

City of Skagway

Gateway to the Gold Rush of '98'

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January 18, 2001

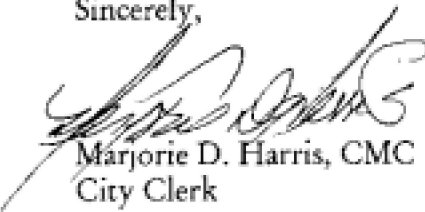
Dan Bockhorst
Division of Community & Business Development
Department of Community and Economic Development
550 West 7th Ave., Suite 1770
Anchorage, AK 99501-3510

RE: Petition for Dissolution of the City of Skagway
and Incorporation of a Skagway Borough

Dear Mr. Bockhorst:

Enclosed herewith, please find the petition for the dissolution of the City of Skagway and incorporation of a Skagway Borough.

Sincerely,



Marjorie D. Harris, CMC
City Clerk



PETITION FOR DISSOLUTION OF THE CITY OF SKAGWAY AND INCORPORATION OF A SKAGWAY BOROUGH

The petitioners hereby request that the Local Boundary Commission grant this petition for incorporation of the borough and dissolution of the city described herein under the provisions of Article X, Section 3 of the Alaska Constitution, AS 29.05.031, AS 29.05.060 - AS 29.05.140, AS 29.06.450(c), 3 AAC 110.045 - 3 AAC 110.060, 3 AAC 110.400 - 3 AAC 110.660 and 3 AAC 110.900 - 3 AAC 110.990.

1. **BOROUGH CLASS:** FIRST
2. **BOROUGH NAME:** MUNICIPALITY OF SKAGWAY
3. **BOUNDARIES:** Following is a general description of the territory proposed for incorporation as the MUNICIPALITY OF SKAGWAY and the City of Skagway proposed for dissolution (these are the same).

The proposed Municipality of Skagway is bounded on the north and east by the U.S. - British Columbia border, and on the south and west by the Haines Borough boundary.

The northern point of the proposed Municipality of Skagway is Mount Foster at the U.S.-Canada border at Longitude $135^{\circ}30'$, also designated as "Boundary Peak 123."

From there the boundary runs southeast conterminous with the U.S.-Canadian border for approximately 31 miles to the Mount Bagot area where it intersects with the Haines Borough boundary.

From Mount Bagot the boundary runs due west for approximately 12 miles into the middle of Taiya Inlet, at approximately longitude $135^{\circ}22'$, and close to the western edge of R60E --- this is the southern most point of the proposed Municipality of Skagway.

From this point the boundary runs approximately 29 miles in a northwesterly direction to the U.S.-Canada border; this is also conterminous with the Haines Borough boundary. This intersection with the border is just east of the Chilkat Glacier at "Boundary Peak 124."

From this point the proposed Municipality of Skagway boundary runs about 9.5 miles northeast along the U.S. Canada boundary to the beginning to the Point at Mount Foster.

4. REASONS FOR INCORPORATION: A summary of the principal reasons for this city dissolution and borough incorporation proposal are provided below. Further, we demonstrate compliance with the statutes and regulations governing borough incorporation in Exhibit D, the Legal Brief.

The citizens of the 1st class City of Skagway are petitioning the State Local Boundary Commission to become the Municipality of Skagway, a first class borough, because it is good public policy. We ask that the Local Boundary Commission allow the City to dissolve and a borough to form, in order to:

- Ensure the provision of efficient, effective, and responsible local government in Northern Southeast Alaska;
- Promote continued self-determination for the citizens of the area;
- Allow us to take responsible "pro-active" action on these matters and not wait until either a legislated change or another petition forces pressured decisions;
- Recognize that the 1st class City of Skagway actually performs as a 1st class borough, including providing services to a large regional geographic area, and that the borough form of municipal government is the more appropriate characterization of our local government;
- Recognize that due to geographic, social, cultural, and economic differences, as well as very different philosophies on the role of local government, granting of this petition will produce a more feasible and realistic pattern for municipal government in this area than the Model Borough Boundary (which combines the City of Skagway, City of Haines, community of Klukwan and Haines Borough into one borough);
- Acknowledge that Skagway is in a situation unique in the state as a very large geographic area bordered on all sides by other incorporated governments. Therefore there is no adjacent territory or persons to whom we could extend local government services. We thus request a unique solution (1st class borough) to our circumstances; and
- Acknowledge that we demonstrate that the proposed Municipality of Skagway can meet the criteria for borough incorporation.

Following now is a review in "lay-person" terms of why granting this petition is practical and makes good social, cultural and economic sense.

The Local Boundary Commission (LBC) is charged with looking at "big picture" and broad policy implications with regard to local government in the State. This provides an impartial arbiter for local government disagreements and for the regional fiscal and territorial disputes that sometimes underlie local government boundary and organization questions.

Key "big picture" goals are:

- Form borough governments so that as many people in Alaska as possible can enjoy the benefits and share the responsibilities of local government service and protection;
- Have relatively few government units in order to eliminate duplication of services and so that scarce federal and state resources are distributed to as few entities as is practicable and possible (the pie is finite, the more pieces it must be divided into the smaller each piece will be);

- Borough governments formed must be socially, culturally, and economically able to function; and
- Encourage strong self-reliant local government units able, which do not require excessive "nursing" from Juneau to provide adequate municipal services.

Granting this petition to allow the City of Skagway to dissolve and the "Municipality of Skagway" to incorporate will help achieve these goals. This proposal will not extend government services to new territory or people, however, there is no option that would accomplish this in Northern Southeast Alaska. This petition does not add any additional local governments or school districts to the State's responsibilities — it is a quid pro quo — a city and school district will dissolve and a borough and school district will form. And, it would form a borough government that historically, socially, culturally and economically functions well. It would recognize that practically and realistically, this borough configuration is the option that will succeed in Northern Lynn Canal.

Skagway is in a unique geographic circumstance. There is no other place in the State where such a large, discrete geographic area stands alone "sandwiched" between incorporated governments, as seen on the figure above. It abuts the Haines

Borough on the west and south and Canada on the east and north. The City of Skagway is also by far the largest city (geographically) in the State at 466 square miles. The size and location of Skagway and its previous annexation of the small community of Dyca mean that there is no territory, nor are there any residents, living in any nearby area that are NOT part of an incorporated municipality.

The Model Borough Boundary for this region would require the long-established City of Skagway, City of Haines and community of Klukwan to be annexed to or consolidate with the long-established Haines Borough. No action of such magnitude is likely to be successful without the approval of the voters (eliminating annexation by legislative approval), and such approval is, frankly, very difficult to envision. Consolidation of municipal governments has not been



approved by voters in recent memory. Even those that have proposed consolidating areas where residents have strong cultural and social ties have failed.¹ It is clearly difficult to convince residents of longstanding, independent communities to consolidate.

Skagway and Haines area residents do not have deep ties — in fact if anything there is a longstanding economic, social and cultural rivalry between these communities that makes it difficult to imagine the voters of these towns approving a consolidation or annexation action. Perhaps even more important, the residents of these communities have very different approaches and beliefs about the role and powers of local government. If consolidation or annexation were forced, it is difficult to imagine anything other than the introduction of inefficiencies and strife to local government rule in the area — the opposite of the State's best interests, the opposite of good public policy.

Since it is difficult to imagine Skagway and Haines merging, the outstanding policy question is what type of government makes the most sense for the Skagway area? Why not leave the status quo as is — why dissolve a city and form a borough?

We believe a borough government should be allowed for several reasons — political, practical and regulatory.

