differential fees for using the City's public services nor does it prevent them from using services at rates similar to city residents.

This regional role presents a challenge for the City as some of its services are provided to a broader population base than what exists within the City. Continuing to provide these services in the future requires consideration of population growth both inside and outside the current city limits.

6.3 Fiscal Baseline

As the populations of adjacent areas to Soldotna continue to grow, there are likely to be fiscal effects realized by the City from non-resident uses. These services include, but are not limited to, general government, public safety, and public works (including street maintenance).

As mentioned previously, non-residents may also use the Soldotna Regional Sports Complex and Soldotna Public Library. Regional residents not residing within Soldotna indirectly pay for some of these services through sales tax and other fees. This analysis does not attempt to quantitatively measure the fiscal impacts resulting from non-resident use of Soldotna services. Instead, results will highlight some of the implications associated with the baseline scenario.

For instance, city officials have noted a commercial development boom in K-Beach Central (4). This growth could be the result of land availability, the price of land, desirable location (located between the City of Kenai and Soldotna), the absence of a city sales tax, or a combination of all of these factors.

In addition, the absence of building and zoning codes/fees could also make development outside of Soldotna less expensive for businesses. If Soldotna decides not to petition for annexation, the City could experience a gradual decrease in the sales tax base as businesses move their operations outside of Soldotna. However, large scale movements are unlikely within the time frame of the analysis given Soldotna's location at the heart of the Kenai Peninsula's transportation network. Other factors, including a state sales tax, could exacerbate these behaviors and are discussed in section 7.3.

The erosion of Soldotna's taxable sales base, or pressure to decrease the sales tax rate given a state sales tax, would be detrimental to the City given its high dependence on sales tax revenues. Soldotna could diversify its revenue sources by increasing property taxes or implementing user fees. Either way, action is needed to ensure a sustainable revenue source for basic services used by residents.

Table 14 and Table 15 were created in response to State legislative discussions regarding the implementation of a State sales tax. While the most recent State discussions have excluded a sales tax, the tables and information are provided for informational purposes. The tables show the sensitivity of incremental rate changes to both the sales tax and property tax. With the fluid fiscal situation at the State level, consideration of alternative local revenue streams is likely regardless of any annexation decision by the City.

Table 14 shows approximate sales tax revenues using total taxable sales as reported by Soldotna's 2014 CAFR. Decreasing the sales tax rate by one percentage point would cost the City over \$2.5 million.

Table 14. Sales Tax Sensitivity, 2014 Data, in Dollars

Sales Tax Rate (%)	3.0 ¹⁵	2.5	2.0	1.5	1.0	0.5
Sales Tax Revenue	7,862,953	6,552,460	5,241,968	3,931,476	2,620,984	1,310,492

Source: Northern Economics analysis of data from DCCED 2015.

Alternatively, Table 15 shows expected property tax revenues at various mill rates using total taxable value from 2014. Property taxes generate much less revenue for Soldotna than the sales tax. Given the scenario mentioned above of a one percent decrease in sales tax leading to over \$2.5 million in lost revenue, increasing the property tax mill rate six-fold—to three mills—would only recover a little over half of the revenues lost from decreasing the sales tax by one percent. It is important to note that a mill is one-thousandth of a dollar—or one-tenth of one cent. Therefore, an incremental increase of 0.5 mills (as shown in Table 15) is only an increase of 0.0005 percent. Table 15 is also derived using KPB parcel data, and does not include property tax levied on personal property. Therefore, estimated amounts vary from actual amounts reported in the City's financial statements.

Table 15. Property Tax Sensitivity, 2014 Data, in Dollars

Property Tax Rate (mills)	0.50 ¹⁶	1.00	1.50	2.00	2.50	3.00
Property Tax Revenue	242,382	484,763	727,145	969,527	1,211,908	1,454,290

Source: Northern Economics analysis of data from KPB 2016.

¹⁵ City of Soldotna's current sales tax rate

¹⁶ City of Soldotna's current property tax mill rate

Table 16 illustrates the required mill rate to compensate for the potential reduction in sales tax revenue resulting from decreasing the sales tax rate. Again, it would take a property tax rate of nearly 6 mills to offset lost revenue stemming from a one percent decrease in the sales tax rate.

Table 16. Tax Rate Tradeoff, 2014 Data

Sales Tax Rate (%)	3.0	2.5	2.0
Sales Tax Revenue	\$7,862,953	\$6,552,460	\$5,241,968
Loss From Reduction	\$0	\$1,310,492	\$2,620,984
Mill Rate Required for Status Quo	0.5	3.2	5.9

Source: Northern Economics analysis of data from DCCED 2015; KPB 2016.

7 Analysis of Fiscal Effects

This section summarizes the results of the fiscal analysis. The section begins by discussing the fiscal impact of each study area, and is followed by an overall summary of all nine study areas.

7.1 Projected Fiscal Effects by Study Area

This section describes the anticipated fiscal effects by study area. Results from this analysis should be interpreted carefully. For example, this analysis provides insight into whether annexing a given area would result in a positive or negative fiscal implication for the City. However, while the model used is complex, it is also sensitive to the underlying assumptions used in it. The fact that the model is based upon assumptions and estimated changes over times means that the model also contains an amount of uncertainty.

Therefore, model results should not be interpreted as exact numbers. Additionally, when estimated revenues and expenditures are close to one another, and the net benefit/loss is small, the results should be interpreted as being “more likely” (as opposed to certain) to result in a positive or negative fiscal effect.

For example, if expenditures are projected to be \$5,000 more than revenues in a given year, it would be difficult to determine with certainty if this would actually provide a net loss to the City since \$5,000 is within the model’s margin of error. Instead, it would be better to conclude that such a result is more likely to result in higher expenditures than revenues than it would be to conclude that the study area will definitely result in a \$5,000 deficit.

Funny River West (1)

Funny River West (1) borders the City to the north, east, and west and is one of two study areas bordered by Soldotna on three sides. The study area assumes the border of Soldotna would extend from the current boundary, along the southern border of the Soldotna airport, to Ski Hill Road (Figure 7). Funny River West (1) is approximately 250 acres in size, with 22 percent of the acres remaining vacant. The area primarily consists of private land (75 percent). Nearly half of the developed land in Funny River West (1) is residential, with commercial and institutional development accounting for the majority of the rest. The remaining non-private land (25 percent) is municipal owned and contains Soldotna's airport.

Funny River West (1) largely borders the Kenai River to the north—except for a small portion of waterfront property that currently exists within the boundary of Soldotna. The area is bordered by Soldotna's existing boundaries on three sides. Annexation of Funny River West (1) would add a relatively large amount of high-value riverfront property to the City while simultaneously allowing Soldotna to ensure responsible and sustainable development along the Kenai River. In addition to bordering the Kenai River, the Funny River West (1) study area also contains land use, subdivision platting, and owner patterns that are compatible in character with Soldotna.

In addition to Funny River West (1)'s natural and political boundaries, the City of Soldotna currently provides water and sewer services to parts of the area. For example, fire hydrants extend to the eastern-most portion of the airport. Also, fifteen property owners adjacent to Funny River Road and outside the City limits are connected to Soldotna water and sewer services.

Finally, as previously mentioned, a portion of Soldotna's airport is located in Funny River West (1). This portion, not within the existing city boundary, contains land in the immediate flight path of air traffic that creates safety implications for the airport.

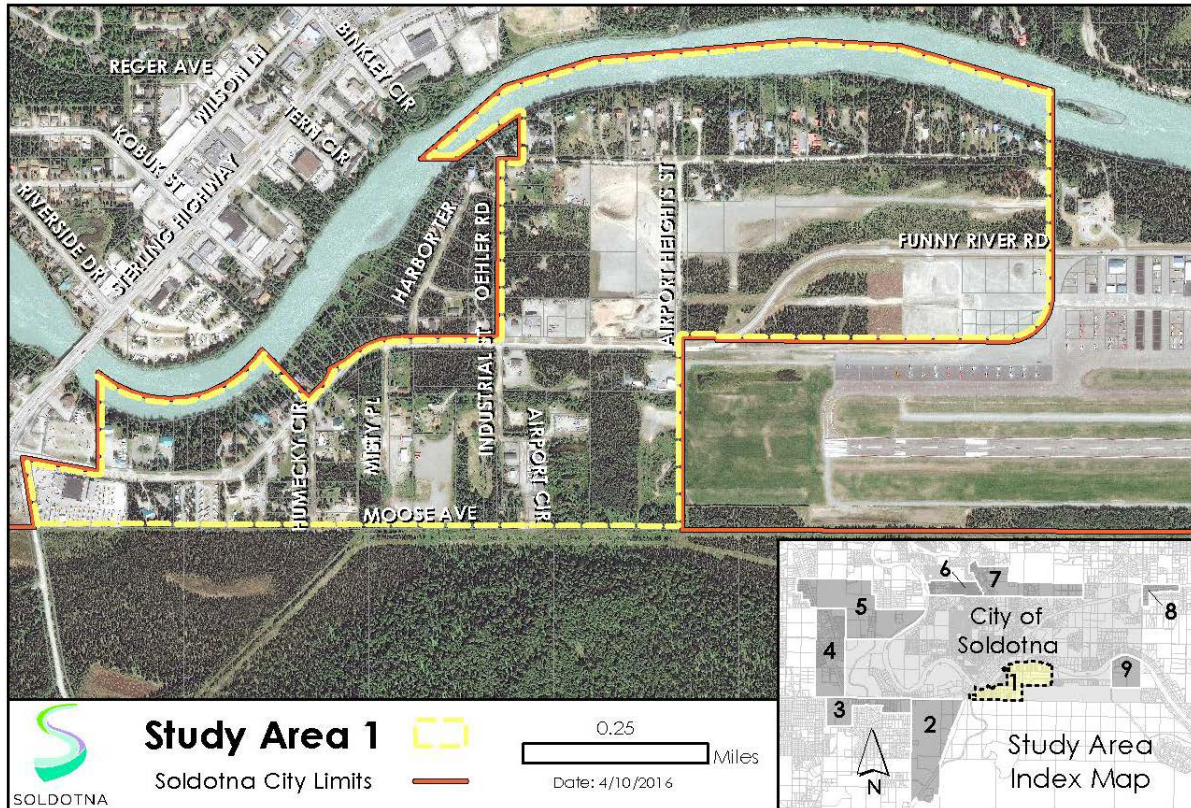
Key Takeaways

Funny River West (1) is projected to increase the population of Soldotna by 34 residents by 2030.

The composition of residential and commercial development in Funny River West (1) provides a strong economic base to the City of Soldotna, as both taxable sales and real property values are expected to grow over time. In 2015, the area is estimated to generate \$1.34 in revenue for every \$1 in expenditures.

The area is expected to have a positive fiscal impact on the City of Soldotna—generating between \$44,000 and \$55,700 in net revenue annually between 2015 and 2030.

Figure 7. Funny River West (1)



Source: Alaska Map Company 2016

Model estimates indicate that Funny River West (1) contained 82 residents in 2015, and is projected to increase to 116 residents by 2030—reaching its maximum capacity for buildout in 2028. Due to the relatively large municipal land ownership of the airport, Funny River West (1) contains the second largest amount of real property value estimated at over \$24 million. Taxable real property value is estimated to grow to over \$34 million by 2030—resulting in approximately \$17,000 in tax revenue at the City's current mill rate of 0.5. Total taxable sales data were provided for Funny River West (1), equating to approximately \$148,000 in estimated revenue in 2015. Sales tax revenue is projected to grow to nearly \$210,000 by 2030. Overall, Funny River West (1) is estimated to have a positive fiscal effect on Soldotna. Estimated fiscal effects from Funny River West (1) are summarized in Table 17.

Table 17. Estimated Fiscal Effects Summary for Funny River West (1)

Projection	2015	2020	2025	2030
Population	82	92	107	116
Total Taxable Sales (\$1,000s)	4,930.4	5,531.7	6,433.6	6,974.7
Total Taxable Value (\$1,000s)	24,643.0	27,648.2	32,156.1	34,860.8
Road to be maintained by Soldotna	1.6	1.9	2.3	2.6
Paved	0.0	0.0	0.0	0.0
Gravel	1.6	1.9	2.3	2.6
Revenue	(\$1,000s)			
Sales Tax	147.9	165.9	193.0	209.2
Property Tax	12.3	13.8	16.1	17.4
Building Permits/Fees	2.2	2.4	2.8	3.0
Traffic and Animal Fines/Fees	1.5	1.6	1.9	2.1
Other Revenues	4.7	5.3	6.1	6.6
Utility Sales Tax	6.5	7.3	8.4	9.2
Gas	3.2	3.6	4.2	4.6
Electric	3.2	3.6	4.2	4.6
Total Revenue	175.0	196.4	228.4	247.6
Expenditures	(\$1,000s)			
General Government	26.3	29.4	33.9	36.6
Public Safety	40.8	45.8	53.2	57.6
Public Works - Administration	7.1	8.0	9.3	10.1
Public Works - Planning and Zoning	4.3	4.9	5.7	6.1
Public Works - Building Maintenance	2.9	3.2	3.7	4.1
Public Works - Streets	46.1	53.9	65.4	72.5
Public Works - Shop	3.5	3.9	4.6	4.9
Misc Expenditures	.0	.0	.0	.0
Total Expenditures	131.0	149.1	175.7	191.9
Difference (\$1,000s)	44.0	47.3	52.7	55.7
Ratio (revenue to expense)	1.34	1.32	1.30	1.29

Source: Northern Economics, Inc. estimates 2016.

Funny River West (1)'s geographical and political boundaries present an opportunity for Soldotna to correct a non-contiguous boundary while simultaneously ensuring responsible and sustainable development along the Kenai River. And since Soldotna currently provides sewer and water service throughout the area, it is reasonable to expect that the City could provide these same services efficiently to the remaining area. Other efficiencies are also likely given Soldotna borders Funny River West (1) on three sides. Funny River West (1) appears to contain the human and financial resources necessary to provide these efficiencies.

Skyview (2)

Skyview (2) extends south along the Sterling Highway from Funny River Road to Skyview High School, including Arc Lake. The westerly boundary would run parallel with Washington Avenue to Kalifornsky Beach Road. An aerial photo of Skyview (2) is shown in Figure 8. Skyview (2) represents the second largest study area with approximately 635 acres. Nearly 70 percent of Skyview (2) is owned by the KPB, 21 percent is owned by Salamatof Native Association, and the remaining is split between state and municipal ownership. The vast majority of Skyview (2) is developed (83 percent). Of the 527 developed acres in Skyview (2), 96 percent are coded as institutional land use.

In addition to containing Skyview High School, Skyview (2) also contains Alaska Department of Transportation and Public Facilities infrastructure, the Tsalteshi Trails system, Arc Lake Park, and a one Million gallon drinking water reservoir and pump house that serves the City's water utility system.

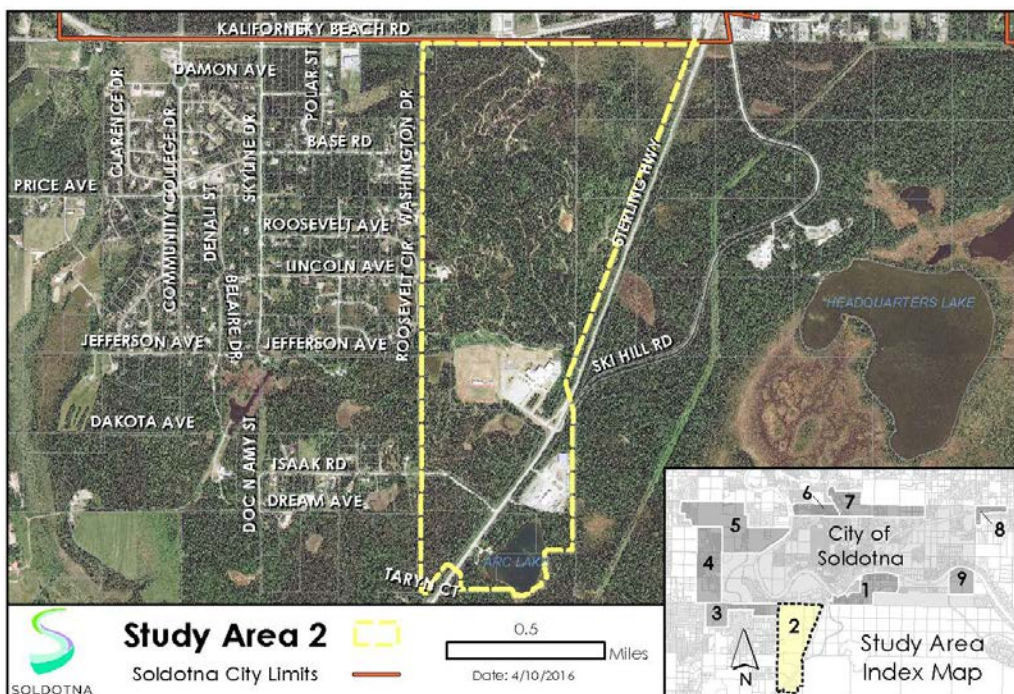
Skyview (2) currently does not contain any residents and the study team does not project this to change through 2030 given the current makeup of land use. For instance, it is highly unlikely that development will occur on lands currently occupied by the Tsalteshi Trail system. Development could occur on land owned by Salamatof Native Association, but no formal plans have been disclosed to develop Association lands located in Skyview (2).

Key Takeaways

Skyview (2) is not projected to increase the population of Soldotna; therefore, very few, if any fiscal impacts are expected. Skyview (2) consists mostly of public land, containing no taxable sales and very little taxable real property value.

All roads in Skyview (2) are likely to continue being maintained by the KPB. The only other anticipated expenditure would arise from policing jurisdiction being assumed by the Soldotna Police Department.

Figure 8. Skyview (2)



Source: Alaska Map Company 2016

Because no changes to population are projected, Skyview (2) is likely to generate little, if any, fiscal effect from annexation. GIS analysis reveals that Skyview (2) contains nearly \$40 million in assessed real property value. However, nearly all assessed value is exempt from tax, as shown in Table 8. Also, most existing roads in Skyview (2) would continue to be maintained by the State, therefore no street maintenance expenditures are expected. Estimated fiscal effects from Skyview (2) are shown in Table 18.

Table 18. Estimated Fiscal Effects Summary for Skyview (2)

Projection	2015	2020	2025	2030
Population	0	0	0	0
Total Taxable Sales (\$1,000s)	.0	.0	.0	.0
Total Taxable Value (\$1,000s)	5.6	5.6	5.6	5.6
Road to be maintained by Soldotna	0.3	0.3	0.3	0.3
Paved	0.0	0.0	0.0	0.0
Gravel	0.3	0.3	0.3	0.3
Revenue	(\$1,000s)			
Sales Tax	.0	.0	.0	.0
Property Tax	.0	.0	.0	.0
Building Permits/Fees	.0	.0	.0	.0
Traffic and Animal Fines/Fees	.0	.0	.0	.0
Other Revenues	.0	.0	.0	.0
Utility Sales Tax	.0	.0	.0	.0
Gas	.0	.0	.0	.0
Electric	.0	.0	.0	.0
Total Revenue	.0	.0	.0	.0
Expenditures	(\$1,000s)			
General Government	.0	.0	.0	.0
Public Safety	.0	.0	.0	.0
Public Works - Administration	.0	.0	.0	.0
Public Works - Planning and Zoning	.0	.0	.0	.0
Public Works - Building Maintenance	.0	.0	.0	.0
Public Works - Streets	.0	.0	.0	.0
Public Works - Shop	.0	.0	.0	.0
Misc Expenditures	5.0	5.0	5.0	5.0
Total Expenditures	5.0	5.0	5.0	5.0
Difference (\$1,000s)	-5.0	-5.0	-5.0	-5.0
Ratio (revenue to expense)	0	0	0	0

Source: Northern Economics, Inc. estimates 2016.

K-Beach South (3)

K-Beach South (3) is approximately 232 acres, located south of Kalifornsky Beach Road and Gas Well Road between Skyview (2) and Echo Lake Road (Figure 9). Private ownership makes up the vast majority of ownership (91 percent), with state-owned land comprising the remainder. Approximately 40 percent of the area is vacant with residential and farm/agriculture land uses accounting for 88 percent of developed lands. A large designation of farm/agriculture land exists along Slikok Creek.

K-Beach South (3) contains parcels located on the south side of Kalifornsky Beach Road, and if annexed, could help ensure Soldotna maintains a strong presence in development along the region's main corridors—providing good opportunities for retail sales to visitors. In addition, it would give Soldotna the ability to establish an overlay along the highway that could help create incentives to encourage reuse and/or redevelopment along the Kalifornsky Beach corridor to promote quality development—avoiding shallow and diffuse development.

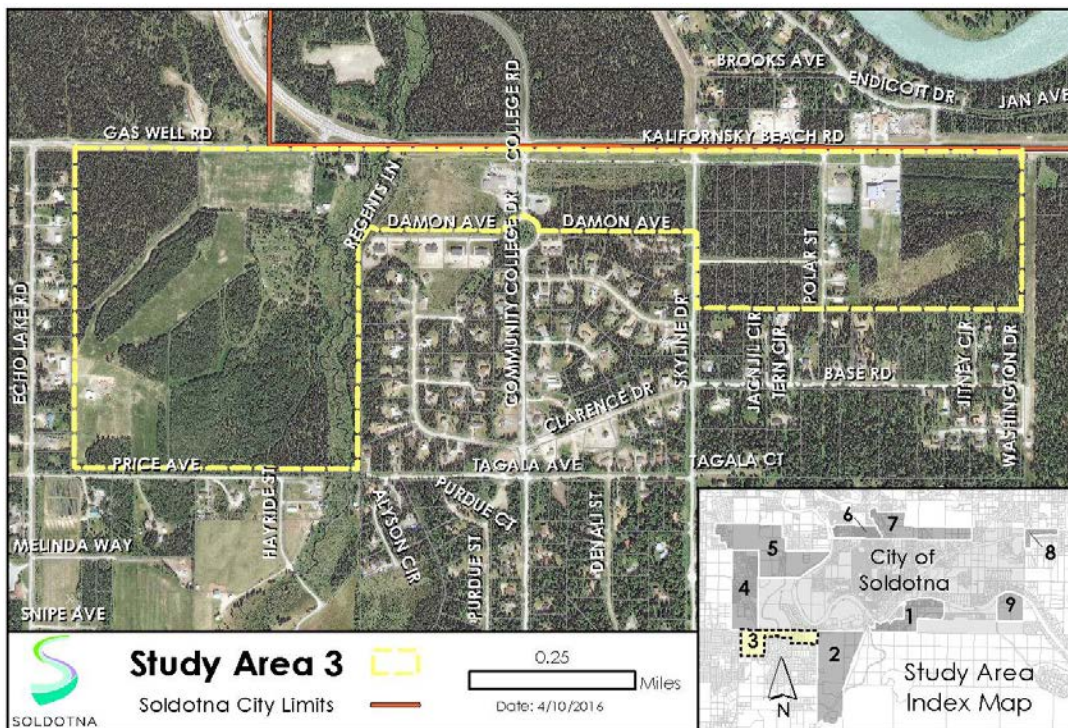
Many of Soldotna's services could also be provided to K-Beach South (3) efficiently. City water and sewer is currently installed on the north side of Kalifornsky Beach Road to Chugach Drive and crosses Kalifornsky Beach Road to serve a school located in this study area. The City also currently travels to this area to provide road maintenance, utility maintenance, and public safety.

Key Takeaways

K-Beach South (3) is projected to increase the population of the Soldotna the most, adding 178 residents by 2030. Development in K-Beach South (3) will gradually increase the taxable base of Soldotna—increasing the fiscal effect on the City. Fiscal effects are projected to grow from \$4,800 in 2015 to over \$144,000 by 2030. By 2030, the area is estimated to generate \$1.54 in revenue for every \$1 in expenditures.

Current real taxable value in K-Beach South (3) is estimated at \$2.9 million. Significant development is projected to increase real taxable value to over \$16 million by 2030.

Figure 9. K-Beach South (3)



Source: Alaska Map Company 2016

K-Beach South (3) is projected to grow from 40 residents to 218 residents by 2030. In 2015, both total taxable sales and total taxable real property value are estimated at over \$2 million. Both values are estimated to grow to over \$12 million by 2030. However, for every \$1 collected in sales tax revenue, only \$0.02 is collected in real property tax revenue.

Overall, K-Beach South (3) is not expected to have a large fiscal impact on the City. Fiscal effects are estimated to be approximately \$5,000 in 2015, but are expected to grow rapidly as K-Beach South (3) develops—reaching nearly \$145,000 by 2030. Road maintenance is projected to be the largest expenditure for K-Beach South (3). The majority of roads in K-Beach South (3) are gravel—with the total amount of road reaching 1.8 miles by 2030. Estimated fiscal effects from K-Beach South (3) are summarized in Table 19.

Table 19. Estimated Fiscal Effects Summary for K-Beach South (3)

Projection	2015	2020	2025	2030
Population	40	70	121	218
Total Taxable Sales (\$1,000s)	2,231.9	3,905.7	6,751.4	12,163.6
Total Taxable Value (\$1,000s)	2,971.0	5,199.3	8,987.3	16,192.0
Road to be maintained by Soldotna	1.1	1.2	1.4	1.9
Paved	0.3	0.3	0.3	0.4
Gravel	0.8	0.9	1.1	1.4
Revenue	(\$1,000s)			
Sales Tax	67.0	117.2	202.5	364.9
Property Tax	1.5	2.6	4.5	8.1
Building Permits/Fees	1.1	1.8	3.2	5.7
Traffic and Animal Fines/Fees	.7	1.3	2.2	3.9
Other Revenues	2.3	4.0	6.9	12.5
Utility Sales Tax	3.2	5.5	9.5	17.2
Gas	1.6	2.8	4.8	8.6
Electric	1.6	2.8	4.8	8.6
Total Revenue	75.7	132.4	228.9	412.3
Expenditures	(\$1,000s)			
General Government	12.8	22.1	37.3	63.9
Public Safety	19.9	34.8	59.8	106.8
Public Works - Administration	3.5	6.1	10.5	18.9
Public Works - Planning and Zoning	2.1	3.7	6.4	11.5
Public Works - Building Maintenance	1.4	2.5	4.2	7.6
Public Works - Streets	29.4	32.7	38.4	49.4
Public Works - Shop	1.7	3.0	5.2	9.3
Misc Expenditures	.0	.0	.0	.0
Total Expenditures	70.9	104.8	161.7	267.4
Difference (\$1,000s)	4.8	27.6	67.1	144.9
Ratio (revenue to expense)	1.07	1.26	1.41	1.54

Source: Northern Economics, Inc. estimates 2016.

K-Beach Central (4)

K-Beach Central (4) would extend Soldotna's current boundary west to include the section of Kalifornsky Beach Road between Gas Well Road and Andrews Avenue (Figure 10). K-Beach Central (4) is the third largest study area and is almost entirely privately owned (98 percent). The remainder of K-Beach Central (4) is owned by the KPB and is currently occupied by the solid waste, maintenance and road departments. K-Beach Central (4) also represents the largest study area in terms of population. The area is estimated to contain 494 residents—or approximately 46 percent of all areas combined. In addition, area 4 also contains 121 acres of developed commercial land—the largest among all areas.

K-Beach Central (4)'s large commercial build-out offers large gains to Soldotna's sales tax base—further building a sustainable revenue source with which to provide basic services to residents. K-Beach Central (4)'s large population also provides the opportunity for the City of Soldotna to provide efficient services. K-Beach Central (4) would benefit from the City's planning and zoning services, build-out requirements, and improved infrastructure. In addition, the City could provide water and sewer services—especially to areas with historic water quality problems.

Key Takeaways

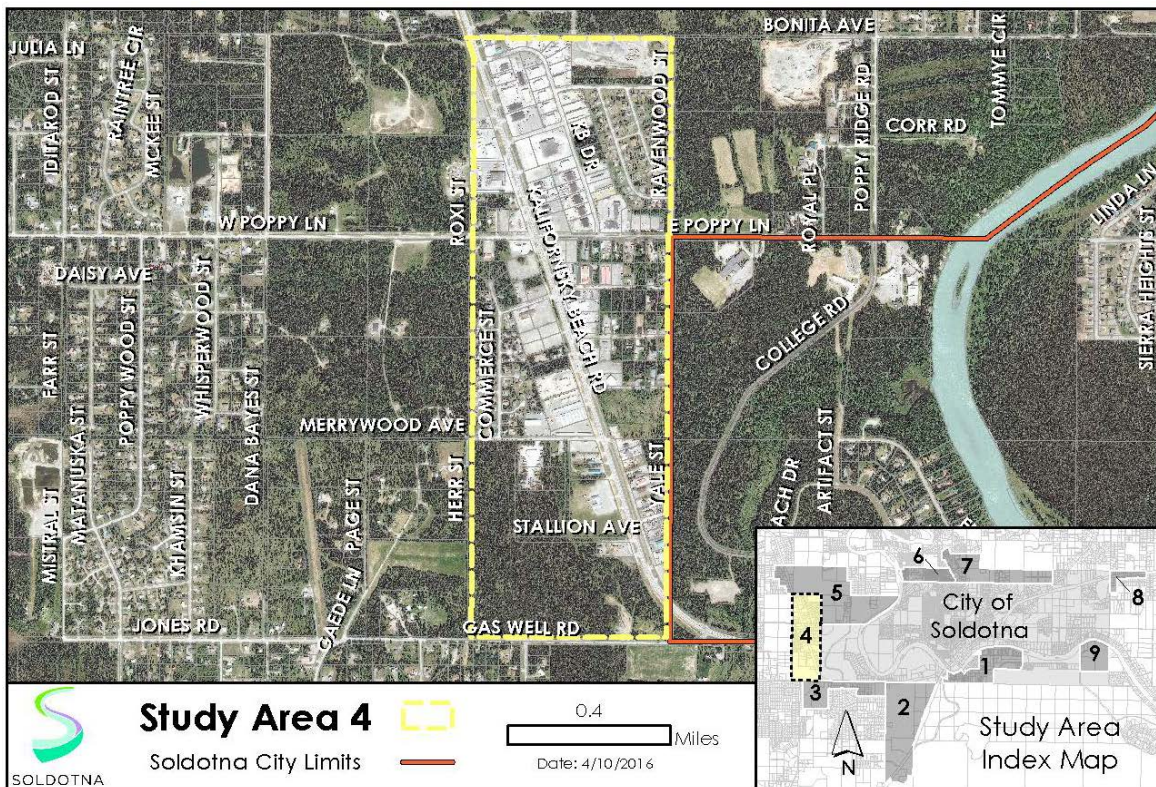
K-Beach Central (4) is projected to increase the population of Soldotna by 113 residents by 2030—representing the second largest study area.

K-Beach Central (4) contains the largest amount of developed commercial land; and subsequently the largest sales tax base.

The area's high concentration of taxable sales and population growth would create a significant positive fiscal effect on Soldotna. Fiscal impacts are projected between \$265,400 and \$350,200 annually—generating \$1.46 in revenue for every \$1 in expenditures by 2030.

Taxable real property is expected to increase 19 percent—from \$68 million in 2015, to over \$83 million in 2030.

Figure 10. K-Beach Central (4)



Source: Alaska Map Company 2016

As mentioned above, K-Beach Central (4) contains the largest amount of commercial development, and subsequently the greatest source of taxable sales and sales tax revenue. It is estimated that sales tax revenue would have been over \$700,000 in 2015, and projected to increase to nearly \$1 million by 2030. In addition, K-Beach Central (4) contains a relatively large population that is projected to reach 607 residents by 2030—over 40 percent of the population of all areas combined. Therefore, real property tax revenues are estimated to be over \$34 thousand in 2015 and increasing to over \$41 thousand in 2030. Although much less than sales tax revenues, K-Beach Central (4) contains by far the largest source of estimated real property tax revenues of all other study areas.

Annexation of K-Beach Central (4) would further help ensure the City maintains a strong presence in development along Kalifornsky Beach Road, one of the region's main corridors, providing good opportunities for retail sales to visitors. In addition, the relatively large residential population is sufficiently large and stable and contains the human and financial resources to provide services efficiently. Driven primarily by a large sales tax base and residential population, K-Beach Central (4) is expected to have a large positive fiscal effect on Soldotna. Model projections for K-Beach Central (4) are summarized in Table 20.