- This accomplishes the constitutional requirement to form boroughs in Alaska;
- The City is functioning more like a borough now than a city. This should be acknowledged and made "official." While this might be said for many cities in unorganized boroughs, none of those cities are taxing, providing services to, planning for, regulating land use, facilitating, and managing commerce in as large a (borough-like) geographic area. In Skagway, the local government is regional in nature with an "urban" residential/commercial/industrial town core, a dispersed "rural" residential, recreational, and commercial area, and a "very rural" surrounding countryside.
- There is no other unincorporated territory or group of people in the area available for whom local government services could be extended — this solution responds to the unique geography and circumstances of the area;
- This is the only solution that will bring effective borough rule to this area. Haines and Skagway have each functioned as independent political entities since the early 1900's². Annexation to Haines Borough or consolidation of Haines and Skagway is simply not realistic; and
- We demonstrate that this proposal meets State regulations that govern review and approval of such petitions.

¹ For example, the consolidation of the City of Haines and Haines Borough recently failed by only four votes. Voters now have such a lack of interest in pursuing this concept that volunteers could not be recruited recently to serve on a charter commission. Similarly, at this time the City of Ketchikan and Ketchikan Gateway Borough can not agree conceptually on whose government would dissolve and whose would remain if these two governments consolidated.

² While all have each annexed territory since they were first incorporated, both the City of Skagway and City of Haines were incorporated in the early 1900's.

Local Boundary Commissioners will undoubtedly be concerned that approving this petition could set a precedent for small boroughs or for single city boroughs. However, the extent to which this Skagway petition sets a precedent depends strictly on the Commission. Each situation that the Local Boundary Commission faces is different — Skagway is not Yakutat, Haines, Petersburg or Wrangell. Each case must be judged on its own. The geography and related set of facts here are not similar to other situations where single city or small boroughs were considered or proposed. When the Local Boundary Commission makes its decision it can build a record on the unique set of facts that this petition presents so that it does not become a precedent anymore than the Local Boundary Commissioners desire.

Local Boundary Commissioners may also be concerned that this petition does not extend local government service to any unincorporated territory or to any citizens presently outside an organized municipality. As a result of Skagway's earlier annexation action where local government service was extended to the residents of nearby Dyea and a broad unincorporated territory, there are no unincorporated territories or citizens in Northern Lynn Canal to whom local government service can be extended. In the Local Boundary Commission (LBC) April 16, 1999, decisional statement on the Ketchikan Gateway Borough annexation proposal, the LBC ruled that it is erroneous to equate the extension of borough government jurisdiction with the automatic satisfaction of the constitutional principle promoting local self-government. We submit that conversely one can not argue that the lack of extension of borough government jurisdiction automatically negates satisfaction of the constitutional principle promoting local self-government. As always, the facts and case before the LBC deserves consideration of the site-specific circumstances.

The "rebuttable presumptions" in State statutes and regulations give Local Boundary Commissioners room to exercise judgement, make their own sensible decisions, and structure a logical borough system for Alaska. We believe that application of these criteria in a flexible manner, as permitted by law, combined with a hard and realistic look at what type of borough government will succeed in Northern Southeast Alaska and a recognition of the unique geographic circumstances in the area, will lead the Local Boundary Commission to a favorable decision on this petition.

Approval of this Skagway petition is good public policy and will ensure the citizens of the area that efficient and effective local self-government in the region, as practiced for over 100 years, can continue ad infinitum.

5. COMPOSITION AND APPORTIONMENT OF THE GOVERNING BODY: The Mayor and all Assembly and School Board Members and the Mayor will be elected at large. Exhibit A describes qualifications for the mayor and other assembly members and the proposed borough's apportionment plan.

6. PROPOSED OPERATING BUDGET: The current operating budget of the City of Skagway and the proposed borough operating budget, projecting sources of income and items of borough expenditure during its first three full years of operation, are attached to this petition as Exhibit B. The proposed Municipality of Skagway has the resources to support a borough government and continue providing a full complement of powers and services to its residents.

7. **POPULATION:** The territory proposed for borough incorporation has an estimated population of 825 year-round permanent residents. The population increases seasonally to about 2,500 residents. The 825 year-round and 2,500 regular seasonal residents reside within the City of Skagway and will all live within the proposed Municipality of Skagway.

Source: Population data from the State Department of Labor

8. **VOTERS:** The number of voters who voted in the last State general election is noted below:

Within home rule and first class cities in the proposed borough: 369

Outside home rule and first class cities in the proposed borough: 0

Source: State Division of Elections

9. **SIZE:** The boundaries of the territory proposed for incorporation encompass a total of 466 square miles.

Source: Alaska Department of Community and Economic Development website/database

10. **MAPS AND METES AND BOUNDS DESCRIPTIONS.** Maps and metes and bounds descriptions of the proposed borough boundaries, current city boundaries and all proposed borough service areas are provided in Exhibit C.

11. **PETITIONERS' REPRESENTATIVE:** The petitioners appoint the following person(s) to act as our representative, and alternate representative, on all matters regarding the proposed incorporation. The alternate will act as the representative if the primary representative is absent or if the primary representative resigns or fails to perform his duties:

Representative:

Mr. Bob Ward, City Manager
City of Skagway
P.O. Box 415
Skagway, AK 99840
phone: (907) 983-2297
fax: (907) 983-2151
email: bwardmgr@aptalaska.net

Alternate Representative:

Ms. Michelle Calver, Admin. Assistant
City of Skagway
P.O. Box 415
Skagway, AK 99840
phone: (907) 983-2297
fax: (907) 983-2151
email: mscalver1@hotmail.com

12. **BRIEF:** A written statement fully explaining how the proposed incorporation of the borough satisfies the standards set out in AS 29.05.031, 3 AAC 110.045-060 and is provided as Exhibit D.

13. **AREAWIDE AND NON-AREAWIDE POWERS AND SERVICES.** All services and powers currently exercised by the City of Skagway are to be exercised by the Municipality of Skagway on an areawide basis. To the extent that voter approval is required to grant the powers and authority for areawide or non-areawide services listed in this petition, as may be amended on a reasonable basis by the Local Boundary Commission following a public hearing on this petition, voter approval will be deemed to have been granted upon voter approval of the incorporation. The services proposed to be provided and the powers proposed to be exercised by the Municipality of Skagway on an areawide and non-areawide basis are listed below.

AREAWIDE:

1. Education
2. Planning, platting, land use regulation
3. General Government
4. Business Licenses
5. Taxation
6. Regulation of Ground Transportation
7. Utilities - water, sewage and solid waste, cemeteries
8. Harbor and docks
9. Library, museum, some health-related
10. Police
11. Fire, Emergency Medical Services, Search and Rescue
12. Health and Safety-litter, fireworks, nuisances, other
13. Traffic
14. Roads
15. Building and Construction
16. Economic Development
17. Tourism Development and Planning
18. Parks and Recreation
19. Local Emergency Response (Oil and Hazmat planning)
20. Capital Improvement Projects/planning
21. Animal Protection
22. Lease and sale of public lands, use permits, easements

NON-AREAWIDE:

1. None

14. AREAWIDE AND NON-AREAWIDE TAXES. The type and rate of each areawide and non-areawide tax proposed to be initially levied by the borough is listed on Table 1. To the extent that voter approval is required to grant authority to levy proposed areawide taxes listed in this petition, as may be amended on a reasonable basis by the Local Boundary Commission following a public hearing on this petition, it will be deemed to have been granted upon voter approval of the incorporation.

Table 1	
Tax Type	Tax Rate
Areawide Sales tax	4 %
Areawide Bed Tax	4 %
Areawide Property Tax	8 mill
Non Areawide	None

15. BOROUGH SERVICE AREAS. Service areas may be established to exercise powers and provide services that will not be exercised or provided on an areawide or non-areawide basis or those that will be provided or exercised on a higher, lower or otherwise different level than on an areawide or non-areawide basis.

A statement of the proposed powers to be exercised, services to be provided and taxes to be levied within each of the proposed service areas is presented in Table 2.

There are currently five City of Skagway differential tax zones and attendant millage rates (Skagway Municipal Code Section 4.10.020(B) as amended by Ordinance 99-10 passed on May 6, 1999). Each City of Skagway differential tax zone, as described below, will become a Service Area. No change to mill rates or boundaries is proposed as a result of becoming the Municipality of Skagway.

**TABLE 2 Current City of Skagway Differential Tax Zones (and millage rates)
- to become Service Areas within the Municipality of Skagway**

Service Area	Location	% of Property Tax Mill Rate	Services Provided
1	All lands within the area beginning at a point at the intersection of the alley between 7 th and 8 th Avenues and the east side of State Street; thence in a southerly direction to the intersection of a line running easterly, tangential to the southernmost corner of Tax Lot 3, Alaska Tidelands Survey 4; thence easterly to the Pullen Creek culvert under Broadway, thence along Pullen Creek to the center of the alley between 7 th and 8 th Avenues; thence westerly to the point of beginning.	100%	All services listed in Petition point no. 13 (above) are provided to the fullest extent within this commercial core area of town. This is the area most impacted by, and with the most demands from, visitors. Accordingly this area demands and receives maximum police, fire and EMS service; requires more sidewalk and street maintenance; requires more attention by City employees to enforcement of codes and ordinances; and so on.
2	All lands lying to the east of the Skagway River within the City boundaries defined in 1978, except those areas lying within service area 1.	82.5%	This is the rest of the land that is in the core townsite. It is primarily residential and commercial in nature. Land, dwellings and businesses in this area experience slightly fewer calls for service and service demands than those in Service Area 1.
3	All lands lying within one mile of the northern perimeter of Service Area 2 on the east side of the Skagway River and all lands lying within U.S. Surveys 994, 1805 and 176 on the west side of the Skagway River.	66%	Lands in this area are just north of the core townsite and well used. This land is primarily industrial in nature. There are roads, but no sidewalks in this area. Residents and business owners in this area regularly use services and infrastructure in the townsite.
4	All lands within city boundaries as defined in 1979, exterior to Service areas 1,2,3, and including U.S. Surveys 3312 Tracts A through E, 1394, 1254, 2509, 5107A, 1499, and Rabbit Cove.	43%	These are semi-rural and remote lands. Residents using roads and other services in this area generate less than half the demands that land, dwellings, businesses and visitors do in Service Area 1.
5	All other municipal lands external to Services Areas 1, 2, 3 and 4.	18%	These are rural and remote lands which generate sporadic service demands, such as occasional need for police, EMS and fire service. This area also has year round road maintenance.

16. **TAXABLE VALUE OF PROPERTY:** The locally assessed value of taxable real property within the territory proposed for incorporation is provided below (as of January 1, 1999):

REAL PROPERTY TAX	LOCAL VALUE	FULL	SOURCE
TOTAL	\$148,776,700		State Assessors' Office (1999 Alaska Taxable)

17. **TRANSITION PLAN:** A plan providing for the transition to borough government, including tentative dates for the assumption of powers, duties, assets and liabilities, is attached to this petition as Exhibit E.

18. **FEDERAL VOTING RIGHTS ACT INFORMATION:** In an effort to promote proper consideration of this incorporation proposal, information relevant to the Federal Voting Rights Act is provided as Exhibit F.

19. **MEDIA.** The name, address, telephone number and fax number of the principal newspaper, radio station and other media which serve the community are listed in Exhibit G.

20. **INFORMATION RELATING TO PUBLIC NOTICE.** Exhibit H offers information relevant to the provision of public notice of the incorporation proceedings. Included are details about municipal governments within and adjacent to the territory proposed for incorporation, places for posting public notices relating to the proposed incorporation, the location where the petition may be reviewed by the public, and parties that may warrant individual notice of the incorporation proceedings.

21. **SOURCE AND ACCURACY OF INFORMATION:** An affidavit indicating the source of information contained in the petition and swearing that the information is true and accurate to the best of the knowledge of the petitioners' representative is provided as Exhibit I.

22. **ADDITIONAL INFORMATION NOT PART OF THE FORMAL PETITION TO INCORPORATE A BOROUGH:** A 4 page memorandum from Mr. Vic Fischer, dated October 11, 1991, in support of City of Yakutat's petition to become the City and Borough of Yakutat is provided in Exhibit J.

23. **PETITION SIGNATURES:** The signatures, printed names, resident addresses and voter identification information of at least 15 percent of the number of voters within the existing first class City of Skagway boundary who voted in the area proposed for incorporation during the last State general election are provided in Exhibit K.

EXHIBIT A COMPOSITION AND APPORTIONMENT OF GOVERNING BODY

The Municipality of Skagway will elect the Mayor, Assembly, and School Board members at large. Candidates for Mayor, Assembly or School Board may live anywhere in the borough. Borough voters will vote on all Assembly and School Board members, as well as the Mayor.

The election will include a proposition asking voters to dissolve the 1st class City of Skagway and incorporate the 1st class borough, the Municipality of Skagway. The election will include voting on six Borough Assembly members, a Borough Mayor, and five Borough School Board members.

This initial borough election will be held by the State Division of Elections. For this initial borough election, candidates for borough mayor, assembly (and most likely school board) must obtain a petition from the state Division of Elections and gather the signature of 50 voters within the proposed borough in order to run for office.

EXHIBIT B CURRENT AND PROPOSED OPERATING BUDGETS

The tables on Pages B-4 to 7 summarize the current Skagway operating budget and the proposed Municipality of Skagway's Borough budget for the first three years of Borough operation. All city assets and liabilities would be assumed by the new Borough during the first meeting of the newly elected Borough Assembly.

Summary City Finances

In FY 99 the City general fund received approximately \$2.38 million in revenues, of which \$2.19 million was from locally generated sources. The City expended \$1.96 million in general fund revenues to provide government services. In addition, the City generated \$3.83 million from sales taxes (taxes and the interest generated on the balance in this account) and spent \$3.83 million from this account. This included a required local contribution of \$525,021 to the Skagway City School District and a \$279,679 additional local contribution to the schools. Other expenditures are for capital projects. In May 1999, the City of Skagway had approximately \$7.5 million in invested savings.

Summary Borough Finances

Municipality of Skagway Borough finances will be very similar to City of Skagway finances. The Borough will either have a balanced budget or run a surplus during its first three years. The first three years of expected borough revenues and expenditures are depicted on the table that follows. Year 2000 is used as a demonstration year and both the City and the Borough budget for that year are shown.

Four changes in revenue or expenditures to the community would result from Borough incorporation. These are:

- (1) When the City becomes a Borough, revenues from the U.S. Forest Service timber receipts program will decrease by 79%. For example, in FY 99, the City received \$37,759 whereas if it was a Borough it would have received \$7,808. These are revenues that must be spent on the schools and roads.³
- (2) When the City becomes a Borough, revenues from the State (federal pass-through) Payment In Lieu of Taxes (PILT) program will decrease by about 42%. For example, in FY 99 the City received \$56,716 whereas if it was a Borough it would have received \$32,679.