Table 20. Estimated Fiscal Effects Summary for K-Beach Central (4)

Projection	2015	2020	2025	2030
Population	494	529	567	607
Total Taxable Sales (\$1,000s)	25,861.7	27,694.0	29,683.4	31,777.4
Total Taxable Value (\$1,000s)	68,251.4	73,087.0	78,337.1	83,863.6
Road to be maintained by Soldotna	4.7	4.9	5.1	5.3
Paved	1.3	1.4	1.5	1.5
Gravel	3.3	3.5	3.6	3.8
Revenue	(\$1,000s)			
Sales Tax	775.9	830.8	890.5	953.3
Property Tax	34.1	36.5	39.2	41.9
Building Permits/Fees	13.0	13.9	14.9	16.0
Traffic and Animal Fines/Fees	8.8	9.5	10.1	10.9
Other Revenues	28.3	30.3	32.5	34.8
Utility Sales Tax	39.0	41.7	44.7	47.9
Gas	19.5	20.9	22.4	23.9
Electric	19.5	20.9	22.4	23.9
Total Revenue	899.1	962.8	1,031.9	1,104.7
Expenditures	(\$1,000s)			
General Government	158.4	166.8	175.4	184.0
Public Safety	246.0	262.6	280.4	299.1
Public Works - Administration	42.9	45.9	49.2	52.7
Public Works - Planning and Zoning	26.2	28.0	30.0	32.2
Public Works - Building Maintenance	17.3	18.5	19.9	21.3
Public Works - Streets	121.8	127.5	133.5	139.5
Public Works - Shop	21.0	22.5	24.2	25.9
Misc Expenditures	.0	.0	.0	.0
Total Expenditures	633.7	671.8	712.6	754.6
Difference (\$1,000s)	265.4	291.0	319.3	350.2
Ratio (revenue to expense)	1.42	1.43	1.45	1.46

Source: Northern Economics, Inc. estimates 2016.

K-Beach North (5)

K-Beach North (5) is the largest study area and is largely undeveloped. As previously shown in Table 6, K-Beach North (5) has been the quickest growing area over the past five years and is likely the next logical area for development to occur. K-Beach North (5) contains the Kalifornsky Beach Road corridor north of K-Beach Central (4) to the intersection of Murwood Avenue. The majority of K-Beach North (5) exists east of the Kalifornsky Beach Road, bordering K-Beach Central (4) and intersecting the Kenai River. K-Beach North (5) contains a substantial portion that borders the Kenai River between Poppy Lane and Bonita Avenue (Figure 11).

Roughly two-thirds of K-Beach North (5) is privately owned, with the remaining one-third owned by the KPB. Fifty-one percent of K-Beach North (5) is vacant with residential land making up the majority of developed land (67 percent). In addition, there are small developments of land in K-Beach North (5) for commercial, gravel pit, and institutional use ranging from 7 to 16 percent. K-Beach North (5) contains plenty of room for development—residential, commercial, or both.

As previously mentioned, K-Beach North (5) contains a small section of the Kalifornsky Beach Road corridor, and borders the Kenai River on the east. Annexation would allow Soldotna to ensure that development along the Kenai River maximizes both the health and sustainability of the river, and the economic and recreational aspects of the river's extraordinary fisheries. K-Beach North (5) also offers a significant area for future development to occur. As the adjacent areas of Soldotna grow, annexation provides a means for the City to address potential impacts on the health, safety, and quality of life of its residents and future residents.

Key Takeaways

K-Beach North (5) would increase the population of Soldotna by 56 residents by 2030. As projected, the area would initially provide the City with a positive fiscal effect—estimated at \$17,200.

Positive fiscal effects are projected to diminish and become negative as residential growth in K-Beach (5) outpaces commercial development. By 2030, the area is expected to have a negative fiscal effect of -\$33,200—generating \$0.88 in revenue for every \$1 in expenditures.

K-Beach North (5) does not contain the taxable sales base required to cover the costs resulting from the growth in population. In addition, even though real property taxable value is projected to increase from \$16.3 million in 2015, to \$24.5 million in 2030, it is not expected to cover the costs of increased demand for services.



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Table 21. Estimated Fiscal Effects Summary for K-Beach North (5)

Projection	2015	2020	2025	2030
Population	111	126	146	167
Total Taxable Sales (\$1,000s)	4,463.7	5,066.9	5,871.2	6,715.7
Total Taxable Value (\$1,000s)	16,326.3	18,532.6	21,474.2	24,563.0
Road to be maintained by Soldotna	1.1	2.2	3.0	3.9
Paved	0.2	0.3	0.4	0.6
Gravel	0.9	1.8	2.5	3.3
Revenue	(\$1,000s)			
Sales Tax	133.9	152.0	176.1	201.5
Property Tax	8.2	9.3	10.7	12.3
Building Permits/Fees	2.9	3.3	3.8	4.4
Traffic and Animal Fines/Fees	2.0	2.3	2.6	3.0
Other Revenues	6.4	7.2	8.4	9.6
Utility Sales Tax	8.8	9.9	11.5	13.2
Gas	4.4	5.0	5.8	6.6
Electric	4.4	5.0	5.8	6.6
Total Revenue	162.1	184.0	213.2	243.9
Expenditures	(\$1,000s)			
General Government	35.6	40.1	46.0	52.1
Public Safety	55.3	62.7	72.5	82.7
Public Works - Administration	9.6	10.9	12.7	14.5
Public Works - Planning and Zoning	5.9	6.7	7.7	8.8
Public Works - Building Maintenance	3.9	4.4	5.1	5.9
Public Works - Streets	29.9	58.6	81.2	105.9
Public Works - Shop	4.7	5.4	6.2	7.1
Misc Expenditures	.0	.0	.0	.0
Total Expenditures	144.9	188.8	231.5	277.0
Difference (\$1,000s)	17.2	-4.8	-18.3	-33.2
Ratio (revenue to expense)	1.12	0.97	0.92	0.88

Source: Northern Economics, Inc. estimates 2016.

Knight Drive (6)

Knight Drive (6) is comprised of land north of Soldotna's current boundary at Knight Drive, to Spruce Avenue, between the Kenai River and Pioneer Drive (Figure 12). Knight Drive (6) does not contain any land located on the Kenai Spur Highway corridor, which is contained in Kenai Spur (7) and discussed in the next section. Knight Drive (6) is 54 percent developed, and virtually entirely privately owned. Nearly all developed land is residential (83 percent), with the remaining developed lands coded for commercial use (5 percent) and gravel pit (11 percent). The remaining 46 percent of Knight Drive (6) is vacant.

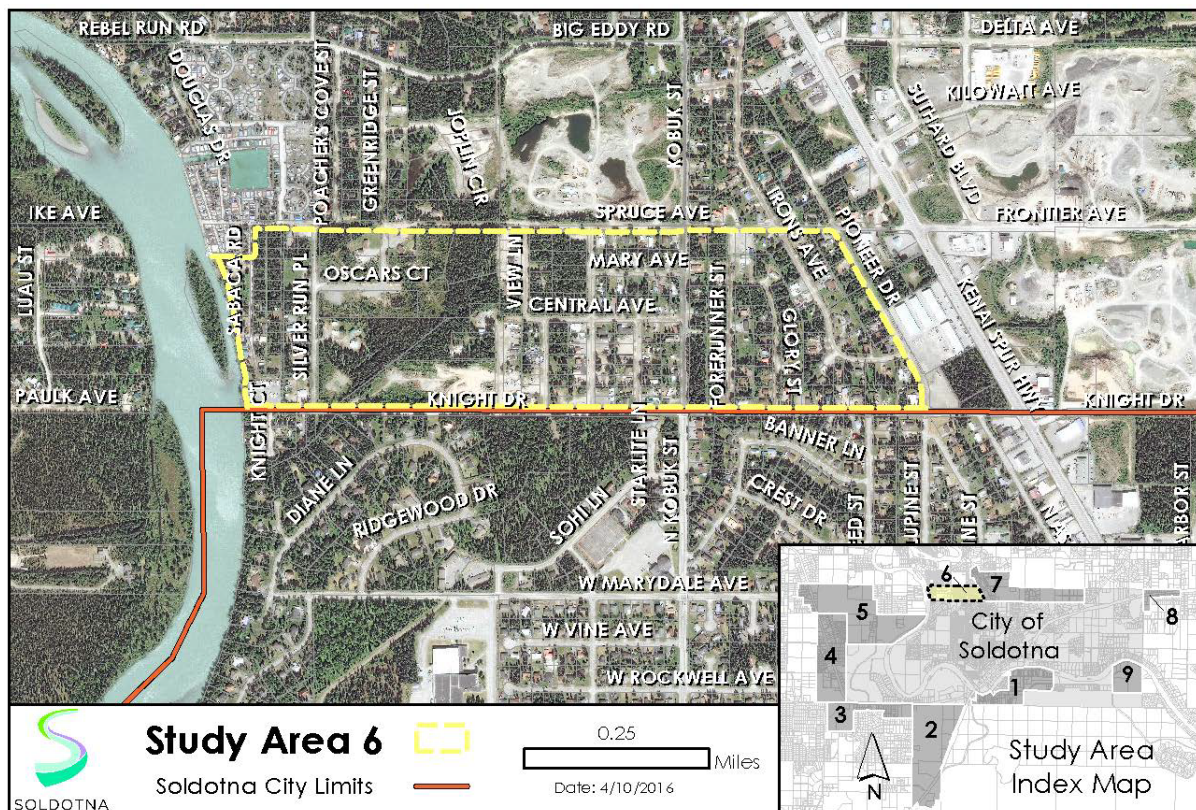
Key Takeaways

Knight Drive (6) contains currently contains the second largest population among study areas with 268 citizens; however, significant growth is not expected.

The low concentration of commercial development in Knight Drive (6), combined with a large existing population result in a significant negative fiscal effect—between -\$215,000 and -\$223,000 annually—generating \$0.42 in revenue for every \$1 in expenditure.

While the population in Knight Drive (6) is large, the per capita real property tax base is low. Combined with a low projected growth, the inability for property tax to generate significant revenue is further exacerbated.

Figure 12. Knight Drive (6)



Source: Alaska Map Company 2016

Knight Drive (6) contains the second highest number of residential housing units and the highest density of housing units to acres. This is evident as the population in Knight Drive (6) is the second highest (only

area 4 has more) but contains nearly one-third fewer acres. Because Knight Drive (6) represents one of the largest populations, annexation could allow for Soldotna to efficiently provide essential city services that aren't currently offered by the KPB. For example, Soldotna water, sewer, and combinations of both are stubbed out to Pioneer Drive, Kobuk Street, Glory Street, and Forerunner Street. One residence on Knight Drive (6) is already connected to City utilities. Annexation could allow for the City to plan for timely and cost-effective extensions of such services when needed. In addition, the City could help alleviate past environmental issues.

The large, high-density population of Knight Drive (6) would benefit from the City's planning and zoning services, build-out requirements, and improved infrastructure—helping to improve Knight Drive (6)'s neighborhoods.

Knight Drive (6)'s population is not expected to grow substantially since the area assumes similar growth rates as the Ridgeway CDP, which has a CAGR of only 0.4 percent over the last decade. This amounts to a relatively low growth in total real property taxable value, as shown in Table 8.

Very little land in Knight Drive (6) is coded for commercial land use. For 2015, the model estimates there were approximately \$3.1 million in total taxable sales. This is expected to grow to over \$3.3 million by 2030, with an estimated \$101,000 in sales tax revenue. Given the lack of sales tax revenue, combined with Knight Drive (6)'s large population and the inability for property taxes to generate sufficient revenue, the model estimates that Knight Drive (6) would have a large negative fiscal effect on Soldotna. Fiscal model results are shown in Table 22.

Table 22. Estimated Fiscal Effects Summary for Knight Drive (6)

Projection	2015	2020	2025	2030
Population	268	273	278	283
Total Taxable Sales (\$1,000s)	3,188.4	3,247.8	3,307.3	3,366.8
Total Taxable Value (\$1,000s)	16,250.6	16,553.8	16,857.0	17,160.1
Road to be maintained by Soldotna	3.2	3.2	3.2	3.2
Paved	0.0	0.0	0.0	0.0
Gravel	3.2	3.2	3.2	3.2
Revenue	(\$1,000s)			
Sales Tax	95.7	97.4	99.2	101.0
Property Tax	8.1	8.3	8.4	8.6
Building Permits/Fees	7.0	7.2	7.3	7.4
Traffic and Animal Fines/Fees	4.8	4.9	5.0	5.1
Other Revenues	15.4	15.6	15.9	16.2
Utility Sales Tax	21.1	21.5	21.9	22.3
Gas	10.6	10.8	11.0	11.2
Electric	10.6	10.8	11.0	11.2
Total Revenue	152.1	155.0	157.8	160.6
Expenditures	(\$1,000s)			
General Government	85.9	87.3	88.7	90.1
Public Safety	133.5	135.9	138.3	140.7
Public Works - Administration	23.3	23.7	24.1	24.6
Public Works - Planning and Zoning	14.2	14.5	14.7	15.0
Public Works - Building Maintenance	9.4	9.6	9.7	9.9
Public Works - Streets	89.6	90.4	91.1	91.6
Public Works - Shop	11.4	11.6	11.8	12.1
Misc Expenditures	.0	.0	.0	.0
Total Expenditures	367.3	373.0	378.6	384.0
Difference (\$1,000s)	-215.2	-218.0	-220.8	-223.4
Ratio (revenue to expense)	0.41	0.42	0.42	0.42

Source: Northern Economics, Inc. estimates 2016.

Kenai Spur (7)

Kenai Spur (7) is located adjacent to Knight Drive (6), extending east to Heath Street. The makeup of Kenai Spur (7) is very similar to that of Knight Drive (6) in that almost all land is privately owned (99 percent). Eighty-three percent of Kenai Spur (7) is vacant. Existing developments include land classified by the Borough as residential (44 percent), gravel pit (42 percent), and commercial (14 percent).

Kenai Spur (7) contains the stretch of the Kenai Spur Highway north of Soldotna's current boundary at Knight Drive to its intersection at Irons Avenue. Kenai Spur (7) is the only study area that would incorporate any section of the Kenai Spur Highway corridor. This corridor lies between Soldotna and the City of Kenai, and represents an area that is likely to experience present and future commercial development—contributing to a sustainable revenue source with which to provide basic services to residents. Development along the Kenai Spur corridor could also benefit from city services, such as planning and zoning, building requirements, and improved infrastructure.

The population of Kenai Spur (7) is estimated to be 53 residents. This is expected to increase slightly through 2030 due to Kenai Spur (7)'s current makeup—it is highly unlikely that development would occur on the large gravel pit located in the area. In addition, much of the vacant land has limited access and may be restricted due to the presence of wetlands. For this, the study team estimates Kenai Spur (7)'s population to grow by one family, or 1.89 persons (Table 6), every five years.

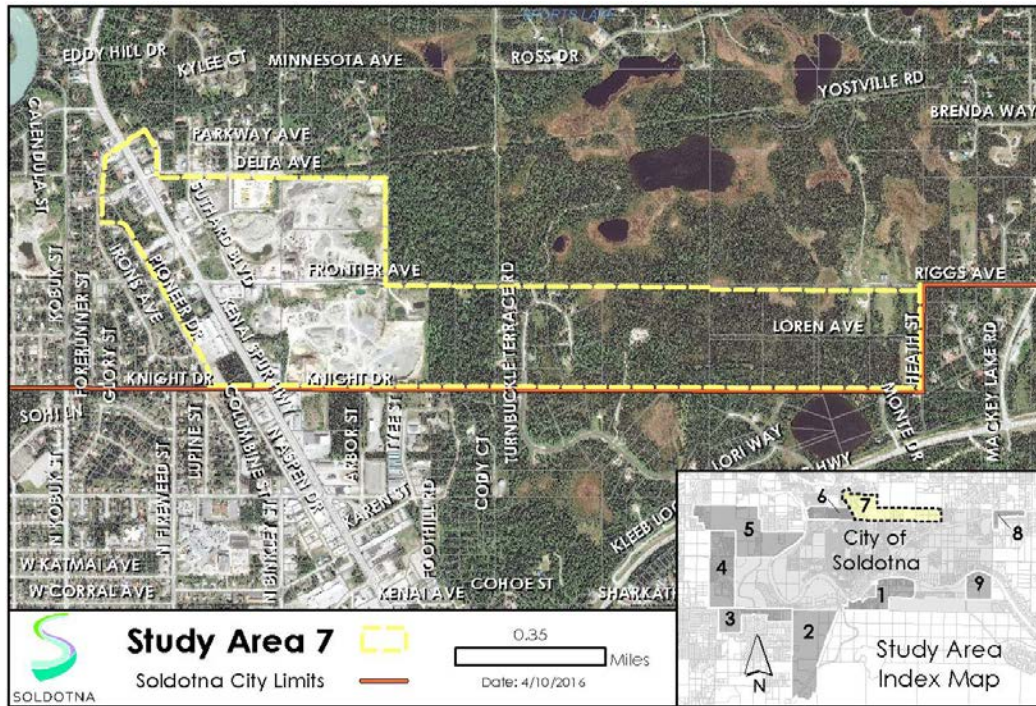
Key Takeaways

Kenai Spur (7) contains both high taxable sales and real property taxable value per capita—resulting in a strong taxable base. The area is projected to have the largest positive fiscal effect on Soldotna, ranging between \$430,000 and \$483,000 annually between 2015 and 2030.

The population of Kenai Spur (7) is projected to grow slowly, from 53 citizens in 2015 to 59 residents in 2030. By 2030, the area is estimated to generate \$4.50 in revenue for every \$1 in expenditures.

Real property taxable value is projected to grow from \$17.2 million to \$19.1 million.

Figure 13. Kenai Spur (7)



Source: Alaska Map Company 2016

The large relative proportion of commercial uses, combined with a flat population projection, results in a large positive estimated fiscal effect if annexed by Soldotna. If the population remains flat, revenues and expenditures are estimated to remain unchanged. In 2015, the model estimates Kenai Spur (7)'s total taxable real property and sales at over \$17.5 million and \$18 million, respectively. This results in estimated property and sales tax revenues of over \$8,000 and \$541,000, respectively. Fiscal model results for Kenai Spur (7) are shown in Table 23.

Table 23. Estimated Fiscal Effects Summary for Kenai Spur (7)

Projection	2015	2020	2025	2030
Population	53	55	57	59
Total Taxable Sales (\$1,000s)	18,038.1	18,682.3	19,363.0	20,043.7
Total Taxable Value (\$1,000s)	17,259.1	17,875.5	18,526.8	19,178.1
Road to be maintained by Soldotna	2.7	2.8	2.8	2.9
Paved	0.4	0.4	0.4	0.5
Gravel	2.3	2.3	2.4	2.4
Revenue	(\$1,000s)			
Sales Tax	541.1	560.5	580.9	601.3
Property Tax	8.6	8.9	9.3	9.6
Building Permits/Fees	1.4	1.4	1.5	1.5
Traffic and Animal Fines/Fees	.9	1.0	1.0	1.1
Other Revenues	3.0	3.1	3.3	3.4
Utility Sales Tax	4.2	4.3	4.5	4.6
Gas	2.1	2.2	2.2	2.3
Electric	2.1	2.2	2.2	2.3
Total Revenue	559.3	579.3	600.4	621.5
Expenditures	(\$1,000s)			
General Government	17.0	17.6	18.2	18.8
Public Safety	26.4	27.3	28.3	29.3
Public Works - Administration	4.6	4.8	4.9	5.1
Public Works - Planning and Zoning	2.8	2.9	3.0	3.1
Public Works - Building Maintenance	1.9	1.9	2.0	2.1
Public Works - Streets	73.6	74.8	76.1	77.3
Public Works - Shop	2.3	2.3	2.4	2.5
Misc Expenditures	.0	.0	.0	.0
Total Expenditures	128.5	131.7	135.0	138.2
Difference (\$1,000s)	430.8	447.6	465.5	483.3
Ratio (revenue to expense)	4.35	4.40	4.45	4.50

Source: Northern Economics, Inc. estimates 2016.

Sterling Hwy (8)

Sterling Hwy (8) would extend the northeast boundary of Soldotna to incorporate a small swath of land along the Sterling Highway to the intersection of Pine Street (Figure 14). Sterling Hwy (8) represents the smallest study area at approximately 51 parcel acres. Land ownership in Sterling Hwy (8) is nearly 80 percent private, with the remainder owned by the State of Alaska. Sterling Hwy (8) has the second largest portion of developed land for commercial use (34 percent).

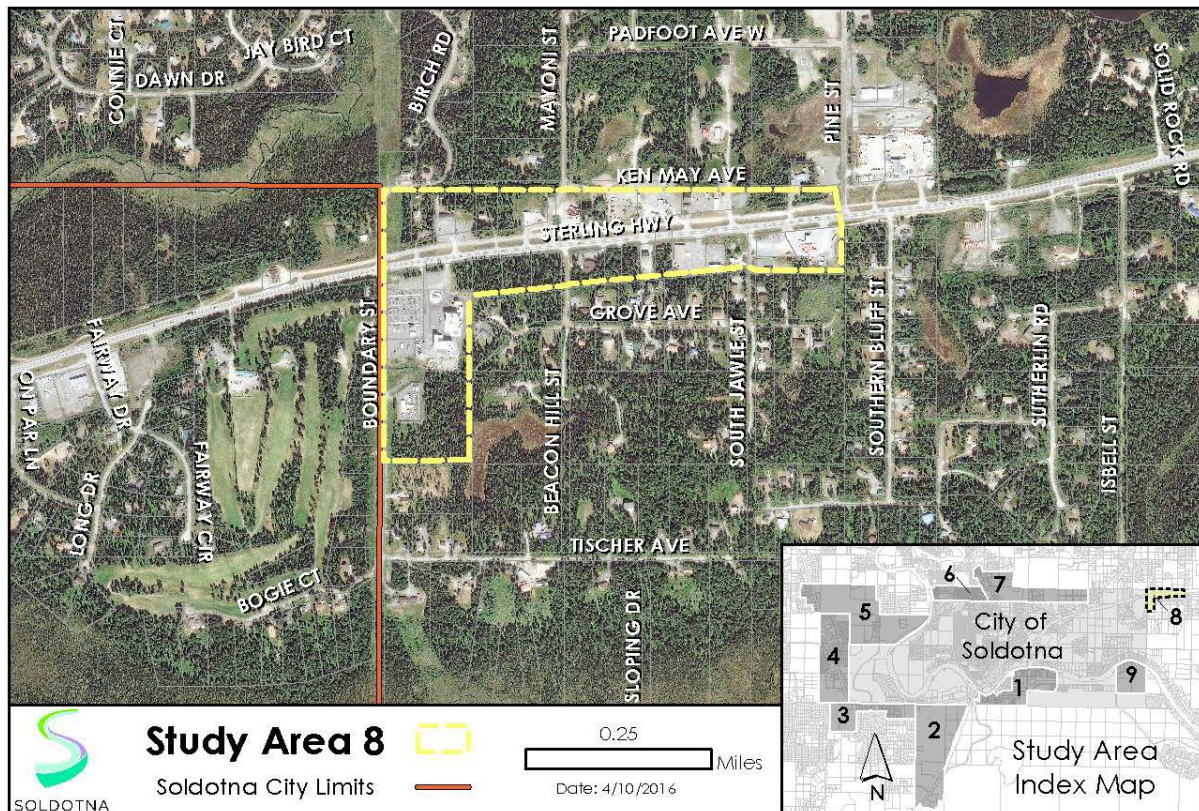
Sterling Hwy (8) would extend Soldotna's boundary along the Sterling Highway to the intersection of Pine Street. Furthering the boundary along the highway would allow the City to develop the corridor to align with Soldotna's goals to create a positive first impression of the City by ensuring more of the highway is safe, efficient, and aesthetically pleasing. Like other areas containing highway corridors, Sterling Hwy (8) would contribute to building a sustainable revenue source for Soldotna to provide basic services to residents while benefiting from city planning and zoning, building requirements, and improved infrastructure.

Key Takeaways

Sterling Hwy (8) contains the largest portion of commercially developed land and is projected to generate the highest ratio of revenues to expenditures, with \$8.30 in revenue generated for every \$1 in expenditures.

Only eight percent of developed land in Sterling Hwy (8) is classified as residential. The area contains 15 residents—which is not expected to change through 2030. The high proportion of commercial land and taxable sales, combined with a low population, result in Sterling Hwy (8) having a strong positive fiscal effect on Soldotna—with projected net revenues of \$113,500 annually.

Figure 14. Sterling Hwy (8)



Source: Alaska Map Company 2016

Sterling Hwy (8) contains a small residential population that is estimated to remain flat through 2030 due to the desirability of the area as a commercial strip. As a result, a strong positive fiscal effect is estimated, as shown in Table 24. It should be noted that virtually all existing roads in Sterling Hwy (8) would continue to be maintained by the State; therefore, no street maintenance expenditures are expected if the area were annexed.

Table 24. Estimated Fiscal Effects Summary for Sterling Hwy (8)

Projection	2015	2020	2025	2030
Population	15	15	15	15
Total Taxable Sales (\$1,000s)	4,144.9	4,144.9	4,144.9	4,144.9
Total Taxable Value (\$1,000s)	3,933.3	3,933.3	3,933.3	3,933.3
Road to be maintained by Soldotna	0.4	0.4	0.4	0.4
Paved	0.0	0.0	0.0	0.0
Gravel	0.4	0.4	0.4	0.4
Revenue	(\$1,000s)			
Sales Tax	124.3	124.3	124.3	124.3
Property Tax	2.0	2.0	2.0	2.0
Building Permits/Fees	.4	.4	.4	.4
Traffic and Animal Fines/Fees	.3	.3	.3	.3
Other Revenues	.9	.9	.9	.9
Utility Sales Tax	1.2	1.2	1.2	1.2
Gas	.6	.6	.6	.6
Electric	.6	.6	.6	.6
Total Revenue	129.0	129.0	129.0	129.0
Expenditures	(\$1,000s)			
General Government	4.8	4.8	4.8	4.8
Public Safety	7.5	7.5	7.5	7.5
Public Works - Administration	1.3	1.3	1.3	1.3
Public Works - Planning and Zoning	.8	.8	.8	.8
Public Works - Building Maintenance	.5	.5	.5	.5
Public Works - Streets	.0	.0	.0	.0
Public Works - Shop	.6	.6	.6	.6
Misc Expenditures	.0	.0	.0	.0
Total Expenditures	15.5	15.5	15.5	15.5
Difference (\$1,000s)	113.5	113.5	113.5	113.5
Ratio (revenue to expense)	8.30	8.30	8.30	8.30

Source: Northern Economics, Inc. estimates 2016.

Funny River West (9)

Funny River West (9) is located in the southeast corner of Soldotna’s boundaries. The area is on the south side of the Kenai River at the east end of the airport, north of the gravel pit (Figure 15). Funny River West (9)’s ownership is split between private and the State of Alaska evenly, and it is currently developed exclusively for residential use on non-state lands. The majority of Funny River West (9)’s lands are developed with only 28 percent of land within the area vacant. The state-owned portion of Funny River West (9) consists of land selected by the State of Alaska, and managed by the Alaska Department of Natural Resources, and comprises the eastern half of the area.

Key Takeaways

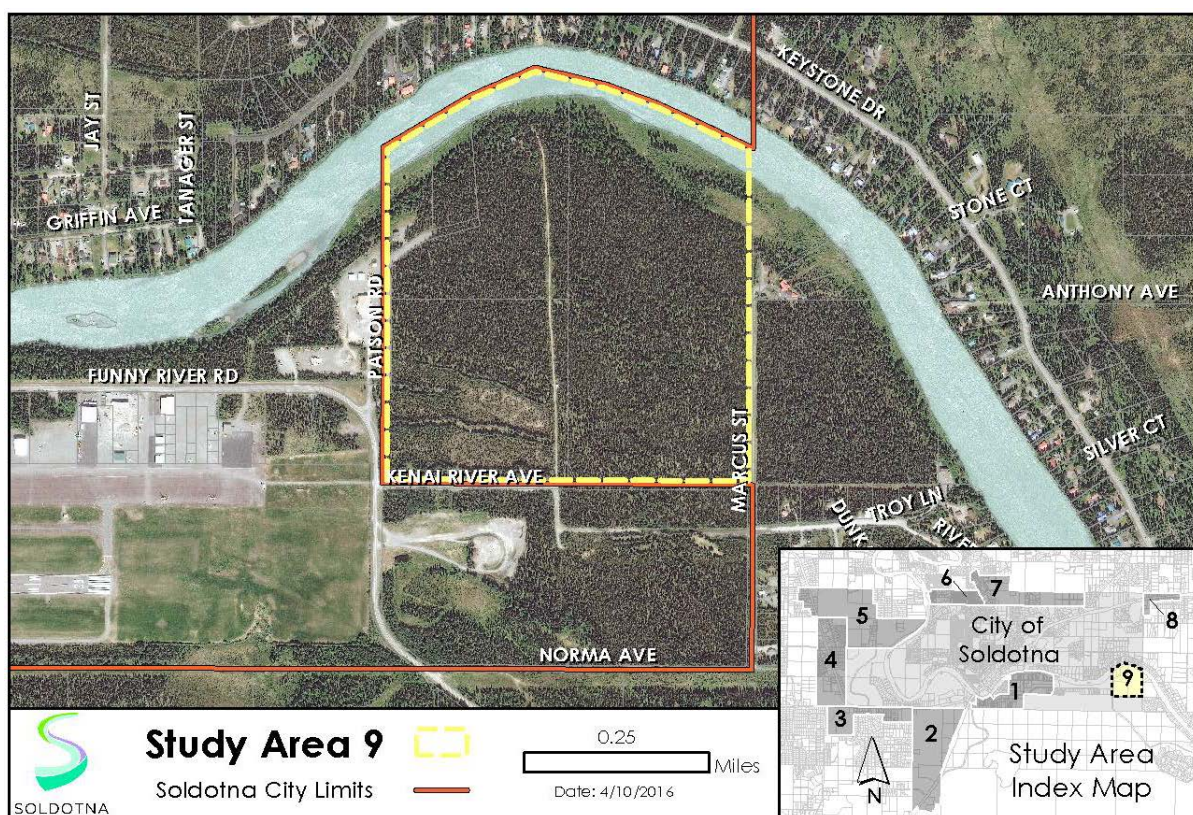
Funny River West (9) contains no taxable sales and very little real property taxable value. The area contains two residents and is unlikely to have a significant fiscal effect on the City of Soldotna.

No major development is expected in Funny River West (9) through 2030.

Funny River West (9) is bordered by Soldotna’s existing boundaries on three sides and contains a section of Kenai River waterfront properties. As previously discussed, annexation of Funny River West (9) would add high-value riverfront property to the City while ensuring development occurs in a manner that is safe and sustainable to the Kenai River.

In addition to Funny River West (9)’s natural and political boundaries, City of Soldotna water and sewer services already extend to the eastern-most portion of the airport—less than 500 feet from the study area. It is also immediately adjacent to City-owned airport use land.

Figure 15. Funny River West (9)



Source: Alaska Map Company 2016

In 2015, Funny River West (9) is estimated to have a population of 2, and is projected to remain flat through 2030. Funny River West (9) contains zero taxable sales and an estimated \$1.9 million in total taxable real property value, resulting in property tax revenues estimated at \$1,000. Table 25 summarizes the estimated fiscal effect of Funny River West (9). As shown, area 9 is projected to have a very small negative fiscal effect on the City given its small population and flat growth.

Table 25. Estimated Fiscal Effects Summary for Funny River West (9)

Projection	2015	2020	2025	2030
Population	2	2	2	2
Total Taxable Sales (\$1,000s)	.0	.0	.0	.0
Total Taxable Value (\$1,000s)	1,909.8	1,909.8	1,909.8	1,909.8
Road to be maintained by Soldotna	0.0	0.0	0.0	0.0
Paved	0.0	0.0	0.0	0.0
Gravel	0.0	0.0	0.0	0.0
Revenue	(\$1,000s)			
Sales Tax	.0	.0	.0	.0
Property Tax	1.0	1.0	1.0	1.0
Building Permits/Fees	.1	.1	.1	.1
Traffic and Animal Fines/Fees	.0	.0	.0	.0
Other Revenues	.1	.1	.1	.1
Utility Sales Tax	.2	.2	.2	.2
Gas	.1	.1	.1	.1
Electric	.1	.1	.1	.1
Total Revenue	1.3	1.3	1.3	1.3
Expenditures	(\$1,000s)			
General Government	.6	.6	.6	.6
Public Safety	1.0	1.0	1.0	1.0
Public Works - Administration	.2	.2	.2	.2
Public Works - Planning and Zoning	.1	.1	.1	.1
Public Works - Building Maintenance	.1	.1	.1	.1
Public Works - Streets	.0	.0	.0	.0
Public Works - Shop	.1	.1	.1	.1
Misc Expenditures	.0	.0	.0	.0
Total Expenditures	2.1	2.1	2.1	2.1
Difference (\$1,000s)	-.8	-.8	-.8	-.8
Ratio (revenue to expense)	0.63	0.63	0.63	0.63

Source: Northern Economics, Inc. estimates 2016.