³ Because less timber is being harvested from the Tongass National Forest now, this decrease is not significant when compared to the overall Skagway budget. However, this would mean significantly decreased revenue to the community if timber harvest and related revenues ever returned to the levels of the late 1980's and early 1990's.

- (3) The other major fiscal impact would be that the new Municipality of Skagway Borough would get a three year Organization Grant from the State to assist with the transition in forming a borough government. Law prescribes that this is \$300,000 in Year 1, \$200,000 in Year 2, and \$100,000 in Year 3.
- (4) After new boroughs are formed, the State offers to assist in the transition by graduated relief to the new borough of the need to fully fund education for a three-year transition period. The State, rather than the new borough, would make the local required contribution to the schools as shown on the table to the right.

However, Department of Education personnel note that during this three-year transition period the new borough can not make any additional local contribution to the school operating budget. Because Skagway regularly contributes more than the required local contribution, this would decrease

	<u>State</u>	<u>New Borough</u>
Year 1	4 mills	0 mills
Year 2	2 mills	2 mills
Year 3	1 mill	3 mills
Year 4	0 mills	4 mills

overall educational funding for school children during this transition period. **Therefore, the Municipality of Skagway would not request or take this transition relief from the State.**

When the City becomes a Borough, there would be no change to the required amount that the local government must spend on education, nor would there be any change to the amount of education funding that the School District gets from the State.

Assumptions that Accompany Borough Budget Tables

General Fund Revenues

- 1) Assume that property taxes increase 3% per year to account for inflation.
- 2) Assume that revenues from services and user fees hold constant over time, although they probably will increase. This builds conservatism into the revenue projection.
- 3) Beginning in FY 01, we assume that transfers in from sales taxes to buy down the mill rate increases by 3% per year, to account for inflation.

General Fund Expenditures

- 1) Expenditures for government services and salaries increase 3% per year to account for inflation.
- 2) Predicted general fund balance is determined as follows: beginning in Year 2000, take the prior year balance, add any excess from the year before, plus add 5% interest on the prior years balance. Subtracted from this total are transfers to the general fund, shown as revenue.

Sales Tax Fund

- 1) We assume sales tax receipts will increase of \$250,000 per year.
- 2) The required Local Contribution to Education assumes that Average Daily Membership (ADM) holds constant.
- 3) To determine the additional local contribution (ALC) for Education, we assumed that beginning in FY 01 it increases 3% per year for inflation. Note that maximum ALC is 2 mill of 2 years prior Full and True Value Property Determination, so for FY 00 it is \$292,428.

Tourism Fund

- 1) We assume hotel tax revenue holds constant over this time period's projection. This is a conservative estimate.
- 2) Payroll increases by 3% per year to account for inflation.
- 3) We assume regular expenditures (dues, travel, etc., hold constant over this time period's projection.
- 4) The tourism tax fund balance was determined as follows, to account for the City Council's policy direction to deplete this balance: a) Beginning in FY 00 we take the prior year's balance, add in the interest from that year, and deduct the amount that is transferred in as revenue; b) beginning in FY 01 the balance is gradually spent down to deplete it per Council direction.

REVENUE

	pre-borough		after borough formation			
	FY 99 actual	FY 00 proposed	FY 00 (shows change if boro)	FY 01	FY 02	FY 03
LOCAL						
property taxes	\$827,521	\$932,700	\$932,700	\$960,681	\$989,501	\$1,019,186
library	\$5,500	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
museum	\$72,000	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400
police	\$6,500	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250
ambulance	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
licenses and permits	\$68,170	\$68,200	\$68,200	\$68,200	\$68,200	\$68,200
public works	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
inv/t.c.int,equip fund int, penalty int.	\$131,150	\$89,700	\$89,700	\$89,700	\$89,700	\$89,700
leases (WPYR, parks, other)	\$98,125	\$90,475	\$90,475	\$90,475	\$90,475	\$90,475
misc. fines	\$22,550	\$12,550	\$12,550	\$12,550	\$12,550	\$12,550
land payments	\$367,780	\$21,535	\$21,535	\$21,535	\$21,535	\$21,535
transfer in from sales tax						
- mill rate "buy down"	\$155,214	\$214,000	\$214,000	\$220,420	\$227,033	\$233,844
transfer in from sales tax - equip	\$179,500	\$117,900	\$117,900	\$117,900	\$117,900	\$117,900
transfer in from Sales tax	\$148,000	\$129,000	\$0	\$106,000	\$239,500	\$363,000
transfer in from Land Fund Interest	\$79,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000
total, local	\$2,187,010	\$1,842,710	\$1,713,710	\$1,854,111	\$2,023,044	\$2,183,040
FEDERAL						
timber receipts (earmarked for schools & roads)	\$37,759	\$37,759	\$7,808	\$7,808	\$7,808	\$7,808
PILT	\$11,116	\$11,116	\$11,116	\$11,116	\$11,116	\$11,116
total, federal	\$48,875	\$48,875	\$18,924	\$18,924	\$18,924	\$18,924
STATE						
state revenues sharing	\$24,931	\$22,700	\$22,700	\$22,700	\$22,700	\$22,700
safe communities	\$41,954	\$27,820	\$27,820	\$27,820	\$27,820	\$27,820
state other (health & social services, clinic, etc.)	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
PILT (fed pass thru)	\$56,716	\$56,716	\$32,679	\$32,679	\$32,679	\$32,679
Organization Grant	\$0	\$0	\$300,000	\$200,000	\$100,000	\$0
total, state	\$147,601	\$131,236	\$407,199	\$307,199	\$207,199	\$107,199
OTHER						
S.E. Tongass Funds - EDC Budget	\$0	\$120,000	\$120,000	\$120,000	\$120,000	\$0
fund balance carry over	\$0	\$100,000	\$100,000	\$0	\$0	\$0
total revenues	\$2,383,486	\$2,242,821	\$2,359,833	\$2,300,234	\$2,369,167	\$2,309,163

General Fund continued

	pre-borough		after borough formation			
	FY 99 actual	FY 00 proposed	FY 00 (shows change if boro)	FY 01	FY 02	FY 03
EXPENDITURES						
City Hall, City Manager, Council, Admin, City Janitorial	\$815,670	\$816,155	\$816,155	\$834,640	\$853,679	\$873,289
Fire	\$264,530	\$361,954	\$361,954	\$372,813	\$383,997	\$395,517
Police	\$400,366	\$447,025	\$447,025	\$460,436	\$474,249	\$488,476
Health Center	\$143,300	\$202,400	\$202,400	\$208,472	\$214,726	\$221,168
Civic Center	\$17,500	\$22,500	\$22,500	\$23,175	\$23,870	\$24,586
Public Works and Parks	\$137,466	\$150,650	\$150,650	\$155,170	\$159,825	\$164,619
Museum	\$99,170	\$99,775	\$99,775	\$102,768	\$105,851	\$109,027
Library	\$100,408	\$94,595	\$94,595	\$97,433	\$100,356	\$103,367
Economic Development	\$0	\$120,000	\$120,000	\$123,600	\$127,308	\$0
Major Equipment Purchases (from sales tax fund)	\$179,500	\$117,900	\$117,900	\$121,437	\$125,080	\$128,833
total expenditures	\$1,957,910	\$2,232,954	\$2,232,954	\$2,299,943	\$2,368,941	\$2,308,882
Excess (deficiency)	\$425,576	\$9,867	\$126,879	\$291	\$226	\$281

	pre-borough		after borough formation			
	FY 99 actual	FY 00 proposed	FY 00 (shows change if boro)	FY 01	FY 02	FY 03
SALES TAX FUND						
SALES TAX REVENUE						
taxes	\$2,500,000	\$3,000,000	\$3,000,000	\$3,250,000	\$3,500,000	\$4,000,000
transfers in from sales tax fund						
interest, penalty	\$150,600	\$179,500	\$179,500	\$179,500	\$179,500	\$179,500
ballfield lot payments	\$0	\$47,884	\$47,884	\$47,884	\$47,884	\$47,884
transfers in from General fund (city hall, timber bridge, Tongass)	\$960,283	\$0	\$0	\$0	\$0	\$0
sale of temporary city hall	\$0	\$250,000	\$250,000	\$0	\$0	\$0
project carry over	\$214,600	\$197,000	\$197,000	\$0	\$0	\$0
total revenues	\$3,825,483	\$3,674,384	\$3,674,384	\$3,477,384	\$3,727,384	\$4,227,384
SALES TAX EXPENDITURES						
contractural	\$15,000	\$20,650	\$20,650	\$20,650	\$20,650	\$20,650
school (required local minimum contribution)	\$525,021	\$511,156	\$511,156	\$511,156	\$511,156	\$511,156
school (additional local contribution)	\$279,679	\$247,429	\$247,429	\$254,852	\$262,497	\$270,372
transfers						
to general fund	\$148,000	\$129,000	\$0	\$106,000	\$239,500	\$363,000
to general fund mill rate buy down	\$155,214	\$214,000	\$214,000	\$220,420	\$227,033	\$233,844
bond payment sewer/water	\$44,100	\$55,250	\$55,250	\$53,900	\$53,550	\$52,150
bond payment incinerator	\$95,000	\$144,182	\$144,182	\$144,182	\$144,182	\$144,182
lease payment McCabe	\$0	\$131,500	\$131,500	\$131,500	\$131,500	\$131,500
to general fund for equipment	\$179,500	\$117,900	\$117,900	\$117,900	\$117,900	\$117,900
to Tourism Fund	\$82,013	\$51,175	\$51,175	\$30,000	\$20,000	\$31,343
incinerator	\$62,050	\$0	\$0	\$0	\$0	\$0
Capital Projects	\$2,239,906	\$2,034,365	\$2,034,365	\$500,000	\$2,000,000	\$2,000,000
total expenditures	\$3,825,483	\$3,656,607	\$3,527,607	\$2,090,560	\$3,727,968	\$3,876,097
excess (invested in next year's fund principal)	\$0	\$17,777	\$146,777	\$1,386,824	-\$584	\$351,287
SALES TAX FUND BALANCE	\$3,866,887	\$4,060,231	\$4,060,231	\$4,410,020	\$6,017,345	\$6,317,628
sales tax fund interest (5%)	\$193,344	\$203,012	\$203,012	\$220,501	\$300,867	\$315,881

	pre-borough		after borough formation			
	FY 99 actual	FY 00 proposed	FY 00 (shows change if boro)	FY 01	FY 02	FY 03
LOCAL						
TOURISM TAX FUND						
REVENUE						
Hotel taxes	\$150,000	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000
Interest/Penalty	\$500	\$500	\$500	\$500	\$500	\$500
Interest on Investments	\$2,000	\$3,600	\$3,600	\$0	\$0	\$0
Internet Sub.	\$500	\$200	\$200	\$200	\$200	\$200
transfer from sales tax fund	\$82,013	\$51,175	\$51,175	\$30,000	\$20,000	\$31,343
transfer from tourism tax fund balance	\$30,000	\$30,000	\$30,000	\$50,622	\$64,068	\$56,276
total revenues	\$265,013	\$250,475	\$250,475	\$246,322	\$249,768	\$253,319
EXPENDITURES						
supplies	\$4,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
marketing	\$108,525	\$96,475	\$96,475	\$96,475	\$96,475	\$96,475
projects	\$2,500	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
rent	\$9,000	\$7,500	\$7,500	\$0	\$0	\$0
emp payroll & insur, salaries	\$117,513	\$111,550	\$111,550	\$114,897	\$118,343	\$121,894
repairs/maint	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
dues	\$1,475	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650
travel	\$15,000	\$16,300	\$16,300	\$16,300	\$16,300	\$16,300
utilities	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
total expenditures	\$265,013	\$250,475	\$250,475	\$246,322	\$249,768	\$253,319
Excess (deficiency)	\$0	\$0	\$0	\$1	\$0	\$0
 TOURISM TAX FUND BALANCE	 \$176,130	 \$154,937	 \$154,937	 \$112,061	 \$53,596	 \$0
tourism tax fund interest (5%)	\$8,807	\$7,747	\$7,747	\$5,603	\$2,680	\$0

EXHIBIT C MAPS AND METES AND BOUNDS DESCRIPTIONS OF PROPOSED BOROUGH BOUNDARIES, CURRENT CITY BOUNDARIES AND ALL PROPOSED BOROUGH SERVICE AREAS

- Exhibit C Metes and bounds description of current city boundaries and proposed borough boundaries *(they are identical)*.
- Exhibit C-1 Map of current city boundaries and proposed borough boundaries *(they are identical)*.
- Exhibit C-2 A map of the boundaries of each proposed service area of the borough *(no change to boundaries or rates for existing City differential tax zones is proposed as the City becomes a Borough --- they will simply become service areas)*.
-

EXHIBIT C

The proposed Municipality of Skagway is bounded on the north and east by the U.S. - British Columbia border, and on the south and west by the Haines Borough boundary.

The northern point of the proposed Municipality of Skagway is Mount Foster at the U.S.-Canada border at Longitude 135°30', also designated as "Boundary Peak 123."

From there the boundary runs southeast conterminous with the U.S.-Canadian border for approximately 31 miles to the Mount Bagot area where it intersects with the Haines Borough boundary.

From Mount Bagot the boundary runs due west for approximately 12 miles into the middle of Taiya Inlet, at approximately longitude 135° 22', and close to the western edge of R60E --- this is the southern most point of the proposed Municipality of Skagway.

From this point the boundary runs approximately 29 miles in a northwesterly direction to the U.S.-Canada border; this is also conterminous with the Haines Borough boundary. This intersection with the border is just east of the Chilkat Glacier at "Boundary Peak 124."

From this point the proposed Municipality of Skagway boundary runs about 9.5 miles north east along the U.S. Canada boundary to the beginning point at Mount Foster.