All Areas

The amalgamation of all study areas would bring a range of impacts to Soldotna and its residents. Four of the nine study areas exist adjacent to the Kenai River. Annexation of these areas would allow the City to protect and maintain the general health of the Kenai River while showcasing its assets to ensure a quality experience.

Six of the nine study areas contain stretches of major highway corridors. Over time, these corridors have shaped Soldotna's character and development. They provide primary circulation and access for visitors and residents alike, and often provide the first impression of Soldotna to visitors. These corridors also contain prime commercial properties, giving Soldotna the ability to ensure quality commercial development.

There are also areas that contains several other important assets for which Soldotna could help ensure responsible development that has the potential to impact the health, safety and quality of life for residents. These include parks, wetlands, and institutions (airport, high school, etc.).

Model results for all areas combined are summarized in Table 26. The incorporation of all areas would have added 1,065 people in 2015, increasing Soldotna's population by almost 25 percent—and is projected to increase to 1,467 by 2030. In 2015, the incorporation of all areas would have increased total taxable sales and value by over \$62 million and \$151 million, respectively, and would have resulted in increased sales tax revenue of over \$1.8 million and property tax revenue of over \$75,000. While expenditures are estimated to increase to nearly \$3 million by 2030.

Soldotna's current sales tax is the largest revenue generator. For example, in 2015, for every \$24 generated through sales tax, approximately \$1 was generated in property tax. Therefore, the amount of taxable sales and population become the main drivers of feasibility for each of the study areas.

Overall, the annexation of all areas is projected to have a large positive fiscal effect on the City with the ratio of revenues to expenditures projected to increase slightly from 1.20 in 2015 to 1.43 by 2030. As mentioned in section 4.1, it is important to note that the fiscal effects analysis only estimates impacts to Soldotna's general fund. However, the general fund provides funding for several capital project funds and special revenue funds through transfers. So while the ratio of revenues to expenditures is projected to grow, it should not be assumed the City is retaining wealth. As Soldotna's revenues (and expenditures) grow, the City may choose to: 1) expand services (increase expenditures), 2) cut taxes (decrease revenues), or 3) a combination of both.

Table 26. Estimated Fiscal Effects Summary for All Areas Combined

Projection	2015	2020	2025	2030
Population	1,065	1,162	1,293	1,467
Total Taxable Sales (\$1,000s)	62,859.0	68,273.3	75,554.6	85,186.7
Total Taxable Value (\$1,000s)	151,550.1	164,745.1	182,187.2	201,666.3
Road to be maintained by Soldotna	15.1	16.8	18.6	20.4
Paved	2.2	2.5	2.7	3.0
Gravel	12.8	14.3	15.8	17.4
Revenue	(\$1,000s)			
Sales Tax	1,885.8	2,048.2	2,266.6	2,555.6
Property Tax	75.8	82.4	91.1	100.8
Building Permits/Fees	28.0	30.5	34.0	38.6
Traffic and Animal Fines/Fees	19.0	20.8	23.1	26.2
Other Revenues	61.0	66.6	74.1	84.0
Utility Sales Tax	84.0	91.7	102.0	115.7
Gas	42.0	45.8	51.0	57.9
Electric	42.0	45.8	51.0	57.9
Total Revenue	2,153.6	2,340.1	2,590.9	2,921.0
Expenditures	(\$1,000s)			
General Government	341.5	368.7	405.0	450.9
Public Safety	530.4	577.5	641.0	724.7
Public Works - Administration	92.4	100.9	112.2	127.3
Public Works - Planning and Zoning	56.4	61.6	68.5	77.7
Public Works - Building Maintenance	37.3	40.7	45.3	51.4
Public Works - Streets	390.4	437.9	485.7	536.3
Public Works - Shop	45.4	49.5	55.1	62.5
Misc Expenditures	305.0	5.0	5.0	5.0
Total Expenditures	1,798.9	1,641.8	1,817.7	2,035.8
Difference (\$1,000s)	354.7	698.4	773.2	885.2
Ratio (revenue to expense)	1.20	1.43	1.43	1.43

Source: Northern Economics, Inc. estimates 2016.

7.2 Fiscal Effects Summary

Under 2015 conditions and current assumptions, the incorporation of all study areas is estimated to add over 1,000 residents to Soldotna's populace and over \$150 million in taxable real property value—a 24 percent increase in population and 31 percent increase in taxable real property value. The incorporation of all areas in 2015 is estimated to have a positive fiscal effect equal to \$0.35 million on the City—growing to \$0.85 million by 2030 as the ratio of revenue to expenditures increases from 1.20 to 1.43. Fiscal effects are summarized in Table 27.

Table 27. Summary of Annualized Fiscal Effects by Area

Area	Expenditures	Revenues	Difference	\$ Revenue per \$ Expenditure
	(\$1,000s)			
2015				
Funny River West (1)	131.0	175.0	44.0	1.34
Skyview (2)	5.0	0.0	-5.0	N/A
K-Beach South (3)	70.9	75.7	4.8	1.07
K-Beach Central (4)	633.7	899.1	265.4	1.42
K-Beach North (5)	144.9	162.1	17.2	1.12
Knight Drive (6)	367.3	152.1	-215.2	0.41
Kenai Spur (7)	128.5	559.3	430.8	4.35
Sterling Hwy (8)	15.5	129.0	113.5	8.30
Funny River East (9)	2.1	1.3	-0.8	0.63
All Areas	1,798.9 ¹⁷	2,153.6	354.7 ¹⁷	1.20
2030				
Funny River West (1)	191.9	247.6	55.7	1.29
Skyview (2)	5.0	0.0	-5.0	N/A
K-Beach South (3)	267.4	412.3	144.9	1.54
K-Beach Central (4)	754.6	1,104.7	350.2	1.46
K-Beach North (5)	277.0	243.9	-33.2	0.88
Knight Drive (6)	384.0	160.6	-223.4	0.42
Kenai Spur (7)	138.2	621.5	483.3	4.50
Sterling Hwy (8)	15.5	129.0	113.5	8.30
Funny River East (9)	2.1	1.3	-0.8	0.63
All Areas	2,035.8	2,921.0	885.2	1.43

Source: Northern Economics, Inc. estimates 2015.

The individual areas differ greatly in their projected net fiscal effects:

- Funny River West (1) is projected to increase the population of Soldotna by 34 residents by 2030. Fiscally, the area would generate \$1.34 in revenue per \$1 expenditure in 2015 and \$1.29 of revenue per expenditure in 2030. Real property value is projected to grow from \$24.6 in 2015 to \$34.9 million in 2030. Funny River West (1) is likely to present a consistent positive fiscal effect on the City given its primarily residential and commercial makeup.
- Skyview (2) is not projected to increase the population of Soldotna; therefore, very few, if any fiscal impacts are expected. Skyview (2) consists mostly of public land, containing no taxable real property value. Roads in Skyview (2) are maintained by other agencies, and not expected to be transferred to the City if annexed.
- K-Beach South (3) is likely to have a positive fiscal effect on the City if annexed. The area is projected to increase the population of Soldotna by 178 residents by 2030. Fiscally, the area would generate \$1.07 in revenue per \$1 expenditure in 2015 and \$1.54 of revenue per

¹⁷ Includes \$300,000 for purchase of additional road equipment given the annexation of all areas combined.

expenditure in 2030. K-Beach South (3) has high potential for residential and commercial development in future years.

- K-Beach Central (4) is projected to have a significant positive fiscal effect on Soldotna. K-Beach Central (4) contains the largest amount of developed commercial land; and subsequently the greatest source of taxable sales and sales tax revenue. K-Beach Central (4) is projected to increase the population of Soldotna by 113 residents by 2030. Taxable real property is expected to increase 18 percent—from \$68 million in 2015, to over \$83 million in 2030. Fiscally, the area would generate \$1.42 in revenue per \$1 expenditure in 2015 and \$1.46 of revenue per expenditure in 2030.
- K-Beach North (5) is projected to increase the population of Soldotna by 56 residents by 2030. The model estimates K-Beach North (5) to initially have a positive fiscal effect on the City. However, that is projected to diminish through 2030—becoming slightly negative. This is largely driven by a small taxable sales base and marginally low property tax revenues. Taxable real property value is estimated to increase from \$16.3 million in 2015, to \$24.6 million in 2030. However, projected revenues from property tax are not expected to cover the costs of increased demand for services.
- Knight Drive (6) is the only area with a significant negative fiscal effect on Soldotna, with a deficit of \$215,000 projected for 2015—or \$0.41 in revenue for every \$1 expenditure. The deficit is expected to grow to \$223,000 by 2030. The deficit is largely driven by Knight Drive (6)'s large population and lack of taxable sales base. While relatively large, the population of area 6 is expected to grow at a small rate, leading to small growth in real property value. Area 6 contains the highest population density, with little expected growth.
- Kenai Spur (7) is likely to exhibit the largest positive fiscal effect on Soldotna. Like K-Beach Central (4), this is the result of a large taxable sales base. In addition, Kenai Spur (7)'s population is estimated at 53, and projected to grow very little through 2030. Fiscally, the area would generate \$4.35 in revenue per \$1 expenditure in 2015, growing slightly to \$4.50 by 2030. With only a small change in population estimated, there are little expected changes to any model components. Model estimates project the net benefit of Kenai Spur (7) to be over \$400,000 annually.
- Sterling Hwy (8) is estimated to add 15 residents to Soldotna, but its population is not projected to increase through 2030. Sterling Hwy (8) contains the second largest proportion of developed commercial land. Fiscally, the area would generate the highest ratio of revenue to expenditures—\$8.30 in revenue per \$1 expenditure through 2030. Sterling Hwy (8) is projected to have a consistent positive fiscal impact on Soldotna given its large amount of property coded for commercial land use.
- Funny River East (9) is estimated to add 2 residents to Soldotna, and is not projected to increase through 2030. Fiscally, the area would generate \$0.63 in revenue per \$1 expenditure through 2030. Funny River East (9) is projected to have a very small negative fiscal effect, if any. There are no taxable sales or roads projected in Funny River East (9). Total taxable real property value is nearly \$2 million, and is expected to remain unchanged through 2030.

7.3 Policy Implications of Results

As indicated by the model results, just over half of the study areas are expected to have positive fiscal impacts on Soldotna. Some areas would produce much greater revenues than the cost of providing services, while some are closer to break-even. One area – Knight Drive (6) would have the greatest

negative impact to the City's finances, if annexed, because of higher costs to provide services but relatively low revenue. Overall, all study areas combined are estimated to result in a positive net impact of over \$350,000 in 2015—growing to nearly \$900,000 by 2030. The expected costs and revenues of any other potential annexation (for example a single area, or combination of some but not all areas) can be determined by adding the costs and revenue estimates for individual subareas from Table 27.

It is important to note that these results are estimated on the assumption that no major policy changes occur over the projection horizon. However, as this analysis was being completed, a resolution (2016-023) was before the City of Soldotna to set the rate of levy for property taxes for the 2017 fiscal year to 2.0 mills. In addition, citizens voted to create a charter commission in May 2016 that will draft a charter for the City to become a home-rule community. Upon being drafted, the charter would also require voter approval, and could allow the city more autonomy and powers over its policies. Unlike first-class general law cities, home-rule communities have greater control over their own tax structure. For example, Seward has opted to levy a bed tax while the City of Kenai continues charging sales tax on unprepared food from September to May. Soldotna is currently a first-class general law city and is more limited by state statute.

As previously mentioned, and as most Alaskans are aware, the State of Alaska finds itself in increasingly tumultuous times. As the state reaches an annual deficit nearing \$4 billion, many different policies aimed at increasing state revenues and decreasing state expenditures have been discussed. A recent study completed by the University of Alaska's Institute of Economic and Social Research analyzed the short-run impacts of ten different fiscal options. Included in those options were a three percent and four percent sales tax and broad-based state cuts. While all options are likely to have some impact on local governments, implementation of a sales tax and/or broad-based state cuts are likely to have the largest impact on Soldotna.

For example, Soldotna's ability to generate revenue is highly dependent on sales tax revenues generated by the three percent sales tax currently in place. If the State of Alaska were to implement a state sales tax, it would be charged in addition to the current city and borough sales tax. This would create two possible outcomes. First, a state sales tax could effectively turn the sales tax rate charged by businesses in Soldotna from 6 percent (3 percent for both the City and KPB) to 9 percent given the implementation of a 3 percent state sales tax. The impacts from such action would decrease the disposable income of residents, which is likely to decrease spending by local consumers, incentivize the migration of businesses charging sales tax to areas outside of the City, or both. Alternatively, Soldotna could face pressure to lower the current sales tax rate to help mitigate the previously mentioned effects. This change could also have a large impact on the City due to Soldotna's reliance on sales tax revenue, as discussed in section 6.3. Annexing adjacent areas where commercial development is occurring, or likely to occur, will help ensure the City maintains a sustainable principal revenue source with which to provide basic services to residents.

As the State of Alaska looks for a balanced strategy to decrease the deficit, decreasing state expenditures will have additional implications for the City. Currently, Alaska State Bill 210 (SB-210) is under consideration by the Senate Finance Committee. SB-210 proposes to cut revenue sharing, and ultimately phase out the program. Over the past five years, Soldotna has received between \$297,660 and \$432,124 in shared revenue, or an average of \$347,564 (Table 28). These funds can be used at the discretion of the community for any public purpose, as it is generally recognized that local residents are in the best position to determine the needs and priorities of their own communities. A reduction, and eventual abolishment of state shared revenue will have a direct impact on Soldotna's finances, and will further constrain the City's resources to deliver basic public services.

Table 28. State Shared Revenue, City of Soldotna 2010–2016

State Revenue Sharing	2010	2011	2012	2013	2014	Average
Shared Revenue	303,169	297,660	403,951	432,124	300,916	347,564

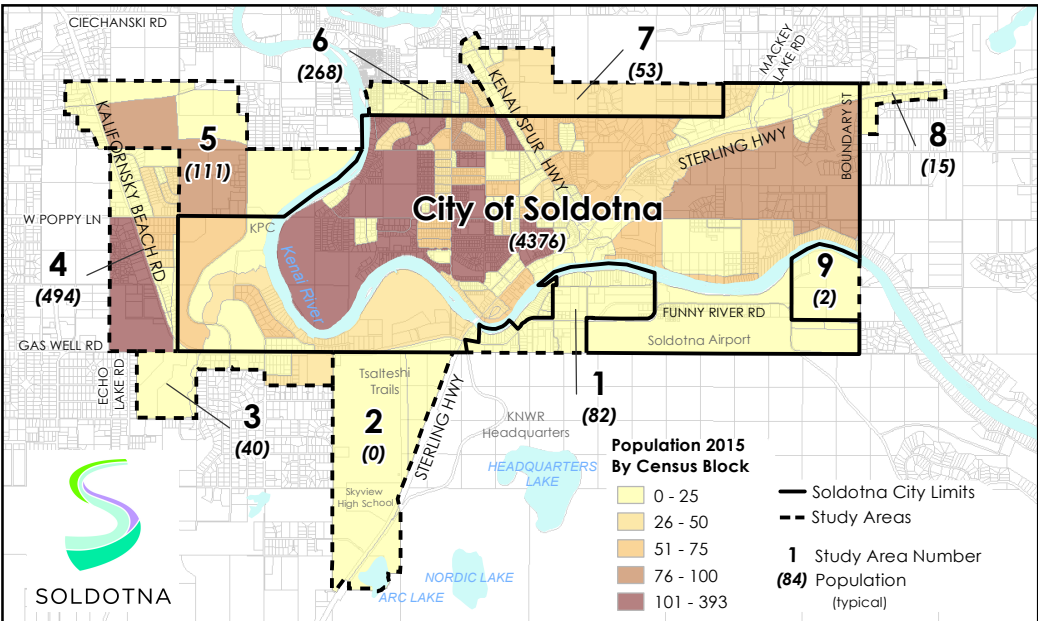
Source: DCCED 2015.

As this report is being finished, the Alaska legislature has entered into a special session in hopes of resolving these pressing issues. Until action is taken by the legislature, it will be difficult to speculate on the type and severity of the state's actions. It is important to reiterate that while these two scenarios are illustrated for Soldotna, many other actions are being considered, including the possibility of no action.

8 References

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Appendix: Area Maps

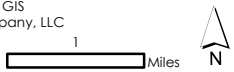


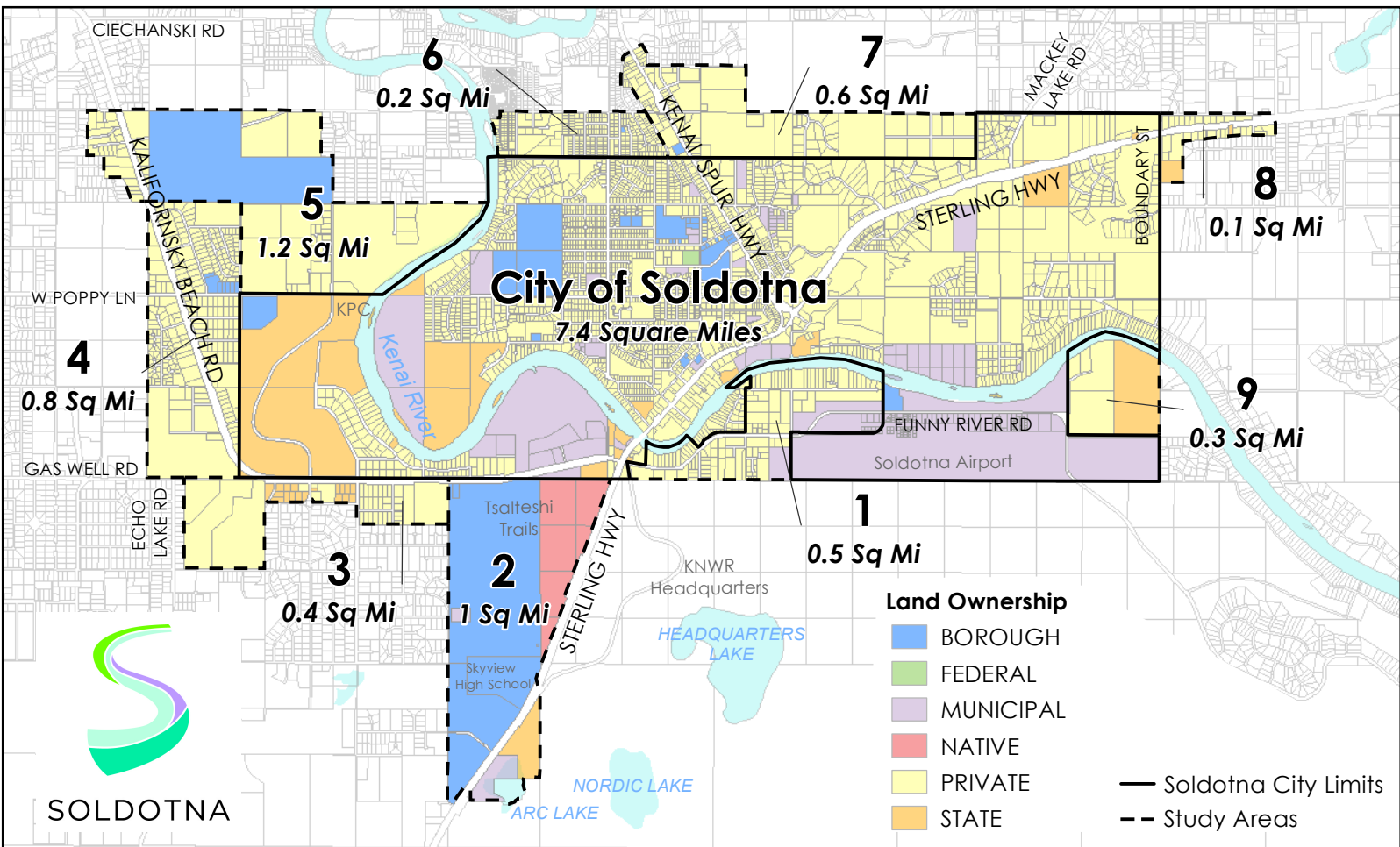
Population 2015

2015 Soldotna Annexation Study

Prepared By: **Northern Economics**

Source Data: US Census Bureau, KPBC GIS
 Map Produced By: Alaska Map Company, LLC
 Date: 4/8/2016



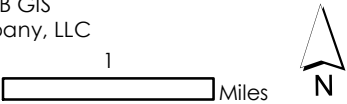


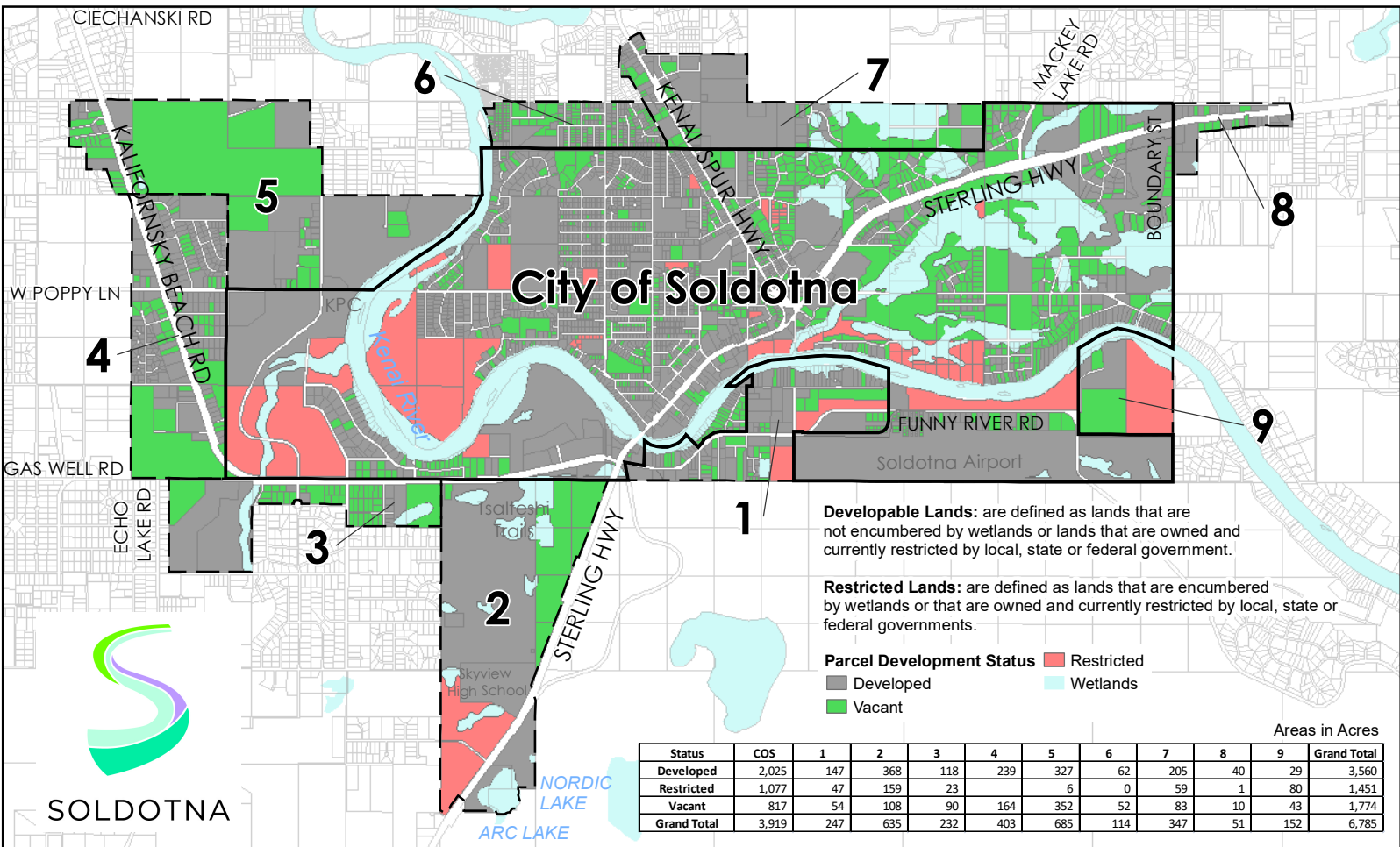
Land Ownership

2015 Soldotna Annexation Study

Prepared By: **Northern Economics** 311

Source Data: City of Soldotna GIS, KPB GIS
 Map Produced By: Alaska Map Company, LLC
 Date: 4/8/2016



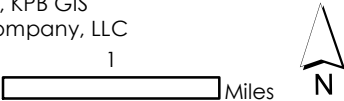


Developable Parcels

2015 Soldotna Annexation Study

Prepared By: 
Northern Economics

Source Data: City of Soldotna GIS, KPB GIS
Map Produced By: Alaska Map Company, LLC
Date: 5/25/2016



Introduced By:	City Manager
Date:	April 22, 2015
Public Hearing:	May 13, 2015
Action:	Enacted as Amended
Vote:	5 Yes, 1 No

CITY OF SOLDOTNA
ORDINANCE 2015-018

AN ORDINANCE INCREASING ESTIMATED REVENUES AND APPROPRIATIONS BY
\$50,000 IN THE GENERAL FUND AND SMALL CAPITAL PROJECTS FUND FOR
PROFESSIONAL SERVICES ASSOCIATED WITH ANNEXATION ECONOMIC IMPACT
ANALYSIS

WHEREAS, a regional growth and development goal of the City of Soldotna's comprehensive plan is to "explore annexation to promote orderly, high quality development, cost-effective extension of services, and the protection of the city's tax base and natural environment"; and

WHEREAS, the City of Soldotna's comprehensive plan also calls for the development of a new city process to meet with prospective residents and stakeholders to identify the issues and concerns about annexation; and

WHEREAS, the City desires to engage the public to solicit concerns and issues, to share information, and to develop ideas about possible ways to resolve annexation issues prior to making a decision about whether or not to proceed with annexation; and

WHEREAS, it is in the best interest of the City to research the financial feasibility of annexation in the areas around and within the City to estimate new expected revenues to the City as well as additional costs associated with providing services to a larger area; and

WHEREAS, the City should identify code and policy changes that address concerns from residents in neighboring areas prior to the submittal of a petition; and

WHEREAS, these funds will be used to assist in economic impact analysis; and

WHEREAS, it is in the best interest of the City of Soldotna to appropriate funds to thoroughly study the issue prior to making a decision;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. That estimated revenues and appropriations be increased as follows:

General Fund:

Increase Estimated Revenues:	
Appropriation of Fund Balance	\$50,000
Increase Appropriations:	
Transfer to Capital Projects	\$50,000

Small Capital Projects Fund

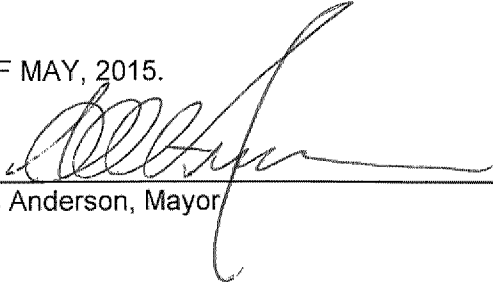
Increase Estimated Revenues:	
Transfer from General Fund	\$50,000
Increase Appropriations:	
Annexation Economic Impact Analysis Research	\$50,000

Section 2. The administration shall present the results of the economic impact analysis to the City Council for their consideration at a future date.

Section 3. The area of study shall include those lands within the boundaries of the City of Soldotna Sewer and Water Service Areas.

Section 4. This ordinance shall become effective immediately upon its enactment.

ENACTED BY THE CITY COUNCIL THIS 13TH DAY OF MAY, 2015.



Nels Anderson, Mayor

ATTEST:



Michelle M. Saner, CMC, City Clerk

Ayes: Sprague, Murphy, Baxter, Whitney, Daniels
Noes: Bos

TO: MARK DIXSON, CITY MANAGER
THROUGH: STEPHANIE QUEEN, DIRECTOR ED+P *jq*
FROM: JOHN CZARNEZKI, CITY PLANNER *jc*
DATE: MAY 6, 2015
SUBJECT: ORDINANCE 2015-018

The administration has been asked to clarify and provide additional detail as to how Ordinance 2015-018 would be implemented. We have also heard concern and confusion about the water/sewer service area boundary map, which was attached as an appendix. The purpose of this memo is to provide our thoughts on these two issues, prior to the public hearing on Ord. 2015-018.

As we previously noted, Ordinance 2015-018 would appropriate funds for a study which would include two separate – but related – parts; an economic impact analysis to study the costs/revenues associated with annexing different areas outside our existing city limits, and a public involvement plan to better understand and potentially address concerns that residents in those areas have. Though we originally intended on combining these two efforts into a single contract with both parts occurring simultaneously, we wanted to propose an alternative for your consideration.

One way to more quickly target smaller areas to study within the larger water/sewer service area, would be to conduct the economic impact analysis first, then use that information to make decisions about areas for study further. This would provide people some answers sooner – since the economic study would not take the full 2 years we proposed for the overall project. We also believe this would have the added benefit of potential cost savings to the City, for example, by allowing our public involvement to focus only on those areas we feel have the most merit. More thoughts on this phased approach are provided below:

- Upon approval of Ordinance 2015-018, the administration would solicit a consultant to research the financial feasibility of annexation. The award of the contract would be presented to the Council for approval, following our regular procurement processes. It is our estimate that the economic study will cost approximately \$50,000 and take 6-9 months to complete. This figure and schedule was arrived at through conversations with consultants who do this type of work, after reviewing the Palmer economic analysis, and from our own recent history with past City planning efforts.

The economic analysis would divide the City's sewer and water service area up into many different subareas, then estimate new expected revenues to the City as well as any additional costs associated with providing services to each one. Our expectation is that different areas would have significantly different impacts on the City, both positive and negative. Once complete, the analysis would be presented to the Council.

- If the Council authorizes us to proceed we would initiate the socioeconomic phase, focusing our public input process on those areas identified and agreed upon from the economic impact study. We would prepare a request for proposals for a consultant to assist in developing and implementing the public input process, and again would bring to Council a resolution authorizing the award of the contract.

As noted in the previous memo, the purpose of this effort would be to solicit public concerns and issues, to share information about the City and annexation, and to explore ideas about possible ways to resolve issues and concerns identified throughout the process. We anticipate this portion of the project would cost more than the economic impact, up to \$100,000.

Again, at the conclusion of the socioeconomic phase, the results would be presented to the City Council as a report. The report would describe the process – who we talked to and how people gave input – and also what we learned. But in addition to simply listing out concerns and what we heard, our intention would be that each section also recommend action items that can be taken to address them. These could include recommendations on code changes, modification of administrative policies, etc.

- With both the economic impact analysis and the socioeconomic report, the Council would again provide the administration direction. We estimate this step is approximately two years out. This could include, among others, the direction to:
 - o Do nothing, based on the desire to stop pursuing annexation;
 - o Moving forward with implementing some of the ‘fixes’ we identified in the study (a process in itself which could take many months or even a year);
 - o Prepare a formal annexation petition, for the Council’s consideration.





As you can see, the Council would have many decision-points along the way, each time with more information and a more focused area of interest.

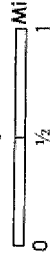
Our purpose in attaching the water/sewer service boundaries to the Ordinance was to assure folks living outside that area that they would not be affected by this effort. We have heard that it is being interpreted differently, with many people believing we are planning to annex up to that green line. We always anticipated that through the public input and economic analyses, the actual areas that get considered for annexation, if at all, would much smaller than the larger utility boundary. But, we chose this approach because we feel there is merit in allowing the public to be part of that initial decision, rather than the administration simply providing our ideas and professional opinions at this time.