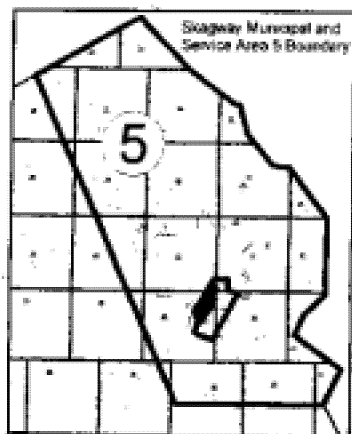
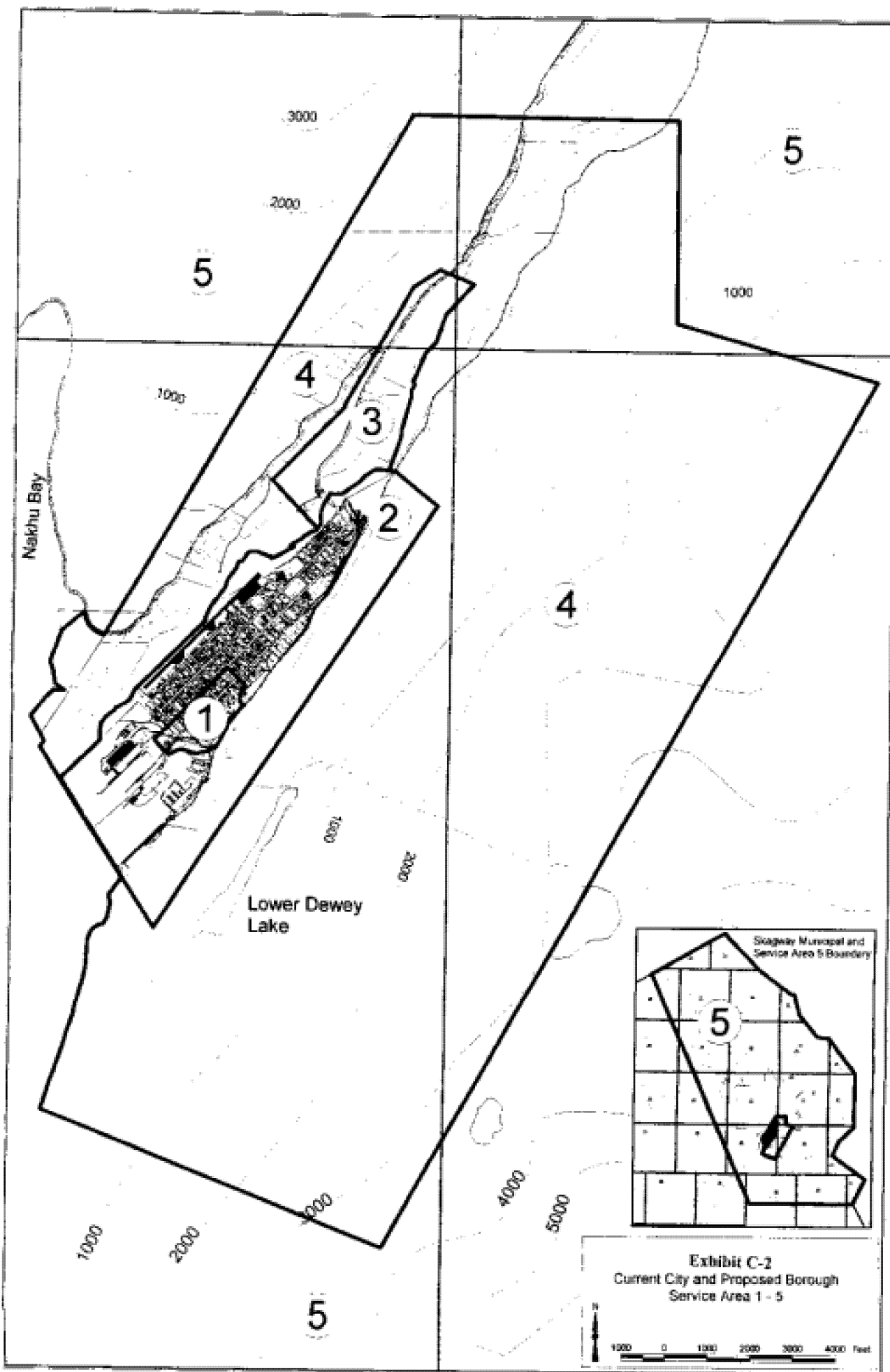


Exhibit C-2
Current City and Proposed Borough
Service Area 1 - 5

EXHIBIT D

LEGAL BRIEF IN SUPPORT OF PETITION FOR DISSOLUTION OF THE CITY OF SKAGWAY AND INCORPORATION OF A SKAGWAY BOROUGH

I. INTRODUCTION

The petitioners hereby request that the Local Boundary Commission (hereafter LBC) allow the petitioners to dissolve the City of Skagway and form a first class borough using the name the Municipality of Skagway, pursuant to AS 29.06.450 and AS 29.05.031. This brief shall explain why the proposed incorporation is good public policy and how the petitioners' proposal meets all of the applicable standards for borough incorporation set forth in Alaska's Constitution, statutes, and regulations.

II. ALASKA CONSTITUTION

Article X, Section 3 states

The entire state shall be divided into boroughs, organized or unorganized. They shall be established in a manner and according to standards provided by law. The standards shall include population, geography, economy, transportation and other factors. Each borough shall embrace an area and population with common interests to the maximum degree possible . . . Methods by which boroughs may be organized, incorporated . . . or dissolved shall be prescribed by law.

Allowing the petitioner to incorporate as the Borough of Skagway would satisfy the constitutional requirement that the state be divided into boroughs. The State has ensured compliance with respect to the constitution's directive that population, geography, economy, and transportation standards be considered in determining the manner in which a borough is established by enacting AS 29.05.031 and 3 AAC 110 et. seq.. AS 29.05.031 and 3 AAC 110 et. seq., also address the constitutional mandate that the proposed borough unify an area and population with common interests to the greatest degree possible. Incorporation of the petitioner as a borough satisfies each of the aforementioned standards in the most effective and logical manner possible.

III. AS 29.05.031 AND 3 AAC STANDARDS

AS 29.05.031 states that "an area that meets the following standards may incorporate as a home rule, first class, or second class borough, or as a unified municipality." The statute contains four standards that must be met. The Administrative Code elaborates on each standard, detailing the specific criteria that must be considered.

A. AS 29.05.031(1) and 3 AAC 110.050 – Population

AS 29.05.031(1) states that a proposal must show how the "population of an area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support borough government." 3 AAC 110.050 states "the population of a proposed borough must be sufficiently large and stable to support the proposed borough government" and lists relevant factors to be considered: total census enumerations, durations of residency, historical population patterns, seasonal population changes, and age distributions.

3 AAC 110.050 also contains a presumption that a proposed borough with less than 1000 residents will be presumed too small to support a borough government absent a specific and persuasive showing to the contrary.

1. Relevant Factors the Commission Must Consider Pursuant to 3 AAC 110.050.

Skagway has had a relatively stable population with incremental growth since the 1920's. The average annually compounded population increase from 1970 to 1998 has been a slow, steady 0.067% per year. Since the 1990's, the average annual population increase has been about 2.0% per year, creating the present permanent year-round population of about 814. If growth continues with an annual average increase of 2% a year, the population within the proposed Municipality of Skagway will be 847 in Year 2000 and 1,035 in 2010. If it grows at 1% annually per year, it would reach 1,014 in 2020.

Slowly but surely, the area population is increasing and the municipal government is responding appropriately. To prepare for future growth the City updated its Comprehensive Plan last May (1999) using this 20-25 year population projection to ensure it is prepared to provide services and accommodate orderly growth and development.

2. Overcoming the 3 AAC 10.050 Presumption.

The 1999 ADOL population data reflects 825 permanent residents. Although the permanent population is currently less than 1,000, we believe it is large and stable enough to support the proposed borough government because:

- (1) the area population has grown slowly and steadily over time;
- (2) the Skagway local government has capably been providing services for decades to this core urban and surrounding rural area and will continue to do so as a borough government;
- (3) recent Comprehensive Planning projected the future area population and demonstrated that Skagway has the capacity to provide local government services for expected population growth; and
- (2) the local government provides infrastructure and services for a regular seasonal population of about 2,500 residents and another 1,000-10,000 daily summer visitors.