Should the council adopt the Ordinance as-is, we would likely implement this phased approach in our larger contract anyway. But should you desire to amend the authorization to only include the \$50,000 for the economic impact analysis, we would be supportive of that approach as well. Thank you for your consideration, and please feel free to contact me with any questions or concerns.



City of Soldotna Water & Sewer Service Area Boundaries

-  Current City Boundaries
-  Water/Sewer Service Area Boundaries
-  Existing Water Mains
-  Existing Sewer Mains



The information depicted on this map is for graphical representation only. The City of Soldotna assumes no responsibility for activities resulting from the use of this map or any errors produced thereupon.

Date: 3/25/2015

Author: Austin Johnson, Planning/GIS Technician
Imagery: 2012/2000 Composite

TO: MARK DIXSON, CITY MANAGER
THROUGH: STEPHANIE QUEEN, DIRECTOR ED+P
FROM: JOHN CZARNEZKI, CITY PLANNER
DATE: APRIL 6, 2015
SUBJECT: ANNEXATION PUBLIC INPUT PROCESS & ECONOMIC STUDY

The attached ordinance requests \$150,000 to contract for professional services for annexation research and analysis, public outreach, and code and policy review.

This appropriation will allow for the development of a public process to solicit public concerns and issues, to share information and to explore ideas about possible ways to resolve issues. It will also enable the development of a financial analysis that will research the feasibility of annexation in the areas around the City and estimate costs and benefits of serving a larger area.

The financial analysis will be extremely important in identifying the implications of annexation both to those who live in the areas outside the existing city boundaries, but also to those within. In some cases it's been found that annexation could result in negative fiscal effects, and that a modest increase in city revenues or decrease in expenditures would be necessary.

In addition, the Local Boundary Commission (LBC) will look for an assessment of the financial feasibility of annexation given the City's existing budgets and forecasted increases to support existing and new development within the proposed boundaries of the city. The LBC statutory standards (3 AAC 110.110) give the Commission the authority to consider anticipated city functions, expenses, income, land uses, property valuations and future development within the city that would result from annexation.

The region proposed to be studied will include those areas within the City of Soldotna's sewer and water service area boundaries. Periodic progress reports will be presented to the council throughout each phase of the process, and a final presentation of the findings will be presented at the conclusion of the study and input process.

We respectfully request an appropriation of \$150,000 to accomplish this effort. The consultant selection process will result in a professional services contract, and a resolution will be brought forward to the Council for adoption.

Feel free to contact me with any questions or concerns.

Introduced By:
Date:
Action:
Vote:

City Manager
July 22, 2015
Adopted
6 Yes, 0 No

CITY OF SOLDOTNA
RESOLUTION 2015-036

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH
NORTHERN ECONOMICS IN THE AMOUNT OF \$49,930 FOR ECONOMIC ANALYSIS OF
ANNEXATION ALTERNATIVES

WHEREAS, the City recently advertised and solicited proposals for professional services for the economic analysis of annexation alternatives; and

WHEREAS, one proposal was received for this project, and was determined to be both responsive and responsible; and

WHEREAS, an evaluation review committee found that the group of consultants led by Northern Economics submitted a high ranking proposal with expertise and experience in the subject matter; and

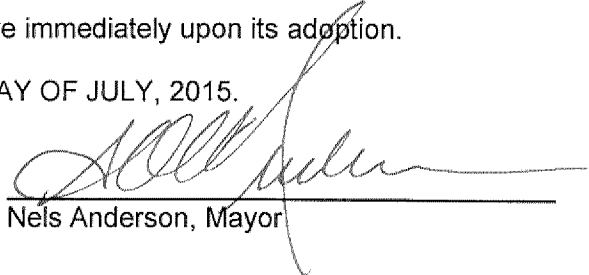
WHEREAS, it is in the best interest of the city of Soldotna to award the professional services contract for economic analysis of annexation alternatives to Northern Economics;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

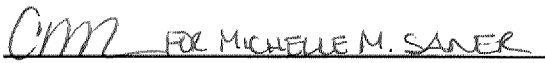
Section 1. The City Manager is hereby authorized to execute a contract with Northern Economics for professional consulting services for the Economic Analysis of Annexation Alternatives in the amount of \$49,930, and execute any subsequent change orders according to SMC which are reasonable and necessary to effectuate the intent and purpose of the project.

Section 2. This resolution shall become effective immediately upon its adoption.

ADOPTED BY THE CITY COUNCIL THIS 22ND DAY OF JULY, 2015.


Nels Anderson, Mayor

ATTEST:


Michelle M. Saner, CMC, City Clerk

Ayes: Daniels, Marquez, Sprague, Murphy, Baxter, Whitney
Noes: None

15RES036

MEMORANDUM**TO: MAYOR AND COUNCIL****DATE: July 15, 2015****SUBJECT: AUTHORIZATION FOR AWARD, PROFESSIONAL SERVICES -
ECONOMIC ANALYSIS OF ANNEXATION ALTERNATIVES**

The Economic Development and Planning Department solicited proposals for professional consulting services to conduct an Economic Analysis of Annexation Alternatives. The request for proposals was published in the Alaska Dispatch News on June 10, 12 and 15, 2015.

A non-mandatory pre-proposal meeting was held on June 22, 2015 in which representatives from six consulting firms attended. One proposal was received by the July 8, 2015 deadline, and consisted of a team of consultants led by Northern Economics. Partnering with Northern Economics are Agnew::Beck, The Alaska Map Company, and Kevin Waring & Associates. The proposal ranked high in all rating areas.

The scope of work for the project will include defining the Study Area, economic analysis of annexation alternatives, and analysis of the status quo. Ordinance 2015-018 appropriated funds for this project.

In defining the Study Area, the request for proposal specified that the most detailed review would be the following areas:

- Areas already receiving City services, such as water and/or sewer utilities, or areas close to existing utilities where extension can be reasonably achieved or anticipated
- Existing or potential commercial corridors or nodes near the City whose development has the potential to erode the City's sales tax base
- Undeveloped or underdeveloped areas which provide opportunities for residential, commercial, or other types of development, and would benefit from City services and standards prior to development
- Areas where a request has been received by the City to offer a service not available in the Borough.

Under the above parameters and with the limited funds for this project, we will be directing the consultants to focus on those areas essentially identified by the initial working group. Those areas would include the Kalifornsky Beach business corridor, the Kenai Spur business corridor which includes areas already receiving city utilities, the Funny River areas which also receive services and would straighten our southern boundary, and extensions on the Sterling Highway towards Arc Lake¹ and towards the potential commercial areas east of the City.

We should also point out that residential areas generally have a negative economic impact since the low level of property taxes would not cover the expense of providing services. For that reason, we will not be focusing on any residential areas or properties, unless those areas are purely incidental to the areas addressed above.

The evaluation committee recommends award of the Economic Analysis of Annexation Alternatives contract to Northern Economics for the amount of \$49,930.

¹ We recognize that the majority of parcels from Kalifornsky Beach Road to Arc Lake are exempt from property taxes and do not generate sales tax. A recommendation will be made on whether there is a significant non-economic reason for annexation.

APPENDIX B

City of Soldotna Annexation Study – Community Perspectives

Appendix B includes the following:

- 1) *City of Soldotna Annexation Study – Community Perspectives*;
- 2) City of Soldotna Ordinance 2016-032, An Ordinance Increasing Estimated Revenues and Appropriations by \$50,000 in the General Fund and Small Capital Projects Fund to Initiate a Public Engagement Process to Continue to Explore the Need and Feasibility of Annexing Adjacent Areas into the City of Soldotna;
- 3) City of Soldotna Resolution 2017-015, A Resolution Authorizing the City Manager to Execute a Contract with the Athena Group in the Amount of \$49,750 for Professional Services on the Annexation Public Engagement Project;

2017

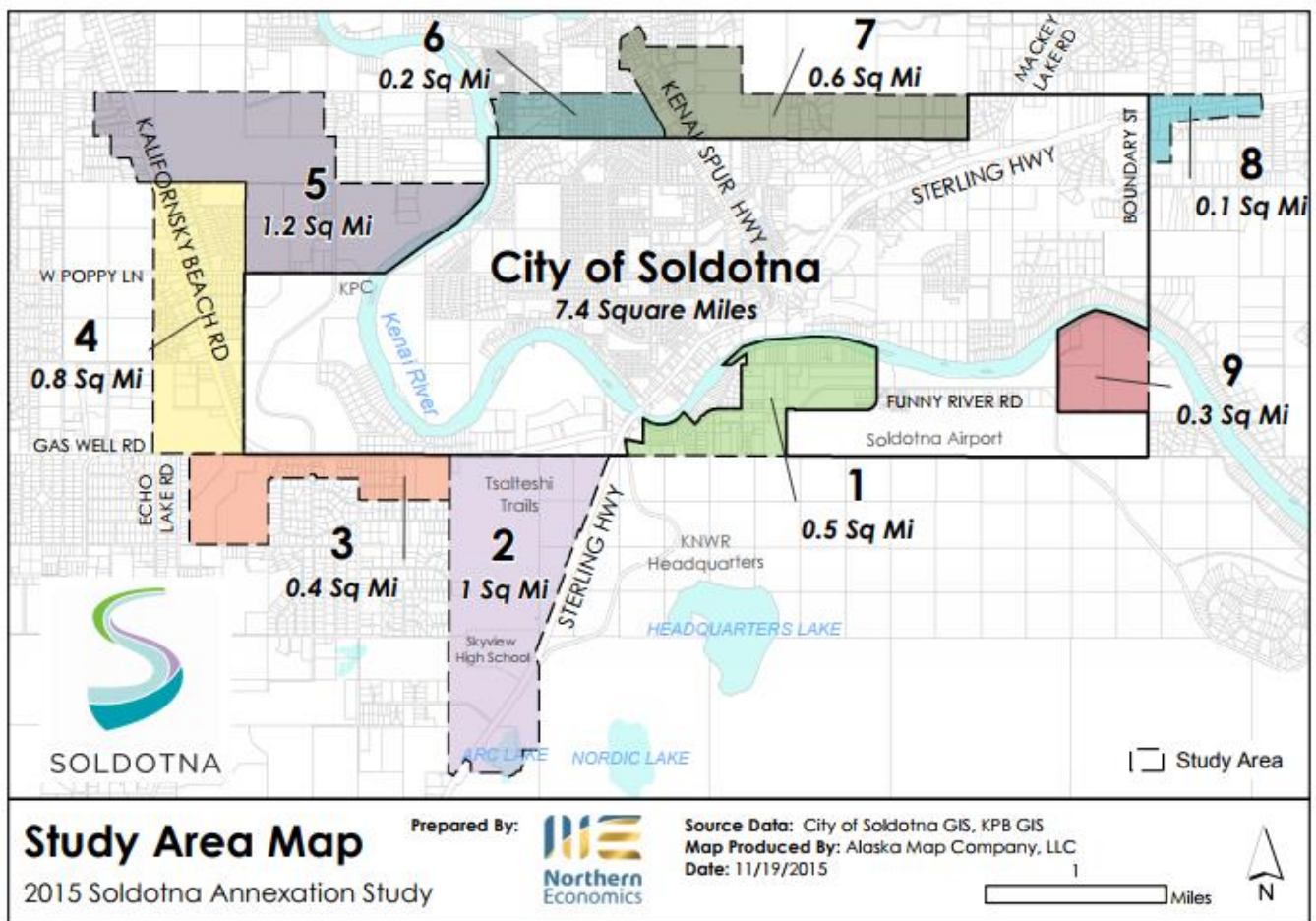
City of Soldotna Annexation Study Community Perspectives



Prepared for the City of Soldotna
By Meagan Picard and Paul Horton
Principal Members, The Athena Group
12/1/2017

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CITY OF SOLDOTNA ANNEXATION STUDY

COMMUNITY PERSPECTIVES FINAL REPORT, DECEMBER 2017

The Athena Group, on behalf of the City of Soldotna, has brought to close the city's 2017 study of public perspectives on annexation. The primary question we attempted to answer is: Can Soldotna boundaries change and still respect what matters most to each of us – city government and residents, property owners and business owners within the city and in areas being studied for annexation? This question is part of a broader goal to engage citizens (inside and outside of city limits) to identify issues and concerns, offer other general feedback on annexation based on requests over the past two years, and for people to have an opportunity to make their voices heard.

Success in this process is defined as:

- Reach 30% of population.
Target not met – see discussion in Participants section.
- Community input aids in sound council decision-making, meaning that input is based on facts about potential impacts from annexation.
Informed input gathered following efforts to create space for productive dialogue – see discussion in Interpretation Limits section.
- Council decisions are responsive to community input.
To be determined.

OUTREACH AND ENGAGEMENT PROCESS

The City of Soldotna and its contractor The Athena Group, a consulting consortium headquartered in Washington State, have offered a variety of formal opportunities (see top section of sidebar) for community members to get their questions answered about Soldotna's annexation study and to share their hopes, concerns and ideas on the topic. Additionally, Meagan Picard, the lead consultant on this community study, conducted key informant

FORMAL COMMUNITY ENGAGEMENT ACTIVITIES

SOLDOTNA.CONSIDER.IT

An online community feedback and discussion forum. Sept. 1-Oct. 30.

OPEN HOUSES

Q&A with city staff. 11:00 am-2:00 pm, Sept. 28 & Oct. 2-3.

COMMUNITY CONVERSATIONS

Facilitated discussions on community members' major hopes and concerns. 5:30-7:30 pm, Sept. 27-28 & Oct. 2-3.

CHAMBER PRESENTATION

Study overview and discussion.

Noon-1:00 pm, Sept. 27.

KEY INFORMANT INTERVIEWS

Targeted outreach to businesses and community members. July-Sept.

OUTREACH EFFORTS

TRADITIONAL MEDIA

4 articles/OpEds in *Peninsula Clarion*, 2 stories on KSRM radio

SOCIAL MEDIA

Facebook announcement with paid ad boost

COMMUNITY NETWORKS

Flyers and email distributed through local organizations' networks: Soldotna Chamber of Commerce, Senior Citizen Center, Central Peninsula Hospital, Kenai Peninsula College, Kenai Vet Center, Change for the Kenai, and Borough Residents Against Annexation

DIRECT OUTREACH

Mail to property owners in the city and study areas and targeted in-person and telephone outreach to businesses and others identified as key informants.

interviews and 30-second intercept interviews and participated in phone calls and email discussions with community members.

To generate as much participation as possible, the city and The Athena Group advertised these opportunities widely. As shown in the bottom section of the sidebar on the previous page, these efforts included traditional and social media outreach, community network outreach and direct outreach via mail, phone and in-person visits. Participation incentives were offered, and technology support was offered through the library and the Soldotna Chamber of Commerce.

PARTICIPANTS

The public engagement period ran September 1-October 30, 2017. At least 103 individuals participated in one or more of the opportunities, according to open house/community conversation sign-in sheets, Consider.It sign-ups and interview records. The largest group of participants by type includes people who live, own property, or own/manage a business in the study areas (see Figure 1¹ below). These are the people who would be most impacted by an expansion of city boundaries. Some people only participated in one type of engagement activity, while others participated in multiple types on multiple occasions. Most of the participation occurred in the online forum, followed by the community conversations (see Figure 2 below).

FIGURE 1: SOLDOTNA ANNEXATION STUDY PARTICIPANTS BY TYPE, 10/31/17

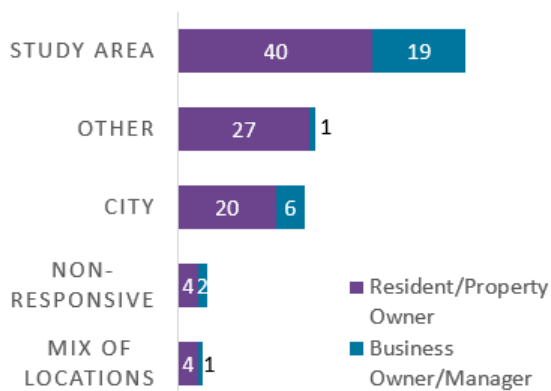
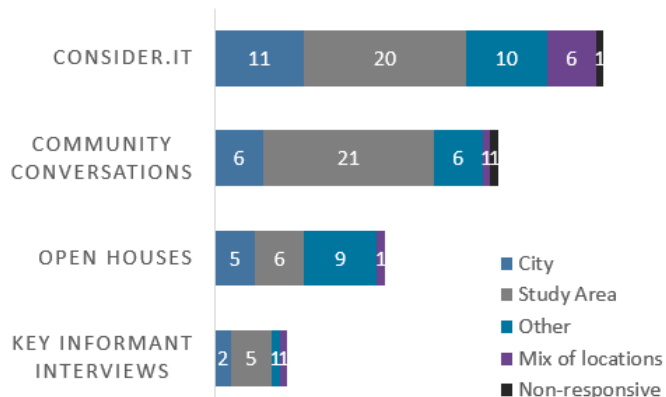


FIGURE 2: SOLDOTNA ANNEXATION STUDY PARTICIPANTS BY ENGAGEMENT TYPE, 10/31/17



Because outreach efforts were extensive (discussed on previous page – see materials and news coverage in Appendix A), it is possible that this low number of participants is due to some combination of the following three issues.

1. **Fatigue with or resistance to discussing the issue among those who are and have been opposed to annexation – and belief that their input would be ignored.** A major barrier to having any productive conversations was unincorporated area community members' anger that

¹ Individuals that identified as both a resident/property owner and business owner are double-counted, so the total exceeds the number of unique participants in the process.

this conversation was happening at all. Many felt that they had definitively expressed their opposition to annexation many times before this engagement began and didn't want to discuss it any further. Since they felt historically ignored on this issue, they saw this engagement process as more evidence that their input didn't matter, that the City of Soldotna would eventually attempt to annex their property regardless of what they said.

2. **Sense among city residents and businesses that annexation won't impact them in any significant way.** During brief intercept interviews with people on the street and businesses in the city, all expressed limited if any interest in the topic. When asked why, nearly all indicated that they did not foresee any impact to them, regardless of whether annexation occurred. This sentiment was repeated by some city residents that dropped by open houses located at the library.
3. **Reluctance by those who do not hold strong opinions on the topic to get involved in controversy.** Nearly everyone engaged on the issue of annexation expressed awareness of the heated controversy around Soldotna annexation. When preparing to engage the public, the consultant team reached out to local organizations to help get the word out about opportunities to share their opinions on annexation. Most organizations were clear that they didn't want to be viewed as endorsing annexation, and one refused to help because of the controversy. Additionally, there were a few reports about opposition signature-gatherers "bullying" people into signing opposition petitions at their homes, and one community conversation participant took a consultant aside to share personal experience with this. During community conversations, the consultant team also witnessed behaviors that further lend credence to this point, as one avid opponent actively attempted to take over portions of meetings to discount any expressed views that weren't completely opposed to annexation, including at times stepping in between disagreeing participants and the discussion facilitator to block the person from speaking.

This combination of factors resulted in a smaller group of individuals participating in the process, with most holding strong opinions on the topic.

INTERPRETATION LIMITS AND USE OF FINAL REPORT

As with any qualitative research, participant input cannot be generalized to the full population of interest in this study: those living, owning property or running a business inside the City of Soldotna and in the annexation study areas. The low number of participants (103 unique participants – 2% of city and study area population) – far below the target of 30% of the population, as discussed in the previous section – also limits the generalizability of the input.

While a large quantity of input was not possible in this process, the consultant team sought high quality input that the Soldotna City Council could reliably use in its deliberations on annexation. Additional hurdles that needed to be overcome to achieve the goal of gathering reliable input included the following.

1. **Belief that activist-gathered signatures were sufficient information for council decisions.**

Discussions with community members stressed this point, especially when individuals

dismissed questions posed to them, saying that they had already shown many signatures in opposition. The consultant team shared the importance of having a neutral party gather this information, especially given its controversial nature and the potential for community members to form opinions based on misinformation.

2. **Distrust and strongly held assumptions about the City’s motivations, City services, and annexation impacts.** As will be discussed in the Major Themes section of this report, distrust of the city led to initial dismissal of any city-generated information regarding annexation, and comments reflected a variety of assumptions and misconceptions about the city’s motivations regarding annexation, study area selection and this engagement effort, city services, and annexation impacts. During open houses and community conversations, consultant team members and city staff worked to clarify some of these assumptions and misconceptions. A new set of materials describing unique features of each study area was used in many of these discussions to increase understanding of the city’s rationale for considering each one (see Appendix B).

For those who didn’t attend in-person events, a dedicated page has been on the city’s website for years, providing a comprehensive set of information about annexation and potential impacts. New information added to the page included an informational document about the differences between living, owning property and doing business in the city versus in unincorporated areas on the Kenai Peninsula (see Appendix B) and a new question and answer document generated from open house participants. City staff and consultants also directly engaged Consider.It online forum participants when input appeared to be grounded in something other than fact and when they asked direct questions about annexation (excerpt shown on right of page).

Additionally, consultant team members engaged in individual conversations before and after in-person events and in targeted outreach efforts to residents, property owners and businesses who would be affected by annexation of one or more of the study areas. Many of these conversations were intense and heartfelt, and in some cases, it was challenging to move from a combative orientation to the conversation to one in which useful information could be shared between the consultants and community members.

In most cases, these hurdles were overcome, and engagements generated productive dialogue in which information could be clarified and consultants could gather thoughtful input from the community. With the caveat that the views expressed are those of a subset of the full target population – mostly

Author’s Explanation

I know two families currently who have large parcels of land that are in study areas to be annexed. However, their homes would still be out of town. It is my understanding that you have to live in the city to be able to vote ect. If that is true, these people would be unable to vote on issues that may directly affect their land. I would like to have it confirmed if this is the case? Do you have to live in town or own a piece of property in town to be able to vote in city elections ect.

Discuss this Point

Richard Carpenter, Planner @ City of Soldotna:



Soldotna Municipal Code, and Alaska Statutes requires a voter to be a resident of the area you are voting in for 30 days immediately preceding the election.

SOLDOTNA.CONSIDER.IT CONVERSATION EXCERPT, 9/6/17

those who are passionate about the issue – the consultant team is confident that the major themes of community input reported in the next section may be reliably considered by the Soldotna City Council in its decision-making on whether or not to pursue annexation in some way.

COMMUNITY PERSPECTIVES – DISCUSSION OF MAJOR THEMES

Since October 6, the cut-off date for information included in the interim report, no new perspectives on annexation emerged. Therefore, the themes identified in the interim report remain true for this report, and this section discusses these themes in more detail. Each major theme¹ is identified in **bold, blue statements**, and theme codes are highlighted in **blue, italicized text** within each major theme. These theme codes are also reflected in the word cloud to the right, showing relative frequency at which each one was mentioned (Figure 3).

FIGURE 3: ANNEXATION COMMENT CODES
(THEME FREQUENCY INDICATED BY WORD SIZE)



Overall message: Most participants are opposed to annexation.

Before the engagement process began, the consultant team heard from city and borough staff and leadership and others that there was significant opposition to annexation in the community. This understanding was verified early in the engagement efforts – at least among participants in this process – and the team sought to understand the opposition more deeply as the process progressed in order to determine if mitigation strategies would be possible and/or to offer the Soldotna City Council some insights that might guide their next steps.

Why does opposition exist?

1. “Why Annex?” Value for Community is not Apparent. Most participants struggled to understand why the city continues to consider annexation, and explanations didn’t appear to resonate or make sense to many.

Furthermore, with concerns about increased sales taxes, more rules and increased costs associated with building and other regulations, many study area participants don’t see “what’s in it for us” and/or believe that there should be some kind of **value** exchange prior to or concurrent with annexation.

The “what” and the “why” are out of balance.

-- Community conversation participant

- **Water and sewer services** are cited most often as being potentially valuable, especially in specific areas struggling with water quality or facing well or septic saturation. However, not all are interested in the city's water and sewer services, as they do not want another layer of government services (see more on this in Themes 5 and 6 below) or are satisfied with and/or have invested significant funds into their wells and/or septic systems. Additionally, few believe that they would receive these services anyway, since they are not yet provided throughout the city.
- **Road maintenance** is the next most frequently cited desired service, particularly snow plowing. Some are satisfied with the service they receive from the Borough, and others see city streets plowed faster than others, while others find that no one is really tending to road maintenance and plowing the way they would like on certain streets. Road and other infrastructure maintenance issues also arise around state maintained thoroughfares that run through Soldotna, particularly regarding responsiveness to needs. For instance, one business just outside city lines pointed to needed drainage work on the state highway where it is located, and while similar work was occurring nearby, it didn't extend far enough to help that business. This is not in the city's control, though if it were, it would be of high value to this business and would make annexation more appealing.

[We] keep hearing about the services we'll get, but it's a moot point. We don't want the rules and regulations. We're happy how we are.

-- Community conversation participant

It seems like the city should provide the services for their existing residents before they annex new property.

-- Soldotna.Consider.It participant

2. Lack of Full Service within Existing Boundaries Creates Doubt that Value Would be Found in Annexed Areas.

Some participants assert that the city should focus on fully providing **existing services** within current boundaries before considering any annexation. Water and sewer services are again the focus of this issue, citing areas in the city where water and sewer infrastructure is not in place.

However, some – particularly city residents – have expressed concerns about water and sewer services that have already been extended beyond city boundaries, and some believe it would be appropriate to annex these areas or the specific properties hooked up to city water and/or sewer. See further discussion on this in the Assessment of Mitigation Potential section.

3. Some Regulations Seen as Expensive and Unnecessary Burden. The **cost** of various **regulations**, such as paved parking, landscaping and building permits, were identified as some of the most challenging new responsibilities, especially for businesses. In addition to the high cost of permitting and paving, they don't see these regulations as necessary. For example, one business

¹Themes are topical words representing similar community comments or questions. Any comment may touch on multiple themes, and each one is coded manually with one or more themes. Variations within these themes – and in connection to other themes – are discussed in this report to maximize understanding of community input. This qualitative data analysis process is more art than science, so all codes with their respective source data will be supplied with the final report.

leader in the community owns businesses both within and outside city boundaries, and both locations were chosen according to business needs: the businesses inside the city benefit from foot traffic and appealing landscaping and storefronts, while the businesses outside the city have minimal, if any, customer traffic, so landscaping, storefront and paved parking lot requirements would add cost to the business but no benefits. See further discussion in the Assessment of Mitigation Potential section.

4. Annexation Seen as “Forced”. For many participants, the crux of their opposition is “*forced*” annexation. They support annexation when requested by a majority of those affected, and they particularly oppose the legislative review method of annexation. Some believe that annexation will be forced on them no matter what (see trust and collaboration discussion in Theme 6 below).

As a solution to forced annexation, many are calling for a *vote*. They want the people affected to have a voice, as many feel powerless to influence the decision in any other way. However, it is not clear that state elections law will provide for a satisfying vote on this issue as it doesn’t allow the most affected people to vote, such as non-resident property owners and business owners. An alternative voting process is preferred if possible. One participant’s recommendation was to hold a “vote” prior to the formal annexation petition process, such as sending a yes/no survey on this issue along with for and against statements and a rebuttal statement to each, as might be found in voter pamphlets on ballot issues.

5. Conscious Choices Made to Live/Do Business

Outside City. As discussed in Theme 3 above, many people who live, own property or have sited their businesses outside city boundaries have made a conscious *choice* to do so. In addition to the business siting decisions already discussed, some residents and businesses outside the city want *freedom* from another

layer of government and for self-determination. This is part of a core belief that government should only do what people cannot do for themselves, and those that hold this belief are comfortable working out disputes with neighbors, attending to animal issues, plowing their own streets and tending to their own water and waste needs with personal wells and septic systems. They see this as a *diversity* issue and want to see that diversity in the greater community *respected*.

Many of these choices are made with sincere concerns over personal lifestyle preferences and city regulations that increase business costs but provide no business benefits. Other choices appear to be more opportunistic, as in the case of businesses sited just outside city lines to maximize competitiveness, capitalizing on the benefits of being close to the city’s business center while avoiding the additional city sales tax. While this is a competitive advantage for these businesses, it creates a competitive *disadvantage* for similar businesses inside city limits needed to provide city services.

*Our state is known as the “last frontier”.
We lived with little accommodations.
People buy land outside of the city limits
because they don’t want to be in the
city...expect to do things on their
own...don’t see any benefit...
-- Open house participant*

6. Distrust Drives Assumptions and Limits Solutions – Greater Collaboration is Desirable. Most annexation discussions included *assumptions* that annexation would be forced, that the city is seeking annexation as a money or land grab (that annexation is about *greed*), and that any offers to mitigate concerns about increased costs, land use or rules-based changes in way of life would eventually be taken away via zoning or other rules changes under new city leadership in the future. This lack of *trust* is reportedly based on experience with the City of Soldotna and other governments in the area, distrust in government in general, and/or the fact that the city is currently talking about annexation without exploring a broader array of solutions that might better address diverse city and community needs, which is viewed as a sign of disrespect.

This round of annexation exploration is better than the last – take away is sense of community.

-- Community conversation participant

Some expressed interest in a broader, more *collaborative* planning process in the future. As conversations with community members progressed, it became clear that a better relationship between the city government and its neighbors could be possible. Regular participants saw the quality of discussions in this engagement as a step in the right direction, especially compared to the 2005-08 effort. Some also expressed interest in the city going even further, taking a step back and intentionally reaching both within and beyond its boundaries to discuss the area's growth (which is occurring beyond anyone's control and is a key driver in the city's pursuit of annexation), the greater community's vision for the area in the future, and strategies for realizing this vision within the context of growth and other community issues, of which annexation may or may not be a preferred strategy in the end.

The City of Soldotna has led similar collaborative efforts with businesses and residents in the city, and it has been open to others beyond its boundaries and has even intentionally created opportunities for people outside the city to get involved. For instance, two non-residents (out of seven total members) serve on the City Planning and Zoning Commission, the most direct way to involve people in the City's long-range visioning, planning and law-making. Also, planning outreach efforts have intentionally reached beyond city borders, as in the last comprehensive plan update in which notices about opportunities for input were included as newspaper inserts for subscribers with 99669 zip codes, an area about five times the size of the city.

It is possible that people living and doing business outside the city didn't notice these opportunities or that they haven't understood the relevance to them at the time. Regardless of the reason, there is a disconnect here and an opportunity to work together better. Perhaps the city could improve its efforts to demonstrate relevance or reach people in different ways, and/or community groups that are passionate about individual issues such as annexation could help with organizing city neighbors to get involved in broader planning efforts such as the updates to the comprehensive plan.

"Commercial only is a benefit to city, residential inclusion seems to be an additional cost for the city, therefore this initiative seems to only benefit the city, not the residents."

-- Soldotna.Consider.It participant

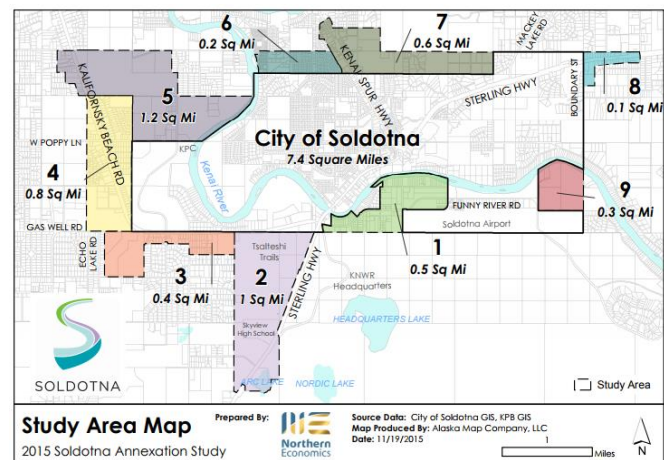
While trust takes time to build, vocal annexation opponents have said that they could set aside their doubts and assumptions to work more collaboratively with city staff and leadership if they could see intentional efforts to include them in a vision and plan for Soldotna, even if preferred strategies identified are not currently within the city's direct control. See more discussion of this issue in the Conclusions section of this report.

ASSESSMENT OF MITIGATION POTENTIAL

Is there any potential for expanding city boundaries in any of the study areas? Can community concerns be mitigated in any way?

The fact that some community members oppose annexation anywhere and in any way would lead some to believe that there is no room for expansion of city boundaries. However, as conversations evolved, some community members identified a few ways in which annexation could be acceptable:

1. **Properties already connected to water & sewer.** Participants generally agreed that properties that are already accessing water and/or sewer services are reasonable to annex. These properties are mostly located in study area 1.
2. **Zoning that reflects character and conditions of annexed areas.** For businesses outside of the commercial core of the city, consider rural or combination zoning, so existing city requirements for parking lot paving, storefront and signage standards and landscaping requirements to businesses are not applied. Consider agricultural zoning for any annexed agricultural land to prevent development that might threaten the agricultural businesses and way of life in these areas. To reiterate though, as discussed in Theme 6 above, these mitigation strategies may not be satisfying to annexation opponents due to a belief that they will be taken away in the future.
3. **Consent of majority to be annexed.** Participants said they would support annexation if a majority of those affected ask to be annexed by direct outreach to the city or via a vote. It appeared that there could be potential for a direct request from study area 6 residents, as some residents there have requested water and sewer services in the past. However, no such requests were made during this engagement process. Therefore, the greatest potential for such consent may be through a vote.
4. **Potential for study areas with no direct objection.** Study area 2 is mostly public land and contains a City of Soldotna water facility, and study area 9 is a small cut-out of unincorporated



property bordered on three sides by the city with only two residents. There was not direct objection to annexation of these areas beyond those who object to annexation anywhere.

CONCLUSIONS

Even though participation in the community engagement process on annexation was low, the vocal and passionate opposition to annexation appears to be a powerful influence in the community at large. If the city decides to pursue annexation in any form, distrust may grow further, even among people who have been neutral on the topic thus far, and relations with affected community members and others outside city boundaries may continue to be challenging. Options for limiting these negative impacts and/or building trust include:

1. Annex only those areas/properties that garner most support, along with mitigation strategies to reduce unnecessary negative impacts to residents, property owners and businesses and to preserve agricultural land and rural/frontier way of life.
2. Create process prior to formal petition for annexation to allow all affected residents, property owners and businesses to “vote”.
3. Retain annexation as a possible strategy for managing growth in the area but step back and intentionally include businesses and residents in high growth and other neighboring areas in the city’s next visioning and planning process, acknowledging that annexation may or may not be a preferred strategy for addressing community needs and ensuring effective city operations. Consider alternative planning approaches that emphasize relationship- and trust-building and collaborative approaches to implementing the plan for long-term sustainability.


Each of these options – or some combination of them – could demonstrate to the community that the city heard and is committed to being responsive to their concerns, building trust and enabling development of effective and acceptable solutions to growth and other community challenges in the future.

The above options must also be considered in light of the city’s need to address the long-term problems associated with growth around its borders. The Soldotna City Council is responsible for making the policy choices that direct the city’s future, and additional facts and options are likely to factor into the council’s final decision on annexation at this time. Does action need to be taken now to alleviate the challenges to city operations created by the growth surrounding its borders, or can city staff and leadership take more time to work with city and neighboring community members to craft a mutually satisfying plan to achieve a common vision for the greater Soldotna area through a set of strategies that can be more broadly supported among city and neighboring community members? Undoubtedly, this will be a difficult decision.

APPENDIX A: OUTREACH MATERIALS AND NEWS ARTICLES


Outreach Materials

FLYER DISTRIBUTED BY MEDIA AND COMMUNITY ORGANIZATIONS



COMMUNITY CONVERSATIONS ON ANNEXATION

Can Soldotna boundaries change and still respect what matters most to each of us?



Why are we talking about annexation?
Soldotna and the areas around it have grown and changed dramatically over the past 50 years, but our small city boundaries have stayed essentially the same. We now have areas of dense residential and commercial development both inside and outside the City. We want to explore whether this situation is desirable for our community, moving forward.

Where are we in the process?
The City is exploring whether it should petition the State to amend its boundaries, and is gathering information in two parts: 1) a fiscal impact study, which was completed last June, evaluated the potential costs of delivering municipal services to additional areas outside the current City footprint; and 2) a public engagement process, described in this flyer, to hear directly from community members.

Let's talk!
How might annexation impact current and potential new residents, businesses and landowners?

- Let's have an open and honest conversation.
- Let's learn what would be different.
- Let's share our hopes and concerns and listen to others.
- Let's explore options that might realize hopes & relieve concerns.

3 WAYS TO PARTICIPATE

Join in 1 or 2, or come to all!

1. ONLINE

LEARN & SHARE IN ON-GOING DISCUSSION

WHEN: Sept. 1 - Oct. 30 Start early, check back often!
WHERE: Use any computer. Go to <https://soldotna.considerit>.
Don't have a computer or internet? Use a library computer: Soldotna Public Library, 235 N. Binkley St.
Not comfortable with computers? Chamber of Commerce staff will help. Chamber of Commerce and Visitors Center, 44790 Sterling Hwy.

2. OPEN HOUSES

GET QUESTIONS ANSWERED FROM EXPERTS

Wed, 9/27, 12:00-1:00 pm, Kick-off presentation at Soldotna Chamber Luncheon, Soldotna Regional Sports Complex, 538 Arena Ave.
FULL OPEN HOUSE HOURS: 11:00 am-2:00 pm Stop in when you can!
DATES & LOCATIONS:
Thurs, 9/28, Gilman River Center, 514 Funny River Rd.
Mon, 10/2, Soldotna Public Library, 235 N. Binkley St.
Tues, 10/3, Soldotna Public Library, 235 N. Binkley St.

3. COMMUNITY CONVERSATIONS


DISCUSS HOPES & CONCERNS WITH YOUR NEIGHBORS

TIME: 5:30 - 7:30 pm Come early for food and casual conversation. Organized discussion starts right at 5:30!
DATES & LOCATIONS:
Wed, 9/27, Soldotna Regional Sports Complex, 538 Arena Ave.
Thurs, 9/28, Gilman River Center, 514 Funny River Rd.
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Tues, 10/3, Soldotna Public Library, 235 N. Binkley St.

Let us thank you for your participation!

- Gift bag for 1st 50 online participants at Library or Chamber
- Special gifts for every 50th comment
- All entered to win top prize...more participation = more entries.

All in-person participants also entered to win top prizes!



EMAIL/NEWSLETTER TEXT DISTRIBUTED BY COMMUNITY ORGANIZATIONS

Prepared by Meagan Picard, The Athena Group

The City of Soldotna is continuing to study whether or not annexing one or more areas outside current city boundaries is a viable option for the greater community. Your participation is needed!

Building from the fiscal study that was completed last year, the City has hired The Athena Group to design and facilitate a process that will allow everyone to be heard and to hear each other. As shown in the enclosed flyer, this process will include:

- An **online discussion forum** dedicated to this issue for two months. Everyone is encouraged to visit this site as much as possible to stay current on the progress of the conversation and share thoughts on the increasingly specific questions that will be posed there.
- Four “**community conversations**” meetings dedicated to community views on annexation and what matters most to everyone involved. Current city residents, businesses and landowners as well as folks in surrounding areas are encouraged to participate in these meetings.
- Three “**open houses**” plus a kick-off presentation designed to ensure that everyone has reliable information about how annexation would impact the areas being studied as well as current city residents and borough residents beyond the study areas.

The Athena Group is working hard to ensure that these will be productive conversations in an open and trustworthy environment. We understand:

- **This is a heated and emotional issue for some, and trust between people on opposite sides of the issue is low.** The Athena Group honors these feelings and perspectives and will make room for all to be heard – and try to help everyone trust in the process at a minimum, and hopefully, eventually, each other.
- **Different groups of people are working with different information.** The Athena Group will be posting a set of informational materials to the city website (www.Soldotna.org/annexation) and will make them available in the community conversations and open houses. New materials will be posted as the project progresses, so be sure to check back over time. Please contact Meagan Picard at meaganp@athenaplace.com if you don't yet see the information that you need.
- **The City needs to have this conversation and to hear from everyone.** Annexation remains the most direct and practical solution to some key challenges the City is facing, but staff and officials know there is significant concern about its impacts. They are asking the greater community to have this conversation in more depth than in the past, so they can understand what's behind the opposition, determine if others they haven't heard much from yet (like current city residents) agree, identify ways annexation could work to reduce or eliminate negative impacts from the community's perspective and provide the City Council with thoughtful and detailed community input to inform their decision on whether or not to proceed with some kind of proposal to the State of Alaska's Local Boundary Commission.

Please get involved! Make your voice heard, and maybe even have some fun and get some good rewards for your time spent on this important community issue. The City and The Athena Group look forward to hearing from you soon!

DIRECT MAIL LETTER TO CITY AND STUDY AREA PROPERTY OWNERS



August 28, 2017

Dear community member,

The City of Soldotna is continuing to study whether or not annexing one or more areas outside current city boundaries is a viable option for the greater community. It is important that you have the opportunity to learn more about the issue and to participate in upcoming public forums because you are a property owner in the City or one of the areas being considered. We hope you will participate – the city needs to hear from you!

The City has hired The Athena Group to design and facilitate a process that will allow everyone to be heard and to hear each other. This process will include:

- An **online discussion forum** dedicated to this issue for two months. Everyone is encouraged to visit this site as much as possible to stay current on the progress of the conversation and to share your thoughts.
- Three **“open houses”** plus a kick-off presentation designed to ensure that everyone has reliable information about how annexation would impact the areas being studied as well as current city residents and borough residents beyond the study areas. Members of the City Administration will attend these open houses, to answer your questions directly.
- Four **“community conversations”** meetings dedicated to community views on annexation and what matters most to everyone involved. Current city residents, businesses and landowners as well as folks in surrounding areas are encouraged to participate in these meetings.

Please see the attached flyer for dates, times, and locations of all the public engagement events, as well as a map of the ‘study areas’ which are being considered for potential incorporation into the city.

We are working hard to ensure that these will be productive conversations in an open and trustworthy environment. We understand:

- **This is a heated and emotional issue for some, and trust between people on opposite sides of the issue may be low.** The Athena Group honors these feelings and perspectives

and will make room for all to be heard – and try to help everyone trust in the process at a minimum, and hopefully, eventually, each other.

- **Different groups of people are working with different information.** Please visit the city website (www.Soldotna.org/annexation) for information on annexation-related topics that matter to you – whether you are concerned about taxes or worry about strain on existing city services. New materials will be posted as the project progresses, so be sure to check back over time. Also, these informational materials will be available in the community conversations and open houses. Please contact me at 720.707.6899 or meaganp@athenaplace.com if you need more information.
- **The City needs to have this conversation and to hear from everyone.** Annexation remains the most direct and practical solution to some key challenges the City is facing, but staff and officials know there is significant concern about its impacts. They are asking the greater community to have this conversation in more depth than in the past, so they can understand what's behind the opposition, determine if others they haven't heard much from yet (like current city residents) agree, identify ways annexation could work to reduce or eliminate negative impacts from the community's perspective and provide the City Council with thoughtful and detailed community input to inform their decision on whether or not to proceed with some kind of proposal to the State of Alaska's Local Boundary Commission.

Please get involved! The City and The Athena Group look forward to hearing from you soon!

Sincerely,

Meagan Picard, Principal

The Athena Group

www.athenaplace.com



Helping people think, learn, and achieve together

FACEBOOK NOTIFICATIONS AND PAID ADVERTISEMENT

(2) City of Soldotna - Home

Secure | <https://www.facebook.com/CityofSoldotna/>

Apps DNR Recorder's Office Municode Addressing Tool KPB Parcel Viewer portal.aos.org/cirt.p Sign out Alaska LNG Project LLC IEDC 2015 Annual Co

City of Soldotna

Stephanie Home

Page Inbox Notifications Insights Publishing Tools Page Feed Settings Help

City of Soldotna added 3 new photos. Published by Stephanie Queen (?) · September 6 ·

The City of Soldotna is continuing to study whether annexing one or more areas outside current city boundaries is a viable option for the greater community. It is important that area residents have the opportunity to learn about the issue, and participate in the upcoming public forums. See the attached flyer for meeting dates and times, and join the conversation online at: <https://soldotna.consider.it> We hope you will participate - the city needs to hear how annexation could impact current and potential new residents, businesses, and landowners. For more information about the public engagement process, and access to maps and additional annexation-related materials, please visit www.Soldotna.org/annexation

Can Soldotna boundaries change and still respect what matters most to each of us?

Share your views about annexation with the City and other residents.

Conversation starts September 1st.

3 WAYS TO PARTICIPATE

Kenai Peninsula Borough School... Public School

ABC News TV Network

Regions in Soldotna, Alaska

Pages liked by this Page

Upstream Family Medicine

Kenai Peninsula Association of ...

Soldotna Rotary Club

English (US) · Español · Português (Brasil) · Français (France) · Deutsch

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FB 3.jpg FB 2.jpg FB 1.jpg

Can Soldotna boundaries change and still respect what matters most to each of us?

Share your views about annexation with the City and other residents.

Conversation starts September 1st.

3 WAYS TO PARTICIPATE

Join in 1 or 2, or come to all!

1. ONLINE

LEARN & SHARE IN ON-GOING
DISCUSSION

WHEN: Sept. 1 - Oct. 30 Start early, check back often!

WHERE: Use any computer. Go to <https://soldotna.consider.it>.

Don't have a computer or internet? Use a library computer:
Soldotna Public Library, 235 N Binkley St.

Not comfortable with computers? Chamber of Commerce staff
will help: Chamber of Commerce and Visitors Center, 44790
Sterling Hwy.

2. OPEN HOUSES

GET QUESTIONS ANSWERED
FROM EXPERTS

Wed, 9/27, 12:00-1:00 pm, Kick-off presentation at Soldotna Chamber
Luncheon, Soldotna Regional Sports Complex, 538 Arena Ave.

FULL OPEN HOUSE HOURS: 11:00 am-2:00 pm Stop in when you can!

DATES & LOCATIONS:

Thurs, 9/28, Gilman River Center, 514 Funny River Rd.

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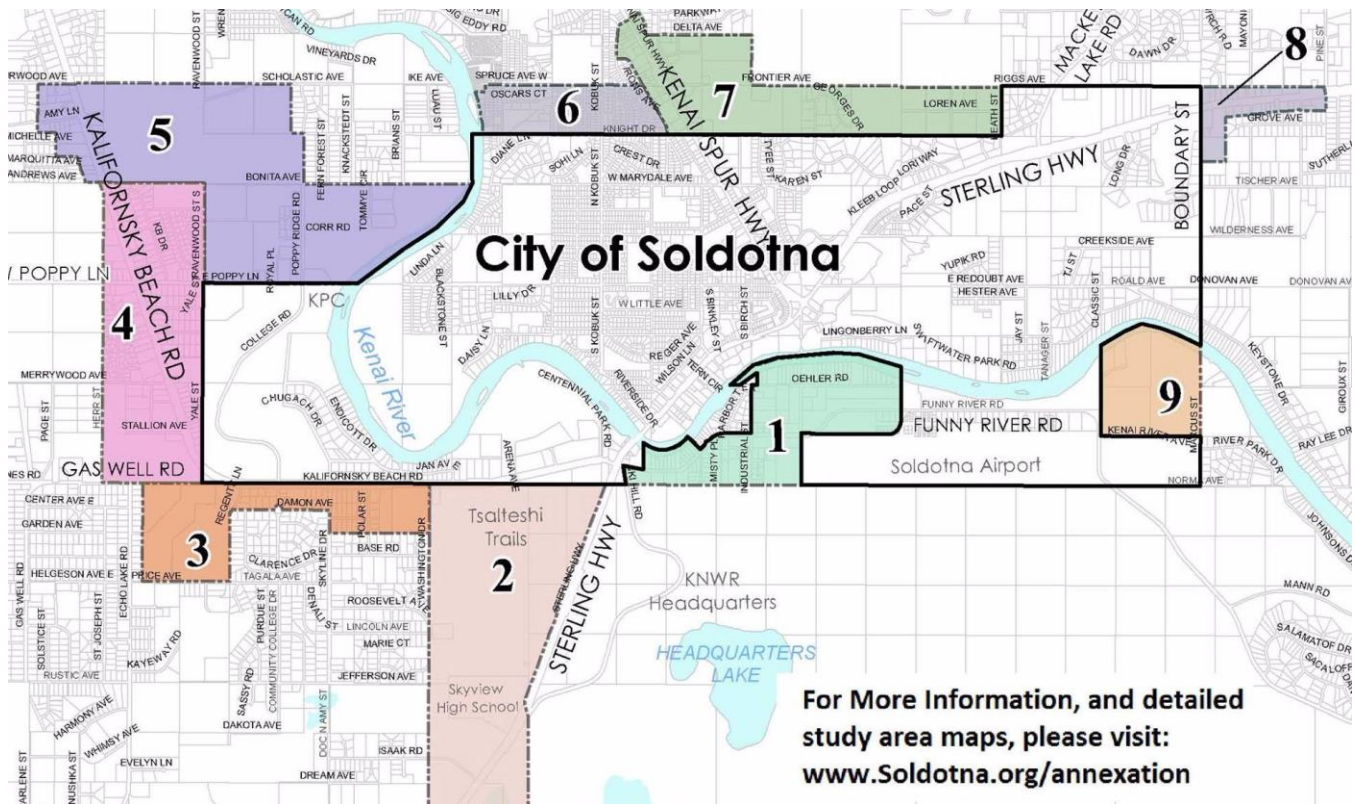
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In the News



Posted August 14, 2017 09:33 pm

By

[KAT SORENSEN](#)

Peninsula Clarion

Soldotna hires consultants to open annexation conversation

The city of Soldotna is continuing its research into the annexation of nearby areas currently outside of city boundaries by creating a forum for public engagement.

The city hired The Athena Group, a consulting agency based in Olympia, Washington, to design and facilitate a process that “will allow everyone to be heard and to hear each other,” according a release from the city.

In December, the Soldotna City Council approved an ordinance to appropriate \$50,000 to spend on gathering public input on the hotly contested issue, which, for years, has continued to appear on the agenda and ignite debate.

“Our role in the project is really to design and facilitate a process for the community to have an open and honest conversation about annexation,” Meagan Picard of The Athena Group said. “What it means to them individually and what it means to the community at large.”

SEE ALSO

[Engagement in annexation study low](#)

[Annexation discussion continues despite lack of trust](#)

There will be three ways for the community to participate in the dialogue. Starting Sept. 1, and running through Oct. 30, an online discussion forum will open to the public at <https://soldotna.consider.it>.

“We’re going to start with a series of questions about the various changes that would happen if these areas were to be annexed,” Picard said. “We’ll be gauging what’s important and what really matters most to community members regarding each of those potential changes.”

Starting on Sept. 27, The Athena Group will organize a series of in-person conversations and open houses to address specific issues and concerns.

“If they are concerned about what will happen with law enforcement, they can talk to representatives from the police department,” Picard said.

The kick-off presentation and full open house will take place Sept. 27 at 11 a.m. at the Soldotna Regional Sports Complex. There will be two more open houses at the Joyce Carver Memorial Library on Oct. 2 and 3 from 11 a.m. to 2 p.m.

“Then we will be talking in the evening with community members about the things that we’ve been hearing in the online forum that seems to be riding to the top in terms of caring about annexation,” Picard said.

There will be four evening meetings held from 5:30 p.m. to 7:30 p.m. The first meeting will be on Sept. 27 at the Soldotna Regional Sports Complex. The second will be held at the Gilman River Center on Sept. 28. The third and fourth evening discussions will be held on Oct. 2 and 3 at the Joyce Carver Memorial Library.

“We expect to be pulling from these, some kind of high level guidelines for decision making for the council and, possibly, even specific proposals that community members come up with,” Picard said. “We’ll take more detailed questions (from the open houses) and bring them into the last few weeks of the online forum to really dig in and really understand the community best.”

This is the second phase in Soldotna's exploration of annexation. The city also completed a fiscal impact study last June, which evaluated the potential costs of delivering municipal services to each of the nine proposed geographic areas outside of the city identified as Funny River West, Skyview, K-Beach South, K-Beach Central, K-Beach North, Knight Drive, Kenai Spur, Sterling Highway and Funny River.

If, following the public engagement process, Soldotna decides to go through with annexation of one of the nine proposed neighborhoods, a petition would be sent to the Local Boundary Commission. The commission has the final say over the annexation of additional land and will hold its own public input process.

Reach Kat Sorensen at kat.sorensen@peninsulaclarion.com.



Posted September 1, 2017 01:29 pm

By

[BEN BOETTGER](#)

Peninsula Clarion

Assembly candidates discuss Soldotna annexation

Two Kenai Peninsula Borough Assembly candidates — incumbent Brett Hibbert and challenger Dan Castimore, both running to represent [District 1, the Kalifornsky Beach area](#) — gave their thoughts on issues posed by members of Borough Residents Against Annexation, a group opposing the city of Soldotna's effort to expand its boundaries.

The Kalifornsky Beach area that either Hibbert or Castimore will represent includes three of [the nine areas that Soldotna is considering adding to its territory](#) — those designated as study areas 4, 5, and 6. According to a May 2016 [Soldotna-commissioned economic study](#) of the annexation areas, [Study Area 4](#) — a business-dense strip along Kalifornsky Beach Road between Bonita Avenue and Gas Well Road — would, if annexed, bring the city about \$899,100 annually in sales and property taxes, the most of the nine areas by a margin of about \$340,000. [Study Area 5](#) — stretching north and west of the K-Beach commercial area — would bring the fourth most revenue, with \$162,000 annually, and [Study Area 6](#) — the Knight Drive area — would be fifth, with \$152,100 annually. However, the lucrative central Kalifornsky area would also require the largest expenditures — \$633,700 annually — on public safety, street maintenance, and other city services, putting it third in the report's revenue-expenditure ranking of possible annexation areas. Ranked by this ratio, the north K-Beach study area is fourth and the Knight Drive area is eighth of the nine studied areas.

Borough Residents Against Annexation formed about two years ago in oppose the annexation effort, said president Brian Olson. The group invited Hibbert and Castimore to speak on Tuesday at the Cook Inlet Aquaculture Association headquarters on Kalifornsky Beach Road.

Hibbert said he wasn't sure what the assembly would be able to do about the issue. If the effort goes forward, the Soldotna City Council will submit a petition for the annexation to Alaska's Local Boundary Commission, a state board that will approve or deny it.

SEE ALSO

[Annexation discussion continues despite lack of trust](#)

[Letter: Soldotna annexation and our mayoral candidates](#)

"I don't know at the borough level what exactly the borough can do about this," Hibbert said. "The boundary commission is the one that can make the recommendations of what can be done. You're going to have to petition the city council. Hopefully bring it up as a vote of the residents of these areas."

Hibbert's business, the Alaska Cab taxi company, is among those in Study Area 4, the proposed annexation area on central K-Beach Road. Hibbert said being annexed would lower his taxes between \$900 and \$1,000 per year. [According to Soldotna's website](#), annexed areas would see a 0.9 mill drop in their tax rates — the difference between the 1.40 mill borough road maintenance tax they'd no longer have to pay, and the .5 mill city tax they would take on.

Hibbert expected that city services would also improve the quality of water at his business.

Castimore, the information technology manager for the city of Kenai, lives west of the proposed annexation area near Poppy Lane. He said he has "no strong feelings" about the annexation issue, but believes the K-Beach area should have greater local organization for advocating its own priorities, such as road maintenance and spoke against the area's annexation on those grounds. He said the annexation plan focuses on commercial property for its greater potential for tax revenue, to the exclusion of residential property, making "the future potential for any kind of services to be offered to those of us who live on the other side of the road basically non-existent."

"The area of K-Beach may want to incorporate down the road, it may want to do its own thing," Castimore said. "If you take all the commercial property from us, we're stuck forever."

Study Area 4, [according to Soldotna's economic report](#), has by far the most commercial property of the proposed annexation areas, with 120.5 commercial acres — west Funny River is second with 38.4 commercial acres — making its non-vacant land about 50 percent commercial and 33 percent residential.

Soldotna resident Daniel Lynch, who sad he is ineligible to vote in the District 1 race, moderated the discussion. Lynch said the assembly could have influence over the annexation issue in the future, and

that he believes “most people involved in this would expect their representative to bring forth a resolution.”

“If the assembly was to introduce legislation or a resolution against annexation, that would carry a lot of weight with the boundary commission if it gets to that step,” Lynch said.

He pointed out previous instances of the borough weighing in on local boundary matters. In March 2017, Borough Mayor Mike Navarre signed [a brief to the local boundary commission opposing Nikiski’s attempt to incorporate as a home-rule city](#), another question that would need approval from the local boundary commission. Members of the borough assembly have also tried to influence the issue, as Lynch suggest, by resolution. In early August, Nikiski’s assembly representative Wayne Ogle [sponsored a resolution supporting the Nikiski incorporation](#), which he moved to indefinitely table after failing to get support from other assembly members.

Hibbert said he doesn’t “know if it’s in the borough’s powers to write a resolution against or for” local boundary questions. He had voted to table Ogle’s resolution, he said, because the Local Boundary Commission hadn’t yet decided on the matter.

“With this, maybe after the city’s figured out which of the nine (possible annexation areas) or how many of the nine, that the city wants to annex, possibly then the borough can be involved in that,” Hibbert said. “But I’m not sure what the powers of the borough are.”

Asked if he would support hypothetical action regarding annexation, Castimore said he wouldn’t “want to commit to an ordinance I haven’t seen.”

District o1 assembly candidate Kate Veh was also at Tuesday’s discussion, although she’d announced earlier in the day that [she was dropping out for fear of splitting the vote with Castimore](#), whom she said she agrees with on important issues. Veh left the discussion after reiterating her withdrawal during her opening remarks.

Reach Ben Boettger at ben.boettger@peninsulaclarion.com.



Annexation Still on the Table for Soldotna

by Jennifer Williams , September 25, 2017

The City of Soldotna is gathering information from the public, as part of an effort to understand how the community feels about the potential for annexation.

The process is intended to let community members learn about how things would be different inside city limits, and share their hopes and concerns if annexation was to happen.

The City's comprehensive plan, was adopted in 2011 after significant public input, as a kind of road map created to guide the city towards an annexation plan.

The Soldotna Chamber of Commerce luncheon, on Wednesday, September 27, will open community conversations on annexation. The luncheon will take place at noon, at the Soldotna Sports Complex.

Public open houses and meetings are scheduled for September 27th, 28th, as well as October 2nd and 3rd. For more information on all the ways to participate visit the City of Soldotna's [website](#).



Posted September 26, 2017 09:46 am

Letter: Soldotna annexation and our mayoral candidates

Soldotna annexation and our mayoral candidates

With our local elections just a couple of weeks away, it is important that the voters know where the candidates stand on this highly contentious and divided issue. I have had the opportunity to explore the candidate's involvement in annexation or lack thereof, and have asked the candidates for their responses.

The only mayoral candidate who has clearly stated his position on annexation is Mr. Charlie Pierce. Mr. Pierce has stated his opposition loud and clear and does not have any personal or financial gains to be made from annexation. He clearly stated that if he is elected as mayor, he will support the borough residents who stand against forcible annexation by the city.

Dale Bagley, on the other hand, has been a driving force pursuing Soldotna's continued expansion and has publically stated he is for annexation. He also was a member of a (non-public) task force formed by the City of Soldotna 3 years ago to select annexation areas. These meetings were not disclosed to the public until it leaked out at a workshop session on annexation. When he has been asked during the debates about his position, Mr. Bagley states that only the borough road service will be impacted. Never anything about the impact on businesses and families who will be directly affected. One may ask if there are conflicts of interest at work here. Realtors, banks, developers, investors, and speculators may all have an interest in seeing annexation go forward.

SEE ALSO

[Relocation of the Darien-Lindgren Cabin](#)

[Engagement in annexation study low](#)

Linda Hutchings has stated that since it is a city issue, there is nothing that can be done at the borough level if she is selected as mayor. Her husband, Dave, was also one of the 12-member secret task force on selecting the annexation areas. Ms. Hutchings is wrong when she states there is nothing she can do if elected mayor. Borough Assemblies have a very strong say when it comes down to annexation. Resolutions can be written and voted on, along with other strategies.

With forced annexation close at hand, who do you want leading the borough? Do you want someone that respects the personal and financial reasons why people choose to live or start their businesses outside of the cities? Or do you want someone from Soldotna who is highly motivated to see annexation plow through regardless of what the borough residents want?

Brian Olson

Borough Residents Against Annexation



Posted October 23, 2017 09:52 am

By

KAT SORENSEN

Peninsula Clarion

Engagement in annexation study low

Engagement is low according to the group tasked with collecting public input on the ongoing Soldotna annexation debate.

The Athena Group released an interim report summarizing the public engagement process as of Oct. 6 which highlights a lack of participation in the formal community engagement activities held by the group. The Olympia, Washington consulting agency was hired by the city of Soldotna to create a forum for the public to discuss the highly contested issue. The forum is ongoing until Oct. 30.

Can Soldotna boundaries change and still respect what matters most?

That's the question that the Athena Group was tasked with answering over the course of two months. The discussion kicked off with the launch of an online community feedback forum on Sept. 1, found on Soldotna.Consider.It. The consulting agency also held open houses, community conversations and chamber presentations.

SEE ALSO

Annexation discussion continues despite lack of trust

Soldotna continues annexation discussion

Only 97 individuals have participated in one of more of the activities as of Oct. 6, and most of those participants did so through the online forum.

The largest group of unique participants have been those who live, own property or own a business in one of the nine study areas which include Funny River West, Skyview, K-Beach South, K-Beach Central, K-Beach North, Knight Drive, Kenai Spur, Sterling Highway and Funny River East.

"These are the people who would be most impacted by an expansion of city boundaries," the report states.

Despite the low engagement, though, the agency has teased a key message from the participation so far — most participants are opposed to annexation or would only support it under certain circumstances.

Participants have been vocal about their concerns.

"Affected residents, property owners and business owners said they should get value for increased responsibilities," the report says. "... Participants said the city should focus on existing services — particularly water and sewer — within current city boundaries before expanding."

The report also found that there is **a lot of distrust** of the city's motives and "greed."

Participants did say they were willing to collaborate with the city on broader planning efforts, as long as they weren't focused on annexation.

The Athena Group is hoping to engage 30 percent of the population, but according to the report they are unlikely to reach that target. They speculate that the low engagement is due to a combination of factors including fatigue with or resistance to further discussing annexation, sense among city residents and businesses that annexation won't significantly impact them and reluctance to get involved in controversy among those who do not hold strong opinions on the topic.

Reach Kat Sorensen at kat.sorensen@peninsulaclarion.com



Annexation Discussion Continues Despite Limited Participation

by Jennifer Williams , October 24, 2017

It's the new laws they'd face, and a lack of trust which seems to be troubling most residents in the areas Soldotna may potentially one day annex.

The City of Soldotna hired the Athena Group, a consulting agency to create an open forum to discuss the potential for annexation.

According to a report released by the group, only 97 individuals have participated in one or more of the activities. Feedback from those who have participated is the threat of it *"imposed on them"* and cited a lack of trust in the city's motives.

Meagan Picard, the lead consultant on the community study: Overall feeling I am getting from the community is even a reluctance to have a conversation about annexation, because of a history that they have been through."

The largest group of participants includes people who live, own property or own/manage a business in the study areas. These are the people who would be most impacted by an expansion of city boundaries.

Many of the residents outside of city limits live in rural settings, riding ATVs along dirt trails and keeping livestock on their well and septic properties. They fear the city's road rules, animal licensing regulations, and water and sewer requirements.

The nine regions were listed for annexation: Funny River West (1), Funny River East (9), Skyview (2), K-Beach South (3), K-Beach Central (4), K-Beach North (5), Knight Drive (6), Kenai Spur (7), and Sterling Highway (8).

The forum is ongoing until October 30.

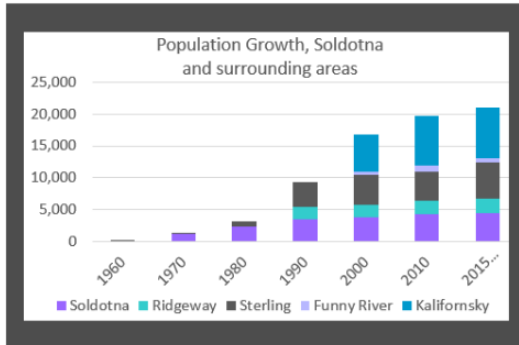
For more information on annexation in the City of Soldotna, click [here](#).

APPENDIX B: INFORMATIONAL MATERIALS



ONE COMMUNITY CONNECTED ACROSS CITY-BOROUGH BORDERS

What's different on the other side of the line?



The City and the area around it have grown and developed since Soldotna first incorporated in the 1960's, but the corporate boundaries have remained essentially unchanged. We now have areas of dense residential and commercial development inside the City, and extending outside city limits in all directions. In many ways, we are a cohesive community, where businesses, residents, and land owners are all living and working in close proximity.