Similarly, the City of Yakutat had less than 1000 residents when its residents petitioned the LBC to incorporate. The LBC decided to allow the City of Yakutat to dissolve and a borough to be formed after finding that the proposed borough's population was large enough and stable enough to support borough government based on the following conclusions:

Yakutat's permanent population was between 720 - 780 persons; Yakutat had already proven it had the ability to operate as a regional government by providing necessary services and the requisite educational needs; Yakutat was self-contained geographically with limited ties to other communities; and a lack of strong transportation links with other communities would make it difficult to operate an efficient government.⁴ In deciding to allow Yakutat to incorporate, the LBC specifically accepted Yakutat's showing that with a steady growth rate, it could meet the 1,000 population requirement within one decade of filing its

⁴In the Matter of the Petition to Dissolve the City of Yakutat and Incorporate the City and Borough of Yakutat, Statement of Decision, State of Alaska Local Boundary Commission, [hereinafter LBC's Yakutat Decision], fn. 1.

petition for incorporation.^{5 6} As detailed above, Skagway can make a similar showing. While the City's year-round permanent population is somewhat less than 1,000, the proposed Municipality of Skagway demonstrates the ability to provide responsible government services for 2,500 residents for 4-5 months of the year, as well as an additional vast amount of daily summer visitors. Like Yakutat, but with an even stronger set of facts and circumstances, the population of the proposed Municipality of Skagway is sufficiently large and stable to support the proposed borough government.

B. AS 29.05.031(2) and 3 AAC 110.060 – Boundaries.

AS 29.05.031 (2) requires a showing that the "boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of municipal services." 3 AAC 10.060 elaborates on AS 29.05.031(2), requiring that the boundaries must be sufficient for the development of municipal services on an efficient, cost-effective level. The factors for consideration are: land use and ownership patterns; ethnicity and cultures; population density patterns; existing and reasonably anticipated transportation patterns and facilities; natural geographical features and environmental factors; and extraterritorial powers of borough. The presumption contained in 3 AAC 110.060 states that, absent a specific and persuasive showing to the contrary, a petition which recommends a proposed boundary that does not follow the model borough boundary will not be approved. In addition, the regulation requires the proposed borough to conform to any existing regional educational attendance area boundaries.

1. Natural Geography

The boundaries of the proposed Municipality of Skagway generally conform to natural geography and include all areas necessary for full development of municipal services. The proposed boundaries generally follow the ridge line that divides the Ferebee watershed from the Taiya Inlet watershed, include the Taiya River and Skagway River watersheds (until the latter crosses over into Canada), and generally follow the divide between the Kasidaya Creek and Katzechin River watersheds, up to Mount Bagot. From Mount Bagot north, the boundary follows the edge of the icefield that is the border with British Columbia, Canada.

Allowing Skagway to incorporate as a borough makes sense given Skagway's unique geographic area. Geographically, the City is an isolated area and is the largest city in the State. Of all the incorporated cities in Alaska, only seven have boundaries that encompass more than 100 square miles. Skagway's is by far the largest at 466 square miles, with Valdez next at

⁵LBC's Yakutat Decision, pg. 9.

⁶ Eight years after the LBC decision Yakutat's population has grown to approximately 830. Skagway estimates its year-round population will reach 1,000 between 2010 and 2020, depending on the average annual rate of growth during the next 20 years. However, in contrast to Yakutat, Skagway is already providing services for a regular summer population of about 2,500. The point though, is that the LBC accepted Yakutat's "showing" and rebut of the presumption for 1,000 residents at the time they petitioned.

274 square miles.⁷ Skagway is not much smaller than the Bristol Bay Borough (850 square miles, of which 400 are water).⁸

2. Providing Essential Borough Services.

When the Local Boundary Commission approved annexation of over 300 square miles to the City of Skagway in 1979, it noted that:

19 AAC 05.010 (a)(4) The territory for annexation is in need of Skagway City general fund services, is presently benefitted thereby, and the City of Skagway is capable and willing to provide general fund services; ***the City is the only local government entity in existence in the area capable of supplying needed services and jurisdiction to residents of the territory.*** (emphasis added).

The same is true today. The area described above includes all land and water necessary to provide the full development of essential borough services on an efficient, cost-effective level. The proposed municipal boundary includes: land for dense urban and rural low-density housing; the community's drinking water source and hydroelectric power source; land for a landfill, incinerator and ashfill area; areas for industrial and commercial development; access to town by ice-free port, rail, road and air; abundant areas for developed and undeveloped recreation; and fire and first responder capabilities for urban and rural emergencies. In fact, the City of Skagway already provides these stable borough-like services.⁹ While this may also be true for other first class cities in the unorganized borough, Skagway is different from other cities in that it is delivering these services to a large, borough-like, urban and rural geographic area (466 square miles) and to a large seasonal resident population and visitor population.

While Skagway currently provides the local government needs of its residents in its current status as a City, that fact should not defeat this petition. Despite the fact that this proposal does not extend local government service to any unincorporated territory or to any citizens presently outside an organized municipality, the proposal promotes a more efficient and sustainable self-government. In the case of the April 16, 1999, decisional statement on the Ketchikan Gateway Borough annexation proposal, the LBC ruled that it is erroneous to equate

⁷ The City of Yakutat encompassed only 8 square miles prior to its incorporation.

⁸ While some view the creation of Alaska's first borough, Bristol Bay, as a "mistake," those that hold this view do not necessarily do so because it is so small but because it is integrated economically, culturally and socially with surrounding areas and an "artificial" area of concentrated wealth was created within the region. Incorporation of the proposed Municipality of Skagway would not create any of the same problems. It is not carving-out an area, but essentially incorporating only what is "left over."

⁹The City of Skagway currently provides the following areawide services: education; planning, platting and land use regulation; general government business licenses; taxation; regulation of ground transportation, public utilities (water, sewage, solid waste, and cemeteries); harbor and docks; library; museum; police, fire and emergency medical services; health and safety services regarding litter, fireworks, nuisances, etc.; traffic control; roads; building and construction; economic development; tourism development and planning; parks and recreation; local emergency response (oil and Hazmat planning); capital improvement projects and planning; animal protection; and lease and sale of public lands, use permits and easements.

the extension of borough government jurisdiction with the automatic satisfaction of the constitutional principle promoting local self-government. We submit that one cannot conversely argue that the lack of extension of borough government jurisdiction automatically negates satisfaction of the constitutional principle promoting local self-government. As always, the facts and case currently before the LBC deserves independent consideration of Skagway's site specific circumstances. Approval of the Skagway petition will ensure that local self-government in Northern Lynn Canal continues. As discussed in Sections D(2) and B(4), consolidation of the City of Haines, Haines Borough, community of Klukwan and City of Skagway, as the Model Borough Boundary suggests, is difficult to envision due to the longstanding economic, social, and cultural rivalries of these communities and towns and their very different approaches and beliefs about the role and powers of local government. Granting the Skagway petition will help guarantee that efficient and effective local government, as practiced for over 100 years, can continue ad infinitum.

3. Land Ownership and Education.

Two other factors the LBC must consider pursuant to 3 AAC 110.060 are land ownership patterns and whether the proposed boundary conforms to the regional educational attendance area in the petitioner's vicinity. Land ownership patterns (illustrated in Exhibit D-1) indicate Federal, State, City, and private land within the proposed borough. The National Park Service, Bureau of Land Management, State of Alaska, and Alaska Mental Health Trust have all recently been involved in reviewing future land use designations within the proposed borough through the City's recent Comprehensive Planning effort.

There is no regional educational attendance area in the vicinity. The proposed Municipality of Skagway boundaries conform to the boundaries of the current Skagway City School District. No school districts will be consolidated as a result of this borough incorporation and no additional school districts will be created. The Skagway City School District would transition seamlessly to the Municipality of Skagway Borough School District. As part of the vote to incorporate as a borough, Borough Assembly and School Board members would be elected.