BUT...depending on which side of the line a person's home or business falls on, the rules, regulations, and tax structure that govern our daily lives - and benefits we receive - are very different.

*What's different
on the other side
of the line?* KEY:

- For residents?
- For businesses?
- For landowners?
- For local government administration?

In City Limits

FORM OF GOVERNMENT

Managerial
Home Rule City
6 member Council

ELECTIONS AND VOTING

All KPB residents, whether in a City or in an unincorporated area, vote on Borough issues and representatives. Only City residents may vote on City issues and representatives.

- ☒ KPB ballot measures
- ☒ KPB Assembly members
- ☒ Soldotna ballot measures
- ☒ Soldotna Council members

SALES TAXES

KPB administers all sales tax regulation and filing, for businesses inside and outside City limits. With the exception of tax holiday on non-prepared food (Soldotna taxes year-round, KPB provides a 9-month exemption), sales tax code is identical. Also, sales taxes represent a larger portion of total funding for City services than for Borough services.

All residents (and tourists) pay sales taxes that support City operations when they shop at businesses in the City. Many businesses in our area that are generally considered 'Soldotna' businesses, are actually outside our borders and therefore don't collect sales tax to support City services.

Total sales tax rate =
6%

For example:

$$\begin{array}{r}
 \$1 \text{ retail price} \\
 + 3\text{¢} \rightarrow \text{KPB} \\
 + 3\text{¢} \rightarrow \text{City} \\
 \hline
 6\text{¢}
 \end{array}$$

Out of City Limits

Strong Mayor
Second Class Borough
9 member Assembly

- ☒ KPB ballot measures
- ☒ KPB Assembly members
- ☐ Soldotna ballot measures
- ☐ Soldotna Council members

Total sales tax rate =
3%

For example:

$$\begin{array}{r}
 \$1 \text{ retail price} \\
 + 3\text{¢} \rightarrow \text{KPB} \\
 \hline
 3\text{¢}
 \end{array}$$

In City Limits

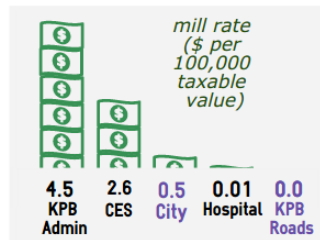
ASSESSMENTS

KPB Assessing Department determines property values and performs all assessments.

PROPERTY TAXES

Property owners pay taxes on the taxable value of their property. Each Borough residents' property tax bill (whether inside or outside of Cities) is made up of several individual components, called levies, which add up to the total mill rate. Each of those levies is used to fund different government services. Everyone's bill includes funding for Borough administration, central emergency services and hospital services. A city property owner's bill includes a portion dedicated to the City, while a Borough property owner's bill includes a portion for Borough roads.

The City does not perform assessments.



Total mill rate = 7.61

Approximately 3,349 residents (77% of City population) within City limits are currently served by City water and/or sewer

Alaska Department of Environmental Conservation regulates all on-site well and septic where City utilities are not available.

WATER/SEWER

City residents and businesses are able to hook-up to water/sewer services where the infrastructure is available. The City has formal plans for expansion to serve additional City residents. Some in the Borough also use the system via a service agreement that includes the same service rates as in the City, plus a fee in lieu of property tax and consent to annexation at a later date. The City has no plans for additional expansion beyond City limits.

ROAD MAINTENANCE

Except for the State maintained roads (Sterling & Spur highways, and Funny River and K-Beach), the City of Soldotna maintains city streets. Outside of city limits, the KPB maintains roads. If areas are annexed, the City would take over maintenance on all non-state roads.

- 30 miles of paved road (74%)
- 11 miles of gravel road (26%)
- Approximately 72% of city streets were rated 6 or higher (good to excellent condition) in 2016 evaluation.

PUBLIC SAFETY

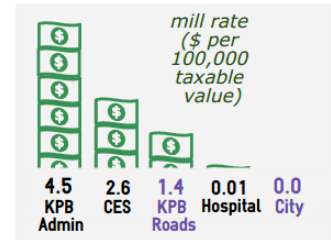
All 911 calls are handled by KPB Dispatch Center. Central Emergency Services (CES) responds to all fire & medical needs. Soldotna Police respond to police calls in the City; Alaska State Troopers respond to calls for the Central Peninsula outside the Cities of Kenai and Soldotna.

Soldotna Police details

- Staffing: 13 officers + Chief
- Coverage area: 7.3 square miles & approximately 4,400 residents (1 officer per 338 residents)
- SPD response times: typically 2 to 3 minutes

Out of City Limits

KPB has the sole responsibility for conducting assessments in the borough.



Total mill rate = 8.51

23 properties outside City limits are currently served by City water and/or sewer

Alaska Department of Environmental Conservation regulates all on-site well and septic where City utilities are not available.

KPB maintains non-State roads outside City limits.

Alaska State Troopers details

- Staffing (Soldotna E Detachment): 18 troopers + Lieutenant & Captain
- Coverage area: Nikiski to Sterling to Kalifornsky; approximately 15,000 residents (1 officer per 833 residents)
- AST response times: vary based on location of troopers

In City Limits

LAND USE REGULATION

Land in the City is subject to City Zoning Code, adopted in order to provide for orderly development; lessen street congestion; provide for stable residential, commercial, and industrial development; provide adequate open spaces for light and air; protect and stabilize the value of property; promote fire safety and public order; protect the public health and general welfare; prevent over-crowding; and stimulate systematic development of public facilities.

COMMERCIAL BUILDING CODES

Both the City and State (authority over unincorporated building) have adopted International Building Codes (IBC), Plumbing and Electric code standards. Both also impose fees for inspection and plan review and application. Differences include permitting and level of plan review and inspection and related fees. Inspections are conducted by the City and State Fire Marshall's office, respectively.

RESIDENTIAL BUILDING CODES

The City has adopted the International Residential Code (IRC) for building permit review and inspections for residential construction. The State and KPB have not adopted residential building codes for private residential construction.

STOREFRONT IMPROVEMENT

Soldotna's Storefront Improvement Program offers businesses in City limits a 50-50 grant, up to \$7,500, for exterior improvements to their building or property. The City created this program in 2012 and have provided over \$65,000 in grants to Soldotna businesses since then.

SIGN CODE

Beautifying our highway corridors to ensure a thriving and attractive downtown is a high priority goal for the City. Sign regulation within the City supports practical public safety interests, helps to reduce visual clutter and improves community appearance.

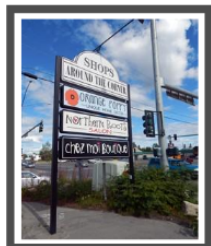
Land in Soldotna is classified into 1 of 9 zoning designations, including classifications for different types of residential, commercial, parks and recreation, and institutional development.

- Must conform to International Building Code (IBC), National Electric Code (NEC), Uniform Plumbing Code (UPC), etc.
- Soldotna Building Official performs plan review, with fee.
- Inspections throughout construction, with fee.
- Certificate of occupancy issued at project completion.

- Must conform to International Residential Code (IRC).
- Soldotna Building Official performs plan review, with fee.
- Inspections, with fee.
- Certificate of occupancy issued at project completion.

Number of City businesses receiving grants since 2012: **12**

Total value of grants since 2012: **\$65,065**



Out of City Limits

There is limited land use regulation in KPB, including 50-foot anadromous stream protection ordinance, regulation of gravel pits by conditional use, and local option zones.

- Must conform to International Building Code (IBC), National Electric Code (NEC), Uniform Plumbing Code (UPC), etc.
- State Fire Marshall performs plan review, with fee.
- Limited inspections.

Not subject to building codes, though individual lenders may require homes be built to code in order to obtain financing. For example, Alaska Housing Finance Corp. requires all homes they finance to be built to IRC standards.

Businesses outside the City are not eligible for Storefront Improvement funds.

KPB does not regulate signage, however, the State of Alaska regulates advertising along state and federal roads and highways (AS 19.25.075-.180).

In City Limits

LIBRARY

Of the nearly 6,500 cardholders at the Joyce K. Carver Memorial Library, approximately 22% (1,443) are City residents. The remaining 78% have not provided a physical address, are borough residents living outside the City limits, or are out of state visitors.

Library use in 2016

- Total Circulation: 123,289
- Number of Visitors: 113,588
- Active Cardholders: 6,489
- Total Computer sessions: 16,500
- Room rentals: 1,631



PARKS AND RECREATION

The City of Soldotna offers a wide variety of parks, with over 200 campsites, 3,000 feet of elevated river boardwalk, and river access stairs. Soldotna Parks + rec department runs the Soldotna Regional Sports Complex, Community Schools Program, and provides free events year-round including 'Movies in the Park,' and 'Paddle Sport Community Fun Day.'



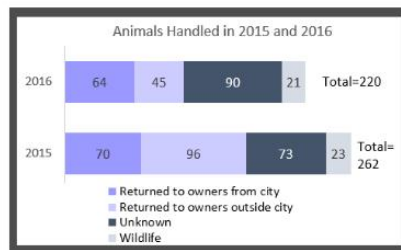
AIRPORT

The City operates the only airport in our community. Locals and tourists use this service.



ANIMAL CONTROL + FARM ANIMALS

The City has established and enforces animal control regulations for domestic pets. The City also has land use regulations that allow for the keeping of farm animals in some zoning districts.



Out of City Limits

KPB does not provide library services. Non-City residents have equal access to the Soldotna Public Library and can serve on the City's Library Board.



KPB does not provide parks services. Non-City residents have equal access to all City parks, facilities, and programs, and can serve on the City's Parks and Recreation Advisory Board.



Non-residents have equal access to the Soldotna Airport and can serve on the City's Airport Commission.



KPB does not provide animal control services. Locations just outside of city limits that generate a number of calls, complaints and found animals to the City of Soldotna are the Knight Drive, Poppy Lane and Mackey Lake areas.

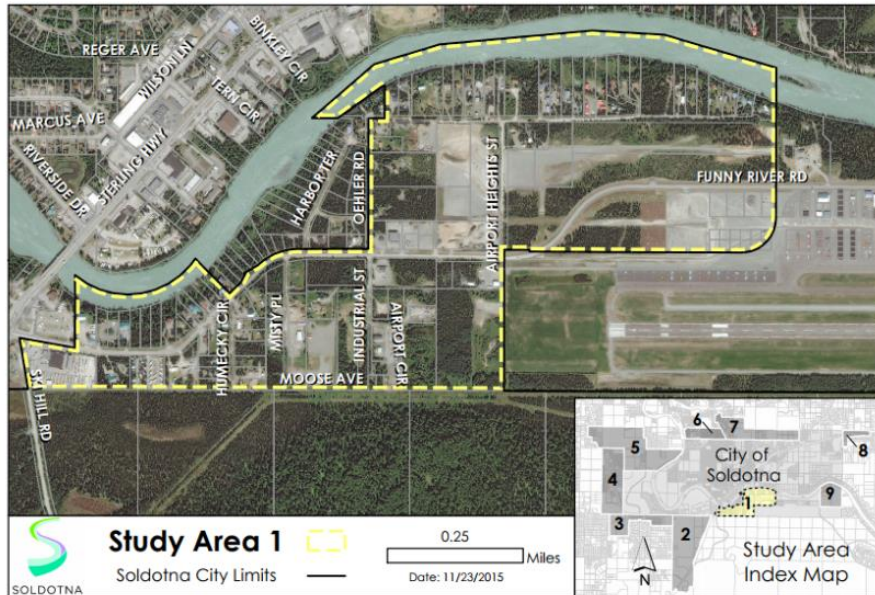


SOLDOTNA

FACT SHEET

Funny River West

Annexation Study Area 1



Who's in the Funny River West study area?

Number of residents in 2015: **82**

Projected new residents by 2030: **34**

Current number of businesses: **XX**

Unique Features of this Area

Area Characteristics

- This area is similar in character to the City, including land use, development pattern, lot sizes, etc.
- The area largely borders the Kenai River, except a small portion of waterfront property that is already within the City limits. City regulations are more protective of the river (100' Kenai River Overlay District in addition to KPB's 50' anadromous stream habitat protection setback).

Key Considerations

- The municipal airport property extends into this area. This may cause inconsistency in airport development construction standards when new hangars are built on lease lots where the City does not have jurisdiction to enforce building codes.
- Any property with frontage on Funny River Road has the ability to be served with City water and sewer. Fifteen (15) residential and commercial properties are already receiving these services.
- This area is a mostly developed enclave, surrounded on three sides by the City. The City and KPB have different ways of assigning street numbers, so this situation creates inconsistent addressing among neighbors. Also, City street maintenance crews, animal control, public works and the police department must pass through this area to serve the Harbor Terrace area that is within the city limits, driving out of the city in order to get back into the City.

City's Ability to Provide Services

- In 2015, the area is estimated to generate \$1.34 in revenue for every \$1 in expenditures, generating between \$44,000 and \$55,700 in net revenue annually between 2015 and 2030.

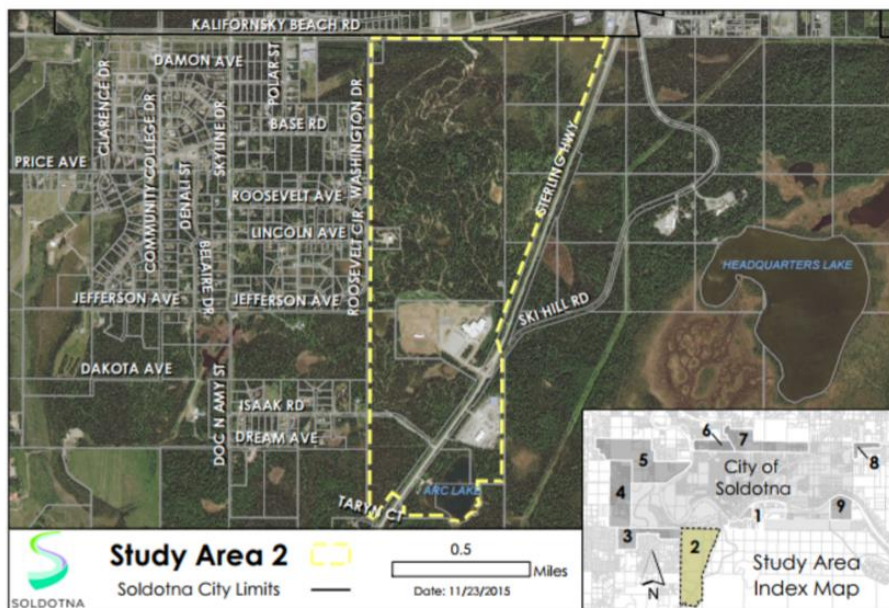


FACT SHEET

Skyview

SOLDOTNA

Annexation Study Area 2



Who's in the Skyview study area?

Number of residents in 2015: 0

Projected new residents by 2030: 0

Current number of businesses: 0

Unique Features of this Area

Area Characteristics

- This area is largely public land with some vacant land owned by Salamatof Native Association. The only development in the area is Skyview Middle School and the ADOT maintenance yard; it contains no residences or private businesses.

Key Considerations

- A one million gallon drinking water reservoir and pump house that serves the City's water utility system is located here, along with the City-owned and maintained A.R.C. Lake Park.
- None, though it may be desirable to physically join City-owned property here (A.R.C. Lake Park and reservoir for City water system) with the rest of the City.
- It may also be desirable for the community to gain City law enforcement services in this area due to the lower response times and the presence of the middle school, trails and other recreational opportunities.

City's Ability to Provide Services

- No taxable sales and very little taxable real property value exist here, offering the City very few resources for additional services. However, additional service needs are also expected to be low. The City would assume responsibility for law enforcement services, though KPB would likely continue maintaining the roads.

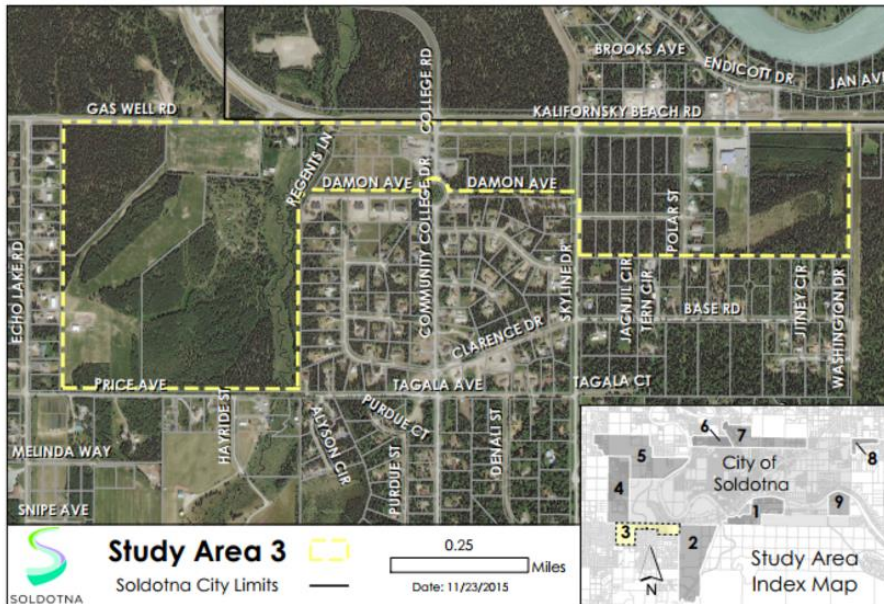


SOLDOTNA

FACT SHEET

K-Beach South

Annexation Study Area 3



Who's in the K-Beach South study area?

Number of residents in 2015: 40

Projected new residents by 2030: 178

Current number of businesses: [X]

Unique Features of this Area

Area Characteristics

- K-Beach is a main commercial corridor, with the north side in City limits and the south side out.
- Large undeveloped lots here are close to downtown Soldotna, some literally across the street.
- Agricultural land is located on the western end of the study area.

Key Considerations

- City water and sewer are currently installed on the north side of K-Beach up to Chugach Drive and across to the south side to serve Cook Inlet Academy and for the City's water storage tank at Tsalteshi Trails.
- Businesses across the street from one another follow different regulations, making development of this area challenging.

City's Ability to Provide Services

- This area offers strong resources to help provide City services. As stated in the fiscal study, "Fiscal effects are projected to grow from \$4,800 in 2015 to over \$144,000 by 2030. By 2030, the area is estimated to generate \$1.54 in revenue for every \$1 in expenditures." Additionally, "Current real taxable [property] value in K-Beach South (3) is estimated at \$2.9 million. Significant development is projected to increase real taxable [property] value to over \$16 million by 2030."

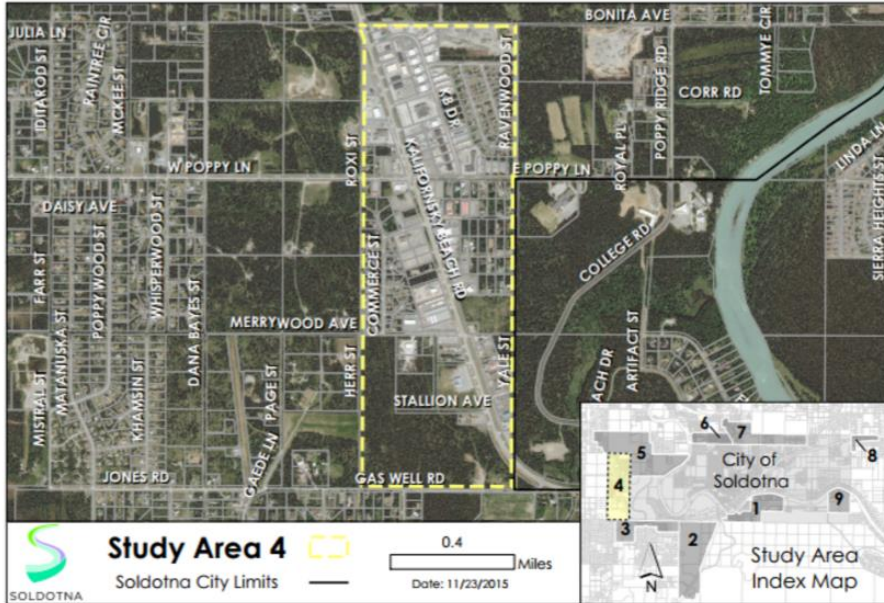


SOLDOTNA

FACT SHEET

K-Beach Central

Annexation Study Area 4



Who's in the K-Beach Central study area?

Number of residents in 2015: **494**

Projected new residents by 2030: **113**

Current number of businesses: **[X]**

Unique Features of this Area

Area Characteristics

- K-Beach Central, which has grown rapidly, contains a large amount of developed commercial land and a large number of residential parcels.
- A 90-acre undeveloped parcel on south end of study area offers potential new development.
- This area is very close to Kenai Peninsula College and K-Beach Elementary, which are inside City limits.

Key Considerations

- City services are not currently provided here, though a representative from a residential subdivision in the northern part of this study area previously approached the City Public Works Director and City Council to see if the City could assist in resolving their water quality issues (arsenic levels exceed allowable levels for a community well). They have requested that the City apply for and pass through a grant, or possibly extend City water from where it terminates at Kenai Peninsula College, to the subdivision.
- Some see the commercial corridor here as less attractive, which can limit business activity, especially from tourists.

City's Ability to Provide Services

- This area offers strong resources to help provide City services. As stated in the fiscal study, "Fiscal impacts are projected between \$265,400 and \$350,200 annually—generating \$1.46 in revenue for every \$1 in expenditures by 2030." Additionally, "Taxable real property [value] is expected to increase 19 percent—from \$68 million in 2015, to over \$83 million in 2030."

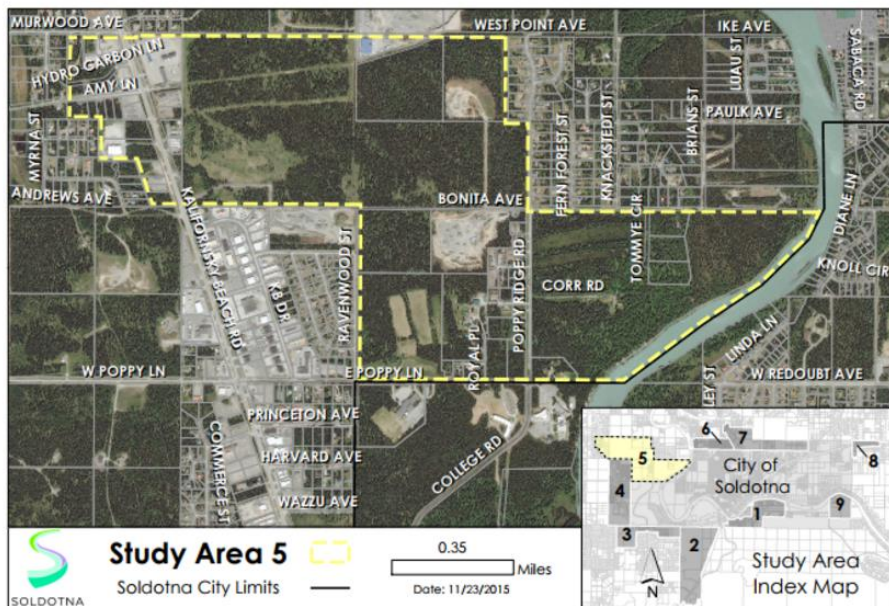


SOLDOTNA

FACT SHEET

K-Beach North

Annexation Study Area 5



Who's in the K-Beach North study area?

Number of residents in 2015: 111

Projected new residents by 2030: 56

Current number of businesses: [X]

Unique Features of this Area

Area Characteristics

- K-Beach North is largely undeveloped land - two-thirds privately owned and the rest owned by KPB. The area is largely residential, though crossing a small section of Kalifornsky Beach Road corridor. Significant residential and commercial development is possible here.
- This area borders the Kenai River to the east.

Key Considerations

- As the area develops, City regulations may help to protect the health of the river and foster its economic and recreational benefits. Landowners would be subject to these regulations.

City's Ability to Provide Services

- A small positive fiscal impact on the City is identified initially, though as population increases, the fiscal impact is estimated to decrease due to the expected increase in services and few areas coded commercial land. This could change if commercial development were to increase here.

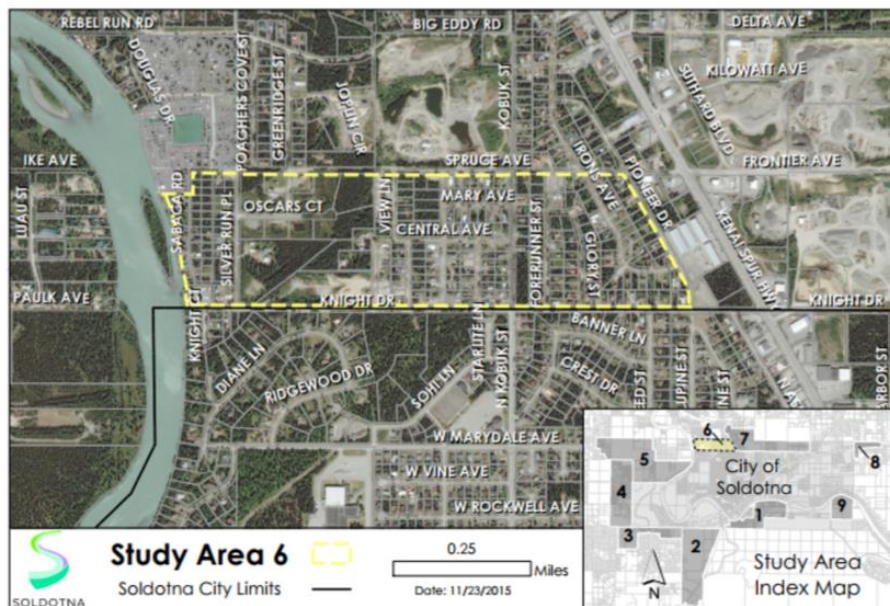


SOLDOTNA

FACT SHEET

Knight Drive

Annexation Study Area 6



Who's in the Knight Drive study area?

Number of residents in 2015: **268**

Projected new residents by 2030: **15**

Current number of businesses: **[X]**

Unique Features of this Area

Area Characteristics

- This area is largely residential and mostly developed. It is similar in density and development pattern as the City, though not subject to residential building codes, animal control, City street infrastructure (like paving and sidewalks), public nuisance or junk vehicle codes.
- The area contains a small amount of Kenai River frontage.

Key Considerations

- There have been complaints about water quality in this area. Many homes on small lots are currently served by private septic systems. Replacement systems will be required eventually, and finding adequate separation distance may be difficult. The provision of City sewer service could help if this becomes an issue.

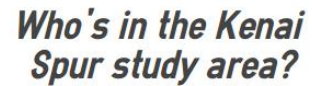
City's Ability to Provide Services

- The fiscal impact study found: "The low concentration of commercial development in Knight Drive (6), combined with a large existing population result in a significant negative fiscal effect—between -\$215,000 and -\$223,000 annually—generating \$0.42 in revenue for every \$1 in expenditure."



Kenai Spur

Annexation Study Area 7



Number of residents in 2015: **53**

Projected new residents by 2030: **6**

Current number of businesses: ?

Area Characteristics

- This area along the Spur Hwy is considered one of the “gateways” into Soldotna, one of two access points from Kenai. It is almost entirely privately owned and contains many commercial properties. Commercial development starts approximately ¾ mile outside the City.
- This area also includes industrial land uses, such as gravel pits, warehousing/storage yards, and sewage lagoons, along with a large area of vacant land east of the Spur.

- Some properties here are served by City water and sewer, including a large commercial strip mall and storage unit along the highway.

- One of the businesses located here is the only marijuana retailer in the area. KPB currently allows retail marijuana sales, but the City does not. The City's 2-year moratorium on marijuana businesses is set to expire on January 1, 2018.

- The Kenai Spur study area provides both a sales tax base and room for future development/growth. The fiscal study reports, "The area is projected to have the largest positive fiscal effect on Soldotna, ranging between \$430,000 and \$483,000 annually between 2015 and 2030. By 2030, the area is estimated to generate \$4.50 in revenue for every \$1 in expenditures. Real property taxable value is projected to grow from \$17.2 million to \$19.1 million."

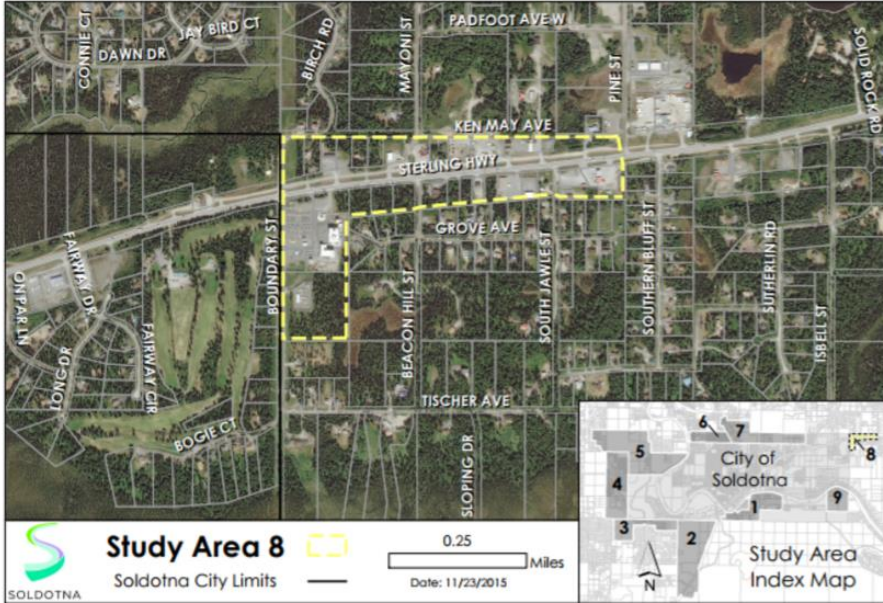


SOLDOTNA

FACT SHEET

Sterling Hwy

Annexation Study Area 8



Who's in the Sterling Hwy study area?

Number of residents in 2015: 15

Projected new residents by 2030: 0

Current number of businesses: [X]

Unique Features of this Area

Area Characteristics

- This small area along the Sterling Hwy is a "gateway" into Soldotna from the north. Land use is primarily commercial, and future development has the potential to continue sprawling in this area and beyond if it isn't intentionally planned.

Key Considerations

- Unlike other heavily commercial areas, City water and sewer infrastructure is not available here, and expansion into this area has not been planned.

City's Ability to Provide Services

- According to the fiscal study, "Sterling Hwy (8) contains the largest portion of commercially developed land and is projected to generate the highest ratio of revenues to expenditures, with \$8.30 in revenue generated for every \$1 in expenditures."

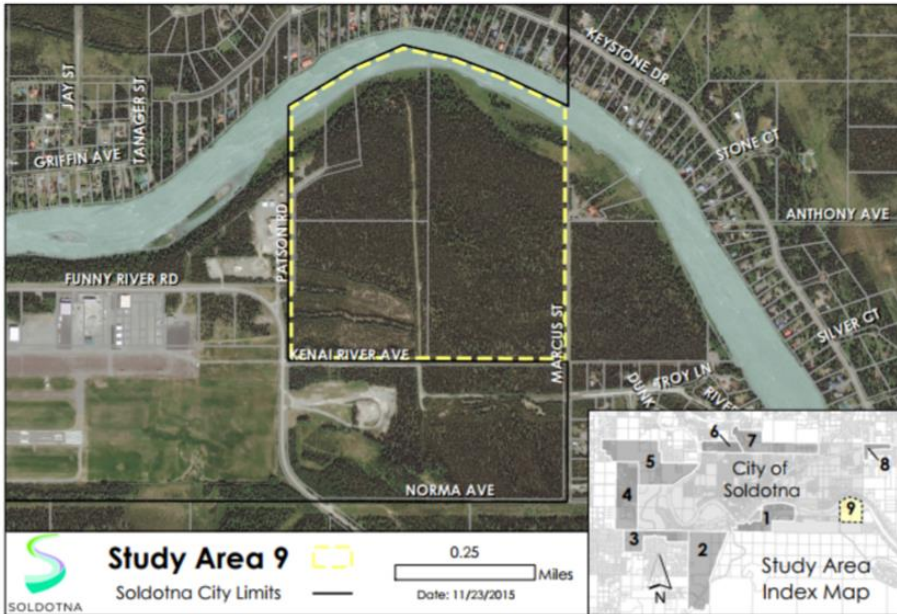


SOLDOTNA

FACT SHEET

Funny River West

Annexation Study Area 9



Who's in the Funny River West (9) study area?

Number of residents in 2015: **2**

Projected new residents by 2030: **0**

Current number of businesses: **[X]**

Unique Features of this Area

Area Characteristics

- This small area is on the Kenai River and surrounded on three sides by the City. It is half privately owned and half owned by the State. It is currently developed exclusively for residential use on private land.

Key Considerations

- Being adjacent to the airport, it is also very near (less than 500 feet) from existing water and sewer services that currently extend to the eastern-most portion of the airport.
- Because it is a kind of "island," bordered on three sides by the City, addressing issues may affect emergency service response times, delivery of parcels/packages, etc.

City's Ability to Provide Services

- According to the fiscal study, "Funny River West (9) contains no taxable sales and very little real property taxable value. The area contains two residents and is unlikely to have a significant fiscal effect on the City of Soldotna."

APPENDIX C: EXTENDED² INTERVIEW SUMMARIES

Interview 1: Business Manager in Study Area 3

This business manager pointed to the increase in sales tax they would need to apply to sales as the biggest problem, saying it “makes us less competitive.” This business is hooked to the city sewer system but happily uses own well.

Questioning the city’s motivation for annexation, this manager asked, “If you’re not looking for tax dollars, what’s the point?” This manager also wanted to know more specifics about what that area was selected for study and wanted clarification on how “gateway” is defined, saying, “People come for the river.” That is the important gateway in this person’s mind.

This person also noted fearing that annexation may cost city, which may in turn raise taxes down the road.

Finally, this person shared that study area 2 could be reasonable to annex, saying, “Nobody cares about study area 2.”

Interview 2: Business Owner in Study Area 3 and in City

Key issues for businesses in this area is paving, landscaping and signage requirements. These make sense for commercial core of city but not in this study area, according to this business owner. Building permit costs are also an issue, citing borough cost of \$800 for a permit versus \$6,000 for a city permit. This is a major issue if the business needs to expand or build – possible barrier to business development.

During last annexation, this business owner canvassed every business in the area, found that they didn’t want to be annexed and had them sign onto opposition letter. The City Council pursued annexation anyway (until mayor’s veto), and that made a lot of people angry.

This owner wishes the city would reevaluate its plan, stepping back and asking: why is annexation really needed? Thinks the city should be prepared to annex when asked but not actively pursue it on its own. If asking the people what they think, this owner asserts that the city should “respect the answer you get.” This statement was immediately followed by, “They never listen.”

“People don’t want to see the city keep expanding,” this owner said, claiming that the most attractive buildings in city are city-owned, and people who are struggling don’t like it.

This owner does think that the properties along Funny River Road could reasonably be annexed since they are mostly already hooked up to city utilities.

² Additional brief intercept interviews were conducted as a check on consultant thinking about formal input due to low formal participation counts. These interviews were not recorded, but they consistently reinforced input in formal engagement opportunities.

Interview 3: Business Managers in City/City Residents

First reached to discuss potential of holding informal intercept interviews at this business, the managers agreed to participate in an interview on their perspectives. These managers said that they weren't concerned about annexation – either for the business or as residents. After exploring the range of potential impacts, they said they didn't care for themselves as they couldn't see any meaningful positive or negative impacts on them, but they were aware of and understood the people who did not want to be annexed.

Interview 4: Business Owner in Study Area 7

This business owner is adamantly against annexation, viewing it as an effort to get more money and a disrespectful disregard of the area's diversity. This owner consciously chose to site the business in an unincorporated location to avoid another layer of government and the additional regulations that would be imposed. Concerns about the regulations include the cost of permitting and paving, signage and landscaping requirements. This owner cannot see any value in becoming part of the city, saying that they handle issues on the property themselves (no need for higher level of law enforcement services) and that there is no need for city water or sewer. With increased costs imposed on the business and no perceived value/benefits of annexation, it is seen as an act of greed by the city.

Interview 5: Study Area (Unknown) Residents (Married Couple)

This couple had a lot of questions about how annexation might impact them. While discussing those issues, it became apparent that their underlying concern was about being able to live life free from another layer of government. They want to be able to do what they want on their property. Specific concerns were about building codes, but there were others as well, such as leash laws. When asked if they would be ok with annexation if the city did not impose some of those regulations in their area, they said no. They don't trust the city to do what it says it will do, and they cited a few specific examples of why they do not trust the city. Also, when asked if any of the higher service levels that the city offers were of interest to them (such water and sewer and law enforcement), they indicated that these are not things that they value. They are happy with their septic and well, and they don't think that government should be offering some of the services that the city does and doesn't want to pay for them.

During the interview, they indicated that one of them would be attending an open house to learn more about some of the potential impacts, including whether or not they would be required to switch to water and sewer. Regardless of what they learn though, they are not certain that they can trust any of the information - whether from city staff or elected officials - and they indicated that they would sell their house if their area was annexed.

Interview 6: Business Owner in Study Area 8

This business owner could not understand why the city wants to expand into this area. The gateway rationale was not compelling. The owner could only see negative impacts to sales due to additional city

sales tax with no potential benefits like an increase in customers. This effort is experienced as a “money grab” by the city at the expense of local businesses.

Interview 7: Property/Business Owner in Study Area 4

This property owner is working to build business on property and worries that it won’t be feasible with additional city regulations and taxes. Annexation study feels like an attack. This person believes that annexation would be a serious impediment to efforts to make a living.

Interview 8: Study Area, City and Other Residents (Group of Neighbors)

This group interview was a follow-up to annexation discussions in which they had already participated, particularly regarding one participant’s prior comment that “this is war.” During this interview, participants talked about the genuine fear and pain they experience around the potential that they will lose their land, believing that the city would take their land for development of big box stores if annexed. They heard Mark Dixon, city manager at the time, share his interest in preserving agricultural land like theirs, but they weren’t certain they could believe it because they hadn’t heard any recognition before that they, their agricultural properties, their way of life and what they contribute to the community are all important.

Trust in the city is very low among this group of community members, even by the family member who was present and lives in the city. They believe that the city will “come at us” again and again until the city has seized their land. All of these neighbors said they would be able to set aside their trust issues – giving the city a chance to prove itself – and work collaboratively with the city, borough and others if they were given a meaningful way to participate in community planning from the very beginning. They also believed more people would get involved in a discussion about the community’s future and how to deal with growth and other issues if they had a meaningful way to participate from visioning through strategy development and implementation, even if it meant a lot more time spent in community discussions. They just don’t want to see annexation posed as a possible solution (especially to a problem that is not well defined) without a more intentional effort to collaborate with the city’s neighbors in development of an area-wide vision and plan that could be implemented by the city, the borough and others in the greater community.

21

Introduced By:	City Manager
Date:	November 9, 2016
Public Hearing:	December 14, 2016
Action:	Enacted as Amended
Vote:	6 Yes, 0 No

CITY OF SOLDOTNA
ORDINANCE 2016-032

AN ORDINANCE INCREASING ESTIMATED REVENUES AND APPROPRIATIONS BY \$50,000 IN THE GENERAL FUND AND \$50,000 IN THE SMALL CAPITAL PROJECTS FUND TO INITIATE A PUBLIC ENGAGEMENT PROCESS TO CONTINUE TO EXPLORE THE NEED AND FEASIBILITY OF ANNEXING ADJACENT AREAS INTO THE CITY OF SOLDOTNA

WHEREAS, the City's Comprehensive Plan, Envision Soldotna 2030, contains a high-priority goal to explore the potential for annexation as a way of promoting orderly development, cost-effective extension of public services, protection of the City's sales tax base, and protection of the natural environment (Envision, pg. 81); and

WHEREAS, the City hired Northern Economics to conduct a fiscal impact analysis, to estimate the cost of delivering municipal services to areas outside the current city limits, and evaluate whether revenue generated in those areas would be sufficient to cover the costs; and

WHEREAS, the results of the fiscal impact analysis were presented to the City Council during a work session on June 22, 2016 and discussed with the public at an open house on June 30, 2016; and

WHEREAS, prior to making a decision about whether to proceed with annexation, the City wishes to engage the public to share information about the process, identify issues and concerns from potentially impacted residents and business owners, and identify solutions to mitigate items of concern; and

WHEREAS, it is in the best interest of the City of Soldotna to appropriate \$50,000 for the purpose of entering into a contract with a public engagement consultant to facilitate the public input process;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. That estimated revenues and appropriations be increased as follows:

General Fund:

Increase Estimated Revenues:	
Appropriation of Fund Balance	\$50,000
Increase Appropriations:	
Transfer to Capital Projects	\$50,000

Small Capital Projects Fund:

Increase Estimated Revenues:	
Transfer from General Fund	\$50,000
Increase Appropriations:	
Annexation Analysis Research	\$50,000

Section 2. The administration shall develop a request for proposals, for the purpose of soliciting bids from qualified consultants to assist in designing and implementing the public engagement process;

Section 3. The process shall include the following general areas (shown on the attached map):

Study Area 1 – Funny River West;
Study Area 2 – Skyview / Tsalteshi;
Study Area 3 – K-Beach South;
Study Area 4 – K-Beach Central;
Study Area 5 – K-Beach North;
Study Area 6 – Knight Drive;
Study Area 7 – Kenai Spur;
Study Area 8 – Sterling Highway;
Study Area 9 – Funny River East.

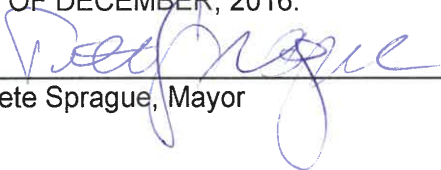
Section 4. The public engagement shall, at a minimum, include:

- a. Meeting with residents, landowners, and business owners in the study areas identified above, to identify concerns and potential benefits of incorporation into the City;
- b. Meeting with City residents and business owners to discuss area growth and development, and how potential annexation could impact existing residents and businesses inside the City;
- c. Collecting and sharing factual information about the annexation process;
- d. Working with area residents to identify solutions and resolve concerns;

Section 5. The results of the process, including documentation of public comments received, issues identified and researched, and any follow-up recommendations made, will be shared with the City Council and the public when completed.

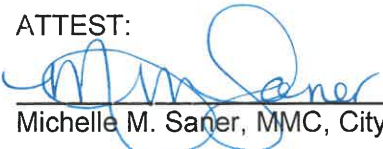
Section 6. This ordinance shall become effective immediately upon its enactment.

ENACTED BY THE CITY COUNCIL THIS 14TH DAY OF DECEMBER, 2016.



Pete Sprague, Mayor

ATTEST:



Michelle M. Saner, MMC, City Clerk

Yes: Whitney, Daniels, Cox, Cashman, Murphy, Parker
No: None

TO: MARK DIXSON, CITY MANAGER
THROUGH:
FROM: JOHN CZARNEZKI, CITY PLANNER *jc*
STEPHANIE QUEEN, DIR. OF ED+P *SQ*
DATE: NOVEMBER 1, 2016
SUBJECT: ORDINANCE 2016-032, ANNEXATION PUBLIC INPUT PROCESS

The City's comprehensive plan contains a high priority goal to "explore annexation to promote orderly high-quality development, cost-effective extension of public services, protection of the City's sales tax base, and protection of the natural environment" (Envision Soldotna 2030, April 2011, pg. 57). Ordinance 2016-032, if enacted, would direct the administration to take the next step in evaluating the need for (and feasibility of) annexation, by initiating a public engagement process. This memo summarizes recent work completed to date, as well as steps the Council may consider moving forward.

In 2014, the City formed an advisory committee that met several times to discuss the need to pursue annexation. The group produced "statements of consensus" which recognized existing demographic, social, economic, and physical trends that are shaping our community. The document also presented several suggestions for moving forward with the process, including the need to study the financial implications annexation could have on the city, and the need to engage the public early in the process.¹

In April 2015, the administration brought forward an ordinance which incorporated these suggestions. We proposed a fiscal impact analysis, to understand the costs of delivering municipal services over a larger geographic area, as well as a public input process to provide residents, business and land owners a way to get information, provide comments, share concerns, and identify issues which may need to be explored further.

Rather than doing both at the same time, the City Council appropriated funds and authorized the fiscal impact analysis first (Ordinance 2015-018, May 2015). The City entered into a contract with Northern Economics, to develop a model to estimate the cost of providing city services to nine distinct areas adjacent to the City. The project team also estimated the amount of revenue to be generated within each area, to evaluate whether it was sufficient to cover anticipated costs. The results of the study were presented to Council and the public in June, 2016, and are available on the City's website.

¹ This document, along with other reports, frequently asked questions, maps, etc. is available on the City's website at: www.Soldotna.org/annexation.

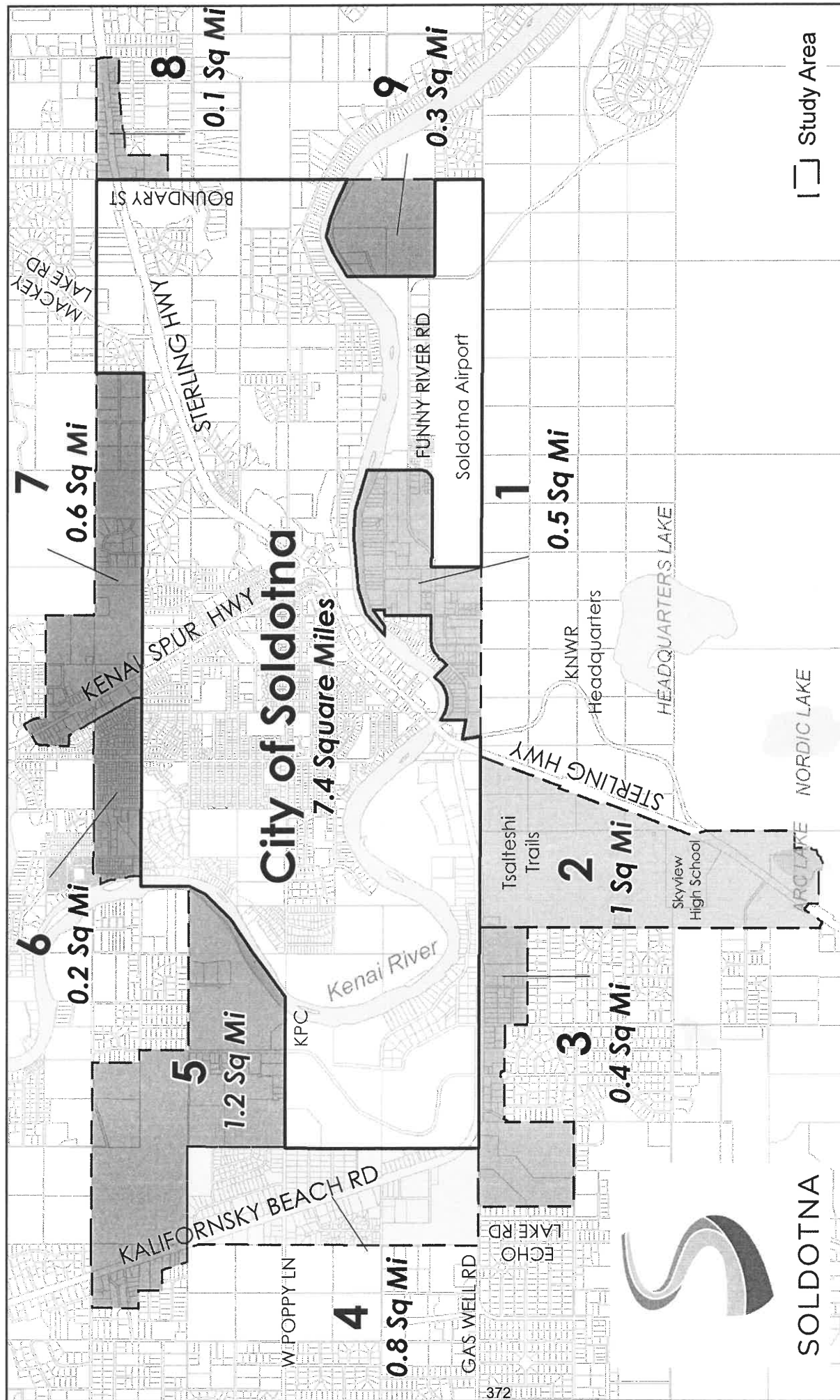
The next step, should the Council wish to continue exploring annexation, would be to initiate a robust public input process. Ordinance 2016-032 would appropriate funds, for the purpose of entering into a contract with a consultant skilled in public engagement and meeting facilitation. The consultant would assist in both designing and implementing a process to achieve broad public input not only in the areas being considered for annexation, but among City residents as well. Specifically, the process would aim to identify public concerns and comments, and explore solutions and ways to resolve issues. It would also provide an opportunity to research and provide factual information on the annexation process. Periodic progress reports would be presented to the council throughout each phase of the process, and a final presentation of the findings would be presented at the conclusion.

Section 2. of the ordinance lists nine geographic areas that were evaluated as part of the fiscal analysis. The proposed budget of \$100,000 was intended to provide for public engagement in all of them. The Council may choose to amend that section to remove particular areas you feel no longer warrant consideration. Should the ordinance ultimately be adopted with a narrower scope, we would work to ensure the eventual public engagement contract reduced the budget and scope accordingly.

Upon completion of the public input phase, the City Council would again have an opportunity to decide whether to continue the annexation process. This could include taking steps to adjust codes or policies based on issues identified through the public involvement process, directing the administration to develop and file a petition with the Local Boundary Commission, or directing the administration that no further action is necessary.

At this time, we seek your direction as to whether the Council wishes to continue exploring annexation. Ordinance 2016-032 was drafted for your consideration, and would direct the administration to continue gathering information and begin engaging the public about this topic.

For any of the documents mentioned in this memo, as well as more detailed information on the annexation process to date, please see the City's webpage devoted to annexation at: <http://soldotna.org/annexation>.



Prepared By:

Source Data: City of Soldotna GIS, KPB GIS
 Map Produced By: Alaska Map Company, LLC
 Date: 11/19/2015



1 Miles

Study Area Map

2015 Soldotna Annexation Study

Introduced By: City Manager
Date: May 10, 2017
Action: Adopted
Vote: 5 Yes, 0 No, 1 Absent

CITY OF SOLDOTNA
RESOLUTION 2017-015

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH THE ATHENA GROUP, LLC IN THE AMOUNT OF \$49,750 FOR PROFESSIONAL SERVICES ON THE ANNEXATION PUBLIC ENGAGEMENT PROJECT

WHEREAS, the City recently advertised and solicited proposals for professional services for the Annexation Public Engagement Process; and

WHEREAS, four proposals were received for this project; and

WHEREAS, an evaluation review committee found that Athena Group, LLC submitted the highest ranking proposal; and

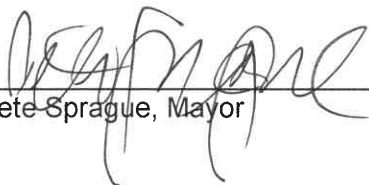
WHEREAS, it is in the best interest of the City of Soldotna to award the professional services contract for the Annexation Public Engagement project to the Athena Group, LLC;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. The City Manager is hereby authorized to execute a contract with The Athena Group, LLC for Professional Services for the Annexation Public Engagement Project in the amount of \$49,750, and execute any subsequent change orders according to SMC which are reasonable and necessary to effectuate the intent and purpose of the project.

Section 2. This resolution shall become effective immediately upon its adoption.

ADOPTED BY THE CITY COUNCIL THIS 10TH DAY OF MAY, 2017.


Pete Sprague, Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

Yes: Cox, Cashman, Murphy, Whitney, Daniels
No: None
Absent: Parker



SOLDOTNA

Economic Development + Planning

MEMORANDUM

TO: MARK DIXSON, CITY MANAGER
FROM: STEPHANIE QUEEN, DIR. OF ED+P DEPARTMENT SQ
THROUGH:
DATE: MAY 1, 2017
SUBJECT: AWARD OF CONTRACT FOR ANNEXATION PUBLIC ENGAGEMENT

The Planning Department formally solicited and received proposals for professional services on the Annexation Public Engagement project. The request for proposals was published in the Peninsula Clarion and Anchorage Daily News on March 8th, 12th, and 16th. Proposals were received on the due date of April 7th, and were ranked in the following order by an evaluation review committee:

<u>Rank</u>	<u>Firm</u>
1	<u>The Athena Group, LLC</u>
2	<u>Denali Daniels & Associates, Inc.</u>
3	<u>Agnew::Beck Consulting</u>
4	<u>Sikorski Consulting</u>

The committee used the following criteria and relative weights in evaluating each proposal and making their recommendation:

Overall project approach and understanding	40%
Qualifications and team experience	35%
References	15%
Project Cost	10%

The scope of work includes designing and implementing a public engagement process to further the City's goals of engaging area residents in a discussion about the potential for future annexation. Primary objectives include: implementing an open and inclusive process to meet with residents, landowners, and business owners in Soldotna and in the nine study areas to hear and discuss concerns about annexation; collecting and sharing factual information about annexation issues; working with local residents to develop ideas about ways to resolve annexation issues; and reporting findings back to the City Council and the public.

The evaluation committee recommends award of the Annexation Public Engagement Process contract to the highest ranking proposal submitted by the Athena Group, LLC for the amount of \$49,750.

APPENDIX C

2018 Popular Annual Financial Report

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2018 POPULAR ANNUAL **FINANCIAL REPORT**

Fiscal Year July 1, 2017 - June 30, 2018



SOLDOTNA

City of Soldotna, Alaska



A LETTER TO OUR RESIDENTS

To the Citizens of the City of Soldotna:

The City of Soldotna is pleased to present our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2018. This report is intended to provide a brief summary of where the City's revenues come from and how these revenues are spent, as well as to provide information about the operations of the City of Soldotna. We hope this report will give you a greater understanding of the City from a financial perspective.

The financial information contained here comes from the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This report is consistent with Generally Accepted Accounting Principles (GAAP) and all governmental funds are included. The CAFR provides more detailed information on the City's finances, including an audit from an independent firm of licensed certified public accountants. Copies of the most recent CAFR and PAFR can be found on the City's website (www.soldotna.org) or at Soldotna City Hall.

We encourage you to continue taking an interest in your local government and community. While the elected officials and administration of the City of Soldotna are committed to financial accountability, our greatest resource is the people who live, work and play in our City.

On behalf of the City of Soldotna, we would like to thank you for taking the time to read this report. The PAFR is a great opportunity for us to let you know how the City is doing financially and to showcase various City projects and programs. If you have any questions or comments about this report, please contact the Finance Director at 907-262-9107.

Sincerely,

City Manager
Stephanie Queen

Finance Director
Melanie Imholte

CITY COUNCIL

The City Council is the governing body of Soldotna, consisting of six members who are elected at large on a non-partisan basis for three-year terms. These terms are staggered to provide for continuity of knowledge in City business and legislative matters. The Mayor is the municipality's ceremonial head of government, executing official documents on authorization of the Council. The Mayor is elected at large on a non-partisan basis for a three-year term.

City Council for Fiscal Year 2018	Term Ends
Nels Anderson (Mayor)	2020
Paul Whitney (Seat A)	2018
Tyson Cox (Seat B)	2020
Linda Murphy (Vice Mayor; Seat C)*	2018
Tim Cashman (Seat D)	2019
Lisa Parker (Seat E)	2019
Justin Ruffridge (Seat F)	2018

*Jordan Chilson (Elected to Seat C, 10/18) 2021

CITY CLERK

The City Clerk is appointed by the City Council and is responsible for administering all City elections, maintaining the Citywide records management system, and acting as the parliamentary advisor to the governing body.

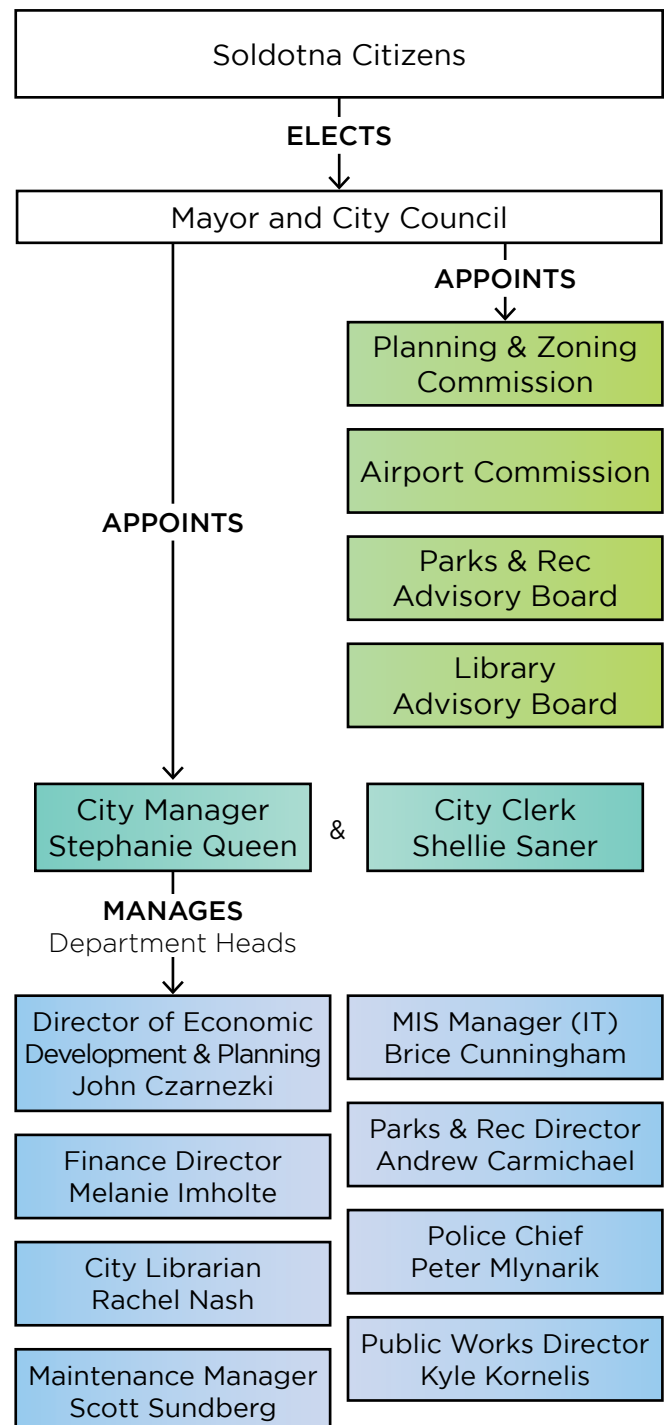
CITY MANAGER AND DEPARTMENT HEADS

The City Council also appoints the City Manager, who acts as the chief administrative officer. The City Manager is responsible for carrying out the policies and ordinances of the City, for overseeing day-to-day operations, and for reporting back to and advising the Council. Department heads (shown at right) oversee their own department and report to the City Manager.

CITY EMPLOYEES

The City employed 60 full-time employees and approximately 58 seasonal, temporary, and part-time employees. Employment increases in the summer to accommodate seasonal visitors. The City reported 70.64 full-time equivalents (FTE's) in FY18. The City's two largest departments, in terms of staffing, are the Police and Parks and Recreation Departments.

ORGANIZATIONAL CHART





AN OVERVIEW

The City of Soldotna is a Home Rule City. Originally incorporated by the voters as a fourth-class city in 1960, the City was reclassified as a first-class city in 1967 and remained a first-class municipality until voters approved a home rule charter in October 2016. Soldotna occupies a geographic area of approximately 7.5 square miles, with an estimated population of 4,333 residents. The City's population continues to grow, as does the population of census areas adjacent to the City. This broader regional population continues to drive growth and economic activity in the City, which provides many of the goods and services to residents of the central Kenai Peninsula.

Soldotna serves as an economic hub for the Kenai Peninsula Borough (KPB) with a significant employment base, retail and professional services, educational and health care facilities, and various outdoor recreational amenities. Several large employers, including the Kenai Peninsula Borough and Kenai Peninsula Borough School District administrative offices, Central Peninsula Hospital, Kenai Peninsula College, Fred Meyer, and many regional offices of State and local government are located in the City of Soldotna. The Kenai National Wildlife Refuge, which borders the City, houses its headquarters in the area and has recently opened a new visitor center. The district office of the State Department of Transportation is approximately three miles south of Soldotna on the Sterling Highway.

The tourism industry in the State and on the Kenai Peninsula is growing. Gross sales in visitor related businesses are approximately \$36 million annually in Soldotna. The world famous Kenai River is one of Soldotna's greatest assets. The Kenai River, as well as Soldotna's many other recreational and entertainment options, bring a large influx of tourists throughout the year. Retail sales are greatly enhanced by tourism, especially during the summer months. The 2018 Situations and Prospects Report, recently released by the Kenai Peninsula Economic

Development District for the fiscal year 2017, shows that the City of Soldotna had the largest increase in gross sales on the Peninsula (21%) for that year of any of the municipalities.

The health care industry in Alaska has been one of the fastest growing economic sectors for 20 years, and Soldotna continues to see expansion in this area. Central Peninsula Hospital (CPH) operates a number of facilities in Soldotna, including the hospital, 60-bed Heritage Place, as well as family and specialty physician clinics. In early 2016, CPH opened a new Specialty Clinics Building which provides orthopedic, orthopedic spine, urology, podiatry, oncology infusion, imaging, and cardiology services. In 2018, construction began on a 28,000 square foot expansion to house a new obstetrics unit and new Cath lab.

As of the 2017-2018 school year, a total of 2,794 students attended K-12 schools located in Soldotna. The Kenai Peninsula College (KPC), with its Kenai River Campus located on 300 wooded acres in Soldotna, enrolls about 2,000 academic and non-credit students each semester. Across all KPC Campuses (which include the Kachemak Bay Campus in Homer and the Resurrection Bay Extension Site in Seward), the college provides 328 jobs, including 37 full time faculty and more than 111 adjunct faculty.

The City continues to see steady development in both residential and commercial construction. Despite the State of Alaska's budget deficit and its uncertain impact on municipalities within the State, the projection for the economy of Soldotna remains positive. The Kenai Peninsula Borough economy as a whole is diverse, as is Soldotna's, which will continue to provide stability moving forward.

DEPARTMENTAL SPOTLIGHT: JOYCE K. CARVER MEMORIAL PUBLIC LIBRARY

In 2018, over 112,600 people visited the Soldotna Public Library, borrowing more than 154,000 books and other media. Over 16,000 patrons used our free computers, and approximately 23,000 used our complementary wifi.

Also during 2018, the Library provided space for over 1,000 community meetings and events, and presented more than 400 library programs for over 10,000 participants!

The Library is supported by the Soldotna Library Friends organization. The City would like to thank all the volunteers that help to make our Library an excellent facility for the entire community.

Learn more about the Library, its services, and how to get involved at soldotna.org/library or by calling 907-262-4227.



DEPARTMENTAL SPOTLIGHT: SOLDOTNA POLICE

The Soldotna Police Department was recently awarded accredited status from the Oregon Accreditation Alliance (OAA), and is the first Alaska law enforcement agency to achieve law enforcement accreditation through the OAA.

The accreditation process is rigorous, and demonstrates that an agency, their operations, management, policies, and procedures meet the best practices the industry has to offer. Congratulations to the Soldotna Police Department on this achievement.



Chief Peter Mlynarik holding the Oregon Accreditation Alliance award.

3 FRIENDS DOG PARK

The '3 Friends Dog Park', located at 320 N. Aspen Drive, officially opened in September 2017. The park was a long-time grassroots effort, championed by local resident Connie Hocker. A significant portion of the funding for the park came from a generous bequest from Martha Brewer's estate, which was to be used to benefit the animal community. Brewer, along with friends Dean Birmley and Alice Puster, are the inspiration for the Park's '3 Friends' name, and the sign at the park dedicates it in their memory.

Countless volunteers have donated their time, and organizations including the Rotary Club of Soldotna, Friends of the Aspen Dog Park, Kenai Peninsula Association of Realtors, Kelly Griebel of Century 21, and Alaska 1st Real Estate have donated funding for various improvements. Thank you to all the community members who have partnered with the City, on behalf of our canine companions.



Ribbon Cutting at the 3 Friends Dog Park Grand Opening.



FROM THE MAYOR

Dear Soldotna Citizens,

Thank you for taking time to read this Popular Annual Financial Report. This summarizes the spending for the various ways that the City of Soldotna is providing services to improve the quality of your lives. This is one way of showing the accountability, transparency and responsiveness to which City employees are dedicated.

Everyone understands the benefits of services like police service, fire protection, ambulance service, road maintenance, and sewer and water. However, in my view, it is the other services we provide that really makes our community outstanding.

These services are provided by many different partners working with the City such as the Soldotna Chamber of Commerce, Kenai Peninsula Borough School District, Central Peninsula Hospital, and includes many local citizens who volunteer time, talent, and resources to improving the community. Let us consider some of these services:

Joyce K Carver Memorial Public Library - This resource is used by the entire area and the recent expansion doubled the available space as well as adding community meeting spaces, dedicated areas for children and teens, a variety of media, as well as numerous reading programs.

Soldotna Creek Park - The playground area was completed in cooperation with people throughout the local area and is a testament to community cooperation and service. The rest of the Park provides opportunities for numerous different programs. In addition to things like skating in the winter and public access for fishing and hiking in the summer, numerous events have been added. These include the Frozen River Fest, Movies in the Park, the summertime music series Alive after Five, Soldotna Farmer's Market, Kenai River Festival, and Soldotna Progress Days activities.

Soldotna Regional Sports Complex - This provides numerous recreational activities such as skating, hockey, Zumba, ball room dancing, handball, pickle ball, etc. This facility is used for many activities such as sports shows, building shows, mixed martial arts, high school graduations, and other important community events and fundraisers. We host the veterinary checks for the Tustumena 200, Kenai Jobs Fair, Construction Career Day, Peninsula Winter Games, Taste of the Kenai, Kenai River Classic, and many other events.

Parks and Recreation - In addition to the sports complex activities, Parks and Recreation maintains 12 different Parks including Centennial, Swiftwater, Rotary, Arc Lake, and the new "3 Friends Dog Park". We also provide the land for Soldotna Little League and the rodeo and equestrian area and provide some services for them.



Extended City Services - City employees get many questions from people outside the City. Our engineering department happily assists with questions on road construction, water systems, building construction etc. for people who live well outside our boundaries. We jointly take responsibility for keeping the bike and walking trails open outside of the City clearing the trail as far as Poppy Lane on K Beach and Pickle Hill on the Spur Highway.

Central Hub - We are the main source of shopping and medical care for approximately 30,000 people. The majority of medical offices and the hospital are located in our boundaries. We provide water, sewer and road access among other things to these facilities.

There are always new ideas and issues to be dealt with and planning for the future. The Envision Soldotna 2030 plan gives us some broad and specific goals to work towards. Some specific issues that will be dealt with this year include the expansion of the Soldotna Regional Sports Complex and how it will be funded. Annexation has become a contentious, rather than a cooperative issue and City Council will need to decide how to deal with this issue. The need to control development patterns adjacent to the City, as well as prevent erosion of our tax base, is important to continue to provide services.

We have a well-run sewage plant which discharges treated effluent into the Kenai River. We are meeting water quality standards at present, but from my perspective, the best long-term plan would be to stop water discharge into the Kenai. Achieving that goal may take many years, but it is time to look seriously at it now.

Ideas for development, including new trails, environmental protection, as well as new public facilities and businesses are always welcome. Personally, I would like to see the public access river trail extended from Soldotna Creek Park to the Kenai River Bridge and perhaps in the other direction towards the golf course. This will require cooperation of those who own the property along the route.

The City Council and I encourage you to participate in the government process. We are happy to hear all points of view, especially those who have a differing view on the issues being discussed. Open discussion like this allows us to understand concerns and many times causes us to modify or change our position. Even if Council does not change their position on an issue, this process allows an exchange of ideas which allow us to respect each other's positions. As a young boy, my uncle taught me that America stands for "the right to disagree without being disagreeable." I believe that is still true.

Sincerely,

Nels Anderson, Mayor

FINANCIAL INFORMATION

GOVERNMENTAL FUND REVENUES

The City receives money from a variety of sources. Below is a comprehensive look at the City's revenues for the last three fiscal years. Fiscal Year 2018 revenues are also shown in the pie chart below. Three specific revenue sources (property taxes, sales taxes, and intergovernmental revenues) are examined more closely on the following pages.

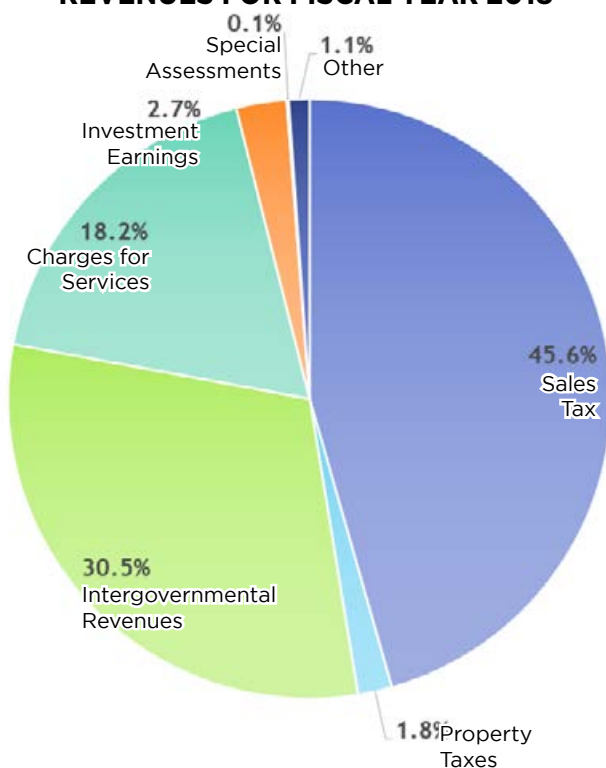
	FY 2016	FY 2017	FY 2018
Sales Taxes	\$6,922,933	\$7,058,408	\$7,730,181
Property Taxes	287,379	297,474	309,888
Intergovernmental Revenues	4,379,343	2,252,179	5,166,611
Charges for Services	2,754,867	2,955,273	3,079,716
Investment Earnings	363,288	578,670	457,493
Special Assessments	26,465	33,394	18,545
Other	161,736	243,903	187,751
Total Revenues	\$14,896,011	\$13,419,301	\$16,950,185

GOVERNMENTAL FUND EXPENDITURES

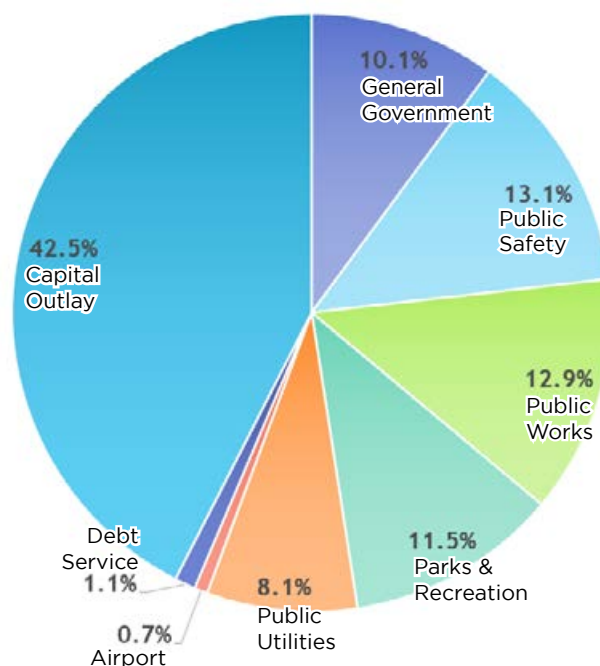
Below is a comprehensive look at the City's expenditures for the last three fiscal years. Fiscal Year 2018 expenditures are also shown in the pie chart below.

	FY 2016	FY 2017	FY 2018
General Government	\$1,962,186	\$1,943,165	\$1,937,972
Public Safety	2,339,034	2,374,287	2,515,664
Public Works	2,383,142	2,583,922	2,467,424
Parks, Recreation, & Culture	2,114,470	2,145,005	2,202,341
Public Utilities	1,319,774	1,427,045	1,559,566
Airport	122,583	108,730	137,325
Debt Service	219,070	215,646	216,594
Capital Outlay	6,267,959	2,972,296	8,150,652
Total Expenditures	\$16,728,218	\$13,770,096	\$19,187,538

REVENUES FOR FISCAL YEAR 2018



EXPENDITURES FOR FISCAL YEAR 2018





PROPERTY TAX REVENUES

Soldotna residents receive a single property tax bill per parcel, but the taxes you pay support 4 separate entities; including the Kenai Peninsula Borough, Central Emergency Services, Central Peninsula Hospital, and the City of Soldotna.



Kenai Peninsula Borough
4.50 mills



Central Emergency Services
2.60 mills



Central Peninsula Hospital
0.01 mills



City of Soldotna
0.50 mills

Total = 7.61 mills in FY18

FOR EXAMPLE:

A "mill" is 1/1,000 of a dollar, and represents one dollar of tax for each \$1,000 of assessed value. To calculate your property tax, simply multiply the assessed value by each mill rate, then divide by 1,000. The median value of a home in Soldotna is approximately \$230,000. An example calculation for the taxes on this house is shown below.

<u>Taxing Entity</u>	<u>Tax</u>
Kenai Peninsula Borough:	\$1,035
Central Emergency Services:	\$598
Central Peninsula Hospital:	\$2
City of Soldotna:	\$115
Total:	<u>\$1,750</u>

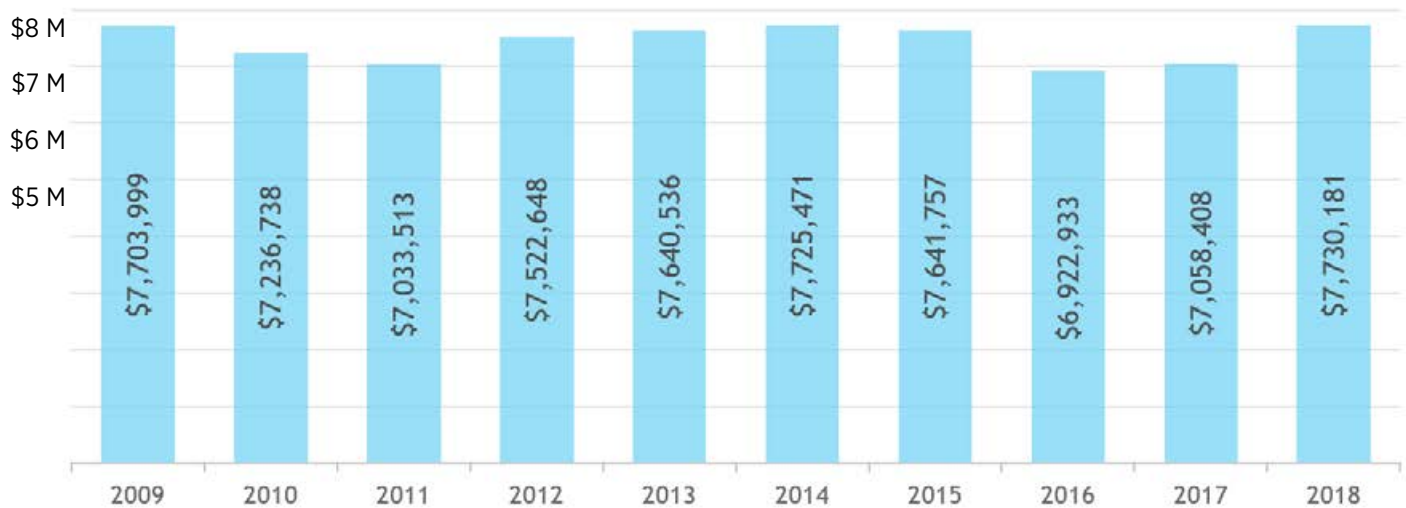
As you can see from the example above, a typical homeowner in Soldotna would pay approximately \$1,750 in property taxes, with the City of Soldotna receiving \$115 of the total bill paid. The remaining taxes are distributed to other governmental entities, as shown above.

SALES TAX REVENUES

The City has a 3% sales tax which is applied to the first \$500 of each separate sale. Sales taxes are the largest revenue source for the City. Retail sales continue to generate the largest share of sales tax revenues (68% of the FY18 taxable sales within Soldotna City limits).

In FY16, the City reported a substantial decrease in sales tax revenue primarily due to the passage of a Borough-wide ballot proposition which suspended the sales tax on non-prepared foods for nine months of the year. Sales tax revenues began to increase in FY17 due to City voters ratifying Proposition No. 16-02 which adopted a municipal charter and changed the City to a "home rule" city. Ordinance 2016-029, which became effective December 1, 2016, reinstated the provisions to allow the City to collect sales tax on non-prepared food items year round. While the City did see some increase in sales tax revenues during FY17, FY18 saw a more significant change: as this was the first full year of sales tax collection on non-prepared foods since FY15.

Sales Tax Revenue
FY09-FY18



INTERGOVERNMENTAL REVENUES (GRANTS)

The City receives intergovernmental revenues (or grants) from Borough, State, and Federal agencies. Generally, grant revenues fund capital projects or help to reduce specific operating costs. Approximately 91% of grant revenues received in Fiscal Year 2018 were used to fund capital projects rather than operations. For Fiscal Year 2018, the City received total grant revenues in the amount of \$5,166,611, which represents 30% of total revenues received.

Discretionary use of grant funds is limited, as monies received generally must be used to fulfill specific objectives as outlined in each grant agreement.

FUND BALANCE OF GOVERNMENTAL FUNDS

\$16,950,185	Total Revenues (FY18)
<u>19,187,538</u>	Total Expenditures (FY18)
(2,237,353)	Excess of Revenues Over (Under) Expenditures
<u>861,594*</u>	Proceeds from Issuance of Long-term Debt*
(1,375,759)	Net Change in Fund Balance (during FY18)
<u>22,950,683</u>	Beginning Fund Balance @ 7/1/17
\$21,574,924	Ending Fund Balance @ 6/30/18

*The City entered into a loan agreement with the Alaska Department of Environmental Conservation (ADEC) during FY18, with a maximum loan amount of \$3,000,000 to fund Wastewater Treatment Plant Improvements. This loan is not yet in repayment status. As of June 30, 2018, the City had drawn down \$861,594 under this loan which is reported as Proceeds from Issuance of Long-term Debt.

Of the approximately \$22M ending fund balance at June 30, 2018, just over \$6M is unassigned and available for spending at the Council's discretion. Subsequent to June 30, 2018, the amount of fund balance commitments and assignments where reduced; increasing the FY19 unassigned fund balance by an additional \$2.25M.

THE GENERAL FUND

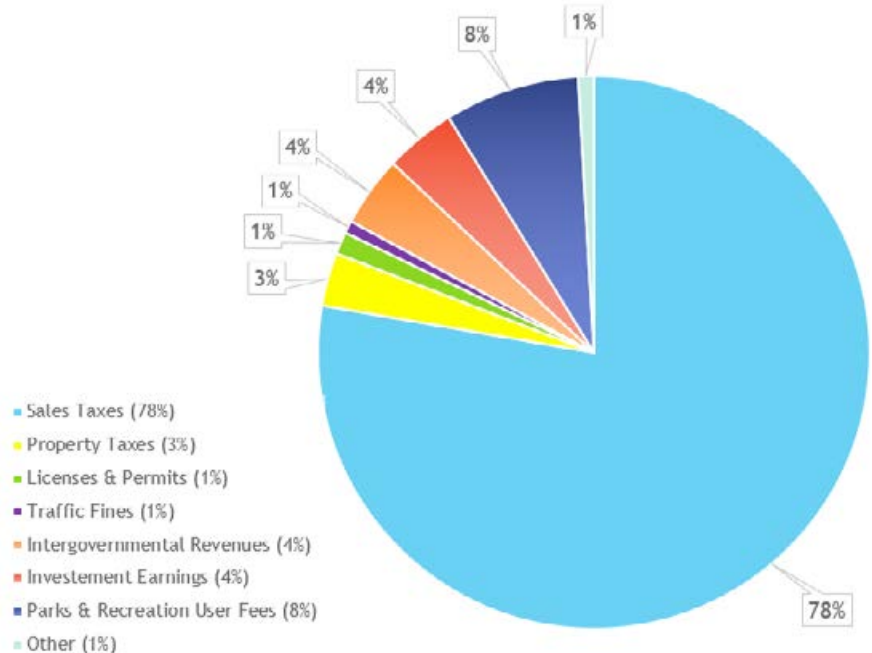
The General Fund is the general operating fund of the City, and its activities are funded primarily by sales tax revenues. The General Fund accounts for the day-to-day operations of the City and includes the following departments: Administration, Animal Control, Building Maintenance, Campgrounds, Community Schools, Economic Development & Planning, Finance, Library, MIS, Mayor & Council, Nondepartmental, Parks, Police, Public Works Administration, Shop, Soldotna Regional Sports Complex, and Streets.

General Fund Revenues for Fiscal Year 2018

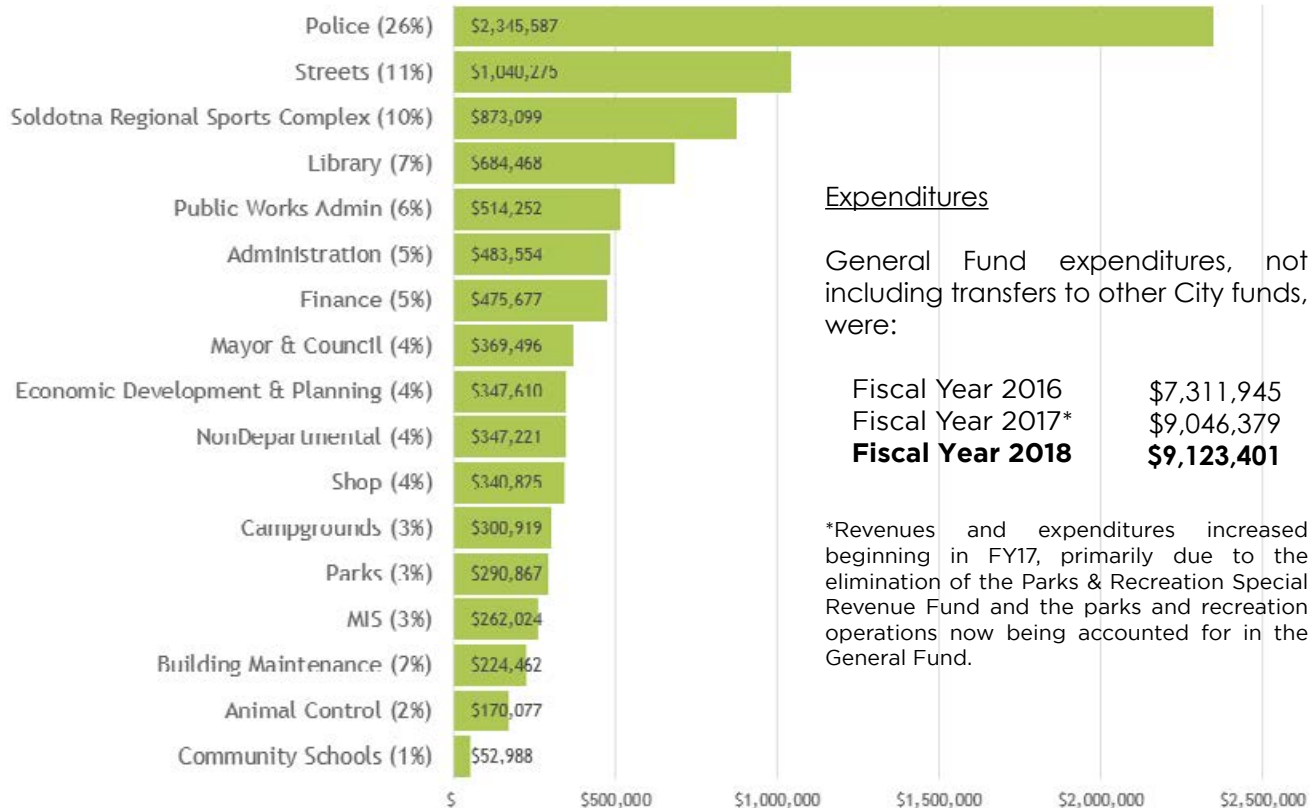
Revenues

General Fund revenues, not including transfers from other City funds, were:

Fiscal Year 2016	\$8,354,267
Fiscal Year 2017	\$9,438,416
Fiscal Year 2018	\$9,945,730



General Fund Expenditures by Department for Fiscal Year 2018



Expenditures

General Fund expenditures, not including transfers to other City funds, were:

Fiscal Year 2016	\$7,311,945
Fiscal Year 2017*	\$9,046,379
Fiscal Year 2018	\$9,123,401

*Revenues and expenditures increased beginning in FY17, primarily due to the elimination of the Parks & Recreation Special Revenue Fund and the parks and recreation operations now being accounted for in the General Fund.

THE UTILITY FUND - WATER & SEWER UTILITIES

The City accounts for utility operations in the Utility Fund. Revenues are generated primarily through fees for water and sewer utility services and are used to support operations and capital needs of the Utility Fund.

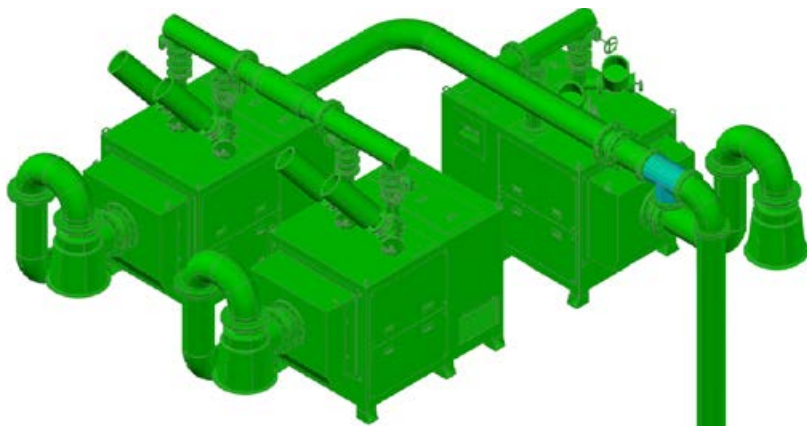
In 2015, the City worked with an independent consultant to perform a utility rate study, which recommended increased rates over a five-year period. The rate increases were enacted by the City Council in Ordinance 2015-019. The third of these increases went into effect in Fiscal Year 2018. Rate increases are necessary to support the Fund's maintenance, operations, and capital improvement needs. The history of these increases is shown below. The City's residential water and sewer flat rates continue to be the lowest on the Kenai Peninsula. A schedule of water and sewer rates can be found in the Soldotna Municipal Code Section 13.16.110, located on the City's website at soldotna.org/code or available at City Hall.

Utility Rate Increases:

FY16 - FY20:	8% Water & 11% Sewer Increase
FY12 - FY15:	2.5% Overall Water & 6.5% Overall Sewer Increase (individual customer classes vary slightly)
FY08 - FY11:	No Increase
FY05 - FY07:	7% Water & Sewer Increase
FY91 - FY04:	No Increase

Wastewater Treatment Plant Improvements Project

During FY18, the City began construction on the Wastewater Treatment Plant (WWTP) Improvements Project. This project includes several improvements at the WWTP for energy efficiency, reliability, code upgrades, and replacement of aging infrastructure. One significant improvement is the installation of high-speed turbo blowers. These energy efficient blowers supply air to complete the treatment processes at the plant and replace the 25 year old blowers that are nearing the end of their useful life. This project is expected to be complete during FY19.



Isometric View of New Blower Piping and Equipment.



James Trissel, Utility Plant Manager, demonstrates the City's WWTP processes to students from Kenai Peninsula College's Process Technology program.



The City's 2017 Drinking Water Quality Report can be viewed online at soldotna.org/water

The Utility Department maintains approximately 38 miles of water mains, 30 miles of sewer mains, and 319 fire hydrants.

In fiscal year 2018, the city processed a daily average of 625,581 gallons of potable water and treated a daily average of 515,266 gallons of sewer discharge.



New Blower in Operation at WWTP.



PUBLIC OUTREACH and Communications

CITY WEBSITE

The City's website, www.soldotna.org, has several features that aim to increase communication between the City and its constituents. The homepage features up-to-date news and events. The meeting calendar (soldotna.org/meeting calendar) contains the meetings for all council, board, and commission meetings and includes agendas and other related documents. Additionally, audio streaming for any City meeting can be accessed at soldotna.org/meetings - including live streaming for ongoing meetings.

On the Web: www.soldotna.org

Services include paying utility bills, viewing job postings, listening to live or archived meetings, reviewing upcoming meeting materials, contacting elected representatives or administration, etc.

ELECTIONS

Local City elections are an important opportunity for citizens to provide input on the decision-making process for Soldotna. The regular City election is held annually on the first Tuesday in October. This election may include a variety of initiatives and includes any council/mayoral seats that are up for election in any given year. In addition, the City Council may call a special election at any time, which will be noticed in local publications and on the City's website. For more information on elections, check out the City Clerk's webpage at soldotna.org/clerk.

CONTACT INFORMATION

Public Library

235 North Binkley St
907-262-4227

Regional Sports Complex

538 Arena Avenue
907-262-3151

City Hall

177 North Birch St
907-262-9107

Animal Control

205 South Kobuk St
907-262-3969

Street & Airport Maintenance

340 Arbor Avenue
907-262-4672

Utility Department

215 South Kobuk St
907-262-4205

Police Department

44510 Sterling Highway
907-262-4455

Emergencies: Dial 911

SOCIAL MEDIA

-  **City of Soldotna**
-  **My Soldotna**
-  **My Soldotna**
-  **Soldotna Library**
-  **Soldotna Parks Recreation**
-  **Soldotna Police Explorer Post 426**
-  **Soldotna Animal Shelter**
-  **Soldotna Community Schools**

COMMISSIONS & ADVISORY BOARDS

City commission and board members serve a critical role in the development of public policy and policy implementation by advising the City Council. Their decisions are critical in modeling our community by acting as the voice of our citizens.

- » Airport Commission
- » Library Advisory Board
- » Parks and Recreation Advisory Board
- » Planning and Zoning Commission

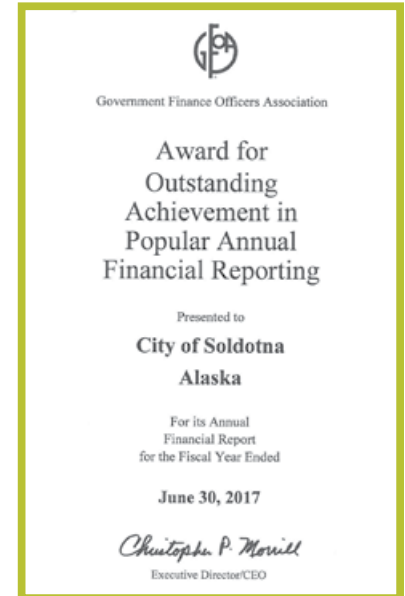
For more information about serving on a board or commission, contact the City Clerk at 907-262-9107.



FINANCIAL REPORTING AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Soldotna for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.



KEY TERMINOLOGY

Assets: What the city owns, such as land, buildings, or utilities.

CAFR: The City's Comprehensive Annual Financial Report, a set of financial statements comprising the financial report of the City that complies with the accounting requirements set by the Governmental Accounting Standards Board.

Capital Outlay: Monies paid out in capital project funds for the purchase or construction of City capital assets (land and land improvements, buildings and building improvements, roads, sidewalks, utilities, etc.).

Charges for Services: Charges to customers for specific City services, including: water & sewer services, building or zoning permits, plan reviews, animal adoptions, Airport leases, campground services, Community Schools classes, ice arena activities, conference room rentals, etc.

Debt Service: Expenditures for the payment of outstanding debt associated with the expansion of the City's Public Library.

Fiscal Year (FY): A 12 month period used for accounting purposes. The City's fiscal year is July 1 through June 30 of each year.

Full-time Equivalent (FTE): The total number of paid hours during a year (part-time and full-time) divided by the number of working hours in that year.

Fund: A group of related accounts used to maintain control over City resources that have been segregated for specific purposes (the General Fund, the Utility Fund, etc.)

Fund Balance: The difference between the City's assets and its liabilities.

General Fund: The general operating fund of the City which is used to account for day-to-day operations, including the following departments: Mayor and Council, Administration, Finance, Management Information Systems (MIS/IT), Police, Animal Control, Public Works Administration, Streets, Economic Development and Planning, Building Maintenance, Shop, Library, and Nondepartmental.

Governmental Funds: Funds generally used to account for tax supported activities.

Intergovernmental Revenue: Revenues/grants the City receives from other governmental agencies (Borough, State and Federal).

Liabilities: What the City owes.

Mill Rate: A tax rate expressed in tenths of a cent. For example, a tax rate of one mill per thousand means \$1 of taxes per \$1,000 of assessed value.

Special Assessments: Charges for constructing public capital improvements that primarily benefit property owners in a limited geographic area (roads, utilities, sidewalks, etc.).

Unassigned Fund Balance: The amount of fund balance that does not have any constraints imposed upon it. The amount that is available for spending at the City's discretion.

THIS PAFR REPORTS INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2018. A LOT HAS HAPPENED SINCE THEN - HERE ARE A FEW HIGHLIGHTS FROM THE FIRST HALF OF FY19!



FIELD HOUSE PROJECT GOES TO A VOTE

The Soldotna City Council has set a special election for March 5, 2019, to ask Soldotna voters whether the City should borrow up to \$10 Million dollars through the issuance of general obligation bonds, for the construction of a Field House at the Soldotna Regional Sports Complex. If approved, the City would fund the debt service with a 0.5% increase in the City's sales tax rate (from 3% to 3.5%), for the life of the 10-year bond. The Field House would be a 42,000 square foot building adjacent and connected to the Sports Center, with a removable turf field and elevated walking/jogging path. The play surface could accommodate a wide variety of sports and recreational users, such as soccer, football, wrestling, baseball and softball, basketball, volleyball, pickleball, etc. Information about the project is available at <http://www.SoldotnaFieldHouse.org> or by calling the City at 262-9107.



JOYCE K. CARVER MEMORIAL NAMED A 'STAR LIBRARY' BY LIBRARY JOURNAL

Library Journal, a national publication, has named the City of Soldotna's public library to it's list of 'Star Libraries.' Of the 7,361 public libraries in the United States that qualify to be rated, only 257 of them (fewer than 3.5%) were granted this distinction. Libraries are rated based on selected per capita output measures, including: circulation, e-circulation, visits, program attendance, and public internet computer use. Congratulations to our wonderful library staff, board members, and volunteers for this well-deserved recognition.



ALASKA STARTUP WEEK SUPPORTS LOCAL ENTREPRENEURS

In November, the City partnered with local business owners and several area organizations to sponsor a series of events for Alaska Startup Week, which brought community members together to promote entrepreneurial opportunities in the Kenai/Soldotna area. The City coordinated a panel discussion on options for financing a business, with speakers on topics such as angel investing and crowdfunding, as well as more traditional capital financing methods. Startup Week is just one example of the City's commitment to supporting our small business community, and ensuring Soldotna is a community where entrepreneurs can thrive.



SOLDOTNA CHAMBER WINS GRANT FOR 2019 MUSIC IN THE PARK

The Soldotna Chamber, in partnership with the Vision Soldotna (a 501(c)3), was one of only 18 recipients nationwide of a Levitt Amp grant for their summertime Music in the Park series. The grant will provide \$25,000 in matching funds to support the Chamber's Music in the Park program at the City's Soldotna Creek Park. Levitt Amp was created to promote cultural opportunities in communities by supporting live music events that are free to the public. The Soldotna Chamber is working on the 2019 concert lineup, with the goal of bringing a diverse offering of musical styles to the park this summer.



SOLDOTNA AND KENAI ARE BICYCLE FRIENDLY COMMUNITIES

In December, the cities of Soldotna and Kenai were both awarded bronze-level status by the League of American Bicyclists. They join just three other Alaskan Cities, which have demonstrated that they meet standards set by the Bicycle Friendly Community Program. The application was filed by volunteers from a grassroots effort called 'Bike in Kenai and Soldotna' - or BIK&S for short. The goal is to promote safety and educational efforts around biking in our community, and to promote health and recreational opportunities for residents and visitors.



City of Soldotna
177 North Birch Street
Soldotna, AK 99669

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US POSTAGE
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PERMIT 69
ANCHORAGE,
AK