4. Overcoming the Presumption in Favor of the Model Boundaries.

It is true that the boundaries proposed by the petitioner do not coincide with the proposed Model Borough Boundaries. Neither annexation nor consolidation to achieve the Model Borough Boundary are likely. Instead, the solution to Skagway's unique characteristics is to form a first class borough, the only first class borough that would exist in the State.¹⁰ This is a better and more realistic pattern for municipal government in this area than the proposed Model Borough Boundary.

The Model Borough Boundary (MBB) for this region would require the long-established City of Skagway to either annex into the Haines Borough or consolidate with the long-established Haines Borough, City of Haines, and community of Klukwan. Unless mandatory borough formation was again enacted, a consolidation of Klukwan, Haines Borough, City of Haines, and City of Skagway would require approval by a majority of the voters in these communities. Such a consolidation of municipal governments has not been approved by voters in recent memory. Even those that have proposed consolidating areas where residents have strong

¹⁰ The Northwest Arctic Borough was a first class borough at one time but is now a Home Rule Borough.

cultural and social ties have failed, for example, the attempted consolidation of the Haines Borough and City of Haines. Historically, it has been difficult to convince residents of long-standing, independent communities to consolidate.

To comply with the MBB through annexation would require, to be effective, Haines Borough to change from a 3rd class to another type of borough, in addition to the annexation of Skagway, the city of Haines, and Klukwan. Haines Borough has historically resisted change to its chosen form of borough government. And, since it is highly unlikely that the City of Skagway would dissolve (and although we have not discussed it with them, unlikely that the village of Klukwan would dissolve), this means that borough annexation would not achieve any reduction in the number of local governments. Even with delegation of certain powers from the Borough to the cities, there would be increased costs of collecting taxes, providing services at a distance, and conducting borough assembly business at a distance. While there would be one less school district in the state, the cost savings would be minimal given that Skagway already has a combined principal/superintendent position so there would not be any salary reductions (often the major cost savings). At the same time, costs would increase, for example, travel budgets for the administration. As with the petition before you now, annexation would not extend local government to any citizens or territory.¹¹

Annexation will not achieve broader good government and public policy goals in this instance for the reasons discussed above and others. And, as discussed earlier in the petition, a consolidation action and vote in this area is unrealistic. We expect LBC staff to counter these points with discussion about the feasibility of annexation or consolidation actions. Since meaningful arguments can be raised both for and against these local government actions, we urge Local Boundary Commissioners to consider not only how borough government can conceptually be achieved, but also to consider how borough government can realistically be achieved and be successful in Northern Lynn Canal. This is what has motivated us to submit this petition.

Should Skagway be forced to consolidate or be annexed to Haines and Haines Borough to enjoy the benefits and advantages of being a borough under Alaska law? We believe that to deny the Skagway area the ability to form a borough when it meets other relevant criteria is arbitrary.

The LBC has recognized that the question of boundaries is not a "black and white issue with a clear-cut answer" but rather that each proposal has to be considered in light of its effects on "other areas and on the state as a whole."¹² The LBC has the discretion to consider each proposal on its face and, where the model boundaries do not forward the best interest of the state or if the model boundaries would not necessarily have the best effect on the areas surrounding the proposed borough, the LBC has the authority to adopt modified boundaries. Skagway's circumstances present such a situation for the LBC.

Politically, the constitutional mandate that the entire state shall be divided into boroughs, organized or unorganized, has been augmented by recent legislative efforts that considered forcing borough formation as a way to fund education. A different solution to funding education was reached recently (revision of the School Entitlement Formula) that reduced the immediate pressure to force borough formation. However, many local governments

¹¹ It is unlikely that an annexation petition would be considered by legislative decree in an area with such a long and rich tradition of local government rule that did not allow for voter approval.

¹² LBC's Yakutat Decision, pg. 10.

feel that continued revenue shortfalls and related “grabs” to include revenue generating areas and projects within boundaries will continue in the near to medium-term to encourage borough formation. Indeed, as Commissioners know, there are many petitions either recently submitted, being prepared, or being contemplated in Southeast Alaska. Skagway desires to take a pro-active stance by submitting a thoughtful petition to form a borough while there is no imminent legislation or other action forcing pressured action.

Finally, we note for Local Boundary Commissioners that there is no universally-used or customary boundary for this area. Neither the area’s Model Borough Boundary nor the boundary of the proposed Municipality of Skagway, City of Haines, or Haines Borough match the U.S. census sub-area, the U.S. judicial district, or the State senate or house district boundaries. There is no Rural Education Attendance Area (REAA) boundary in the region.

If annexation or consolidation were forced to achieve the Model Borough Boundary, it is difficult to imagine anything other than the introduction of inefficiencies and strife to municipal government rule in this area – which is the opposite of the State’s best interests and the exact situation the statutory and regulatory requirements are designed to avoid.

C. AS 29.05.031(3) and 3 AAC 110.055 – Resources.

AS 29.05.031(3) requires that the “economy of the area include the human and financial resources capable of providing municipal services; evaluation of an area’s economy includes land use, property values, total economic base, total personal income, resource and commercial development, anticipated functions, expenses, and income of the proposed borough.” 3 AAC 110.055 elaborates on AS 29.05.031, requiring that the proposed borough’s human and financial resources be capable of providing services on an efficient, cost-effective level. The regulation lists the following factors to consider: the reasonably anticipated functions, expenses, and income of the proposed borough (and its ability to collect revenue), the feasibility of the anticipated operating budget through the third full fiscal year after incorporation, the economic base of the proposed borough and the personal income of its residents, property valuations, land use, the existing and reasonably anticipated industrial, commercial, and resource development, and the level of commitment and interest of the population in sustaining a municipal corporation.

1. Human Resources.

The number of residents in the proposed Municipality of Skagway (and present City of Skagway) is 825 permanent year-round residents and approximately 2,500 residents each summer. To responsibly provide services to the regular seasonal population of 2,500, and to the 800,000 plus summer visitors, Skagway’s local government continues to work hard to ensure that infrastructure, personnel, and finances are in place. Skagway has increased seasonal staff and services and steadily upgraded its fire, police, and emergency response capabilities. For example, this year Skagway upgraded its “911” system to better serve downtown and remote areas, hired seasonal police personnel, and is now in the process of hiring its first full-time fire chief. Also, the Skagway City School District provides educational services to 128 students¹¹ in its K-12 school. The School District employs 13 teachers, one principal/superintendent, and support staff. The seamless transition to a Borough School District would not result in any

¹¹ The Borough of Yakutat, approved by the LBC for incorporation in 1992 despite being a single community prior to incorporation with less than 1000 residents, had 131 students attending Yakutat schools at the time the City’s petition was submitted. LBC Yakutat Decision, pg. 4.

change to staffing, and all employees would "roll-over" to become Borough School District employees.

As far as continuing the currently provided services into the future, the May 1999, Skagway Comprehensive Plan addresses the municipality's capability to provide the powers and services currently provided and promote responsible land use development and conservation for the next 20-25 years when a population of 1,014-1,264 may reasonably be anticipated.

We believe our responsible future planning and related fiscal measures demonstrate that our population and abilities are large and stable enough to support a borough government. We have taken measures such as a recent Comprehensive Plan update, infrastructure and service upgrades to meet the permanent, seasonal and visitor population demands; installation of a new incinerator, designation of watersheds to ensure a high quality future surface drinking water source, continued upgrades to our sewage system, designation of land and related surveying and subdivision to provide both "urban" and rural low density housing; and regular full support for education to show that the community's organization, services provided and steady incremental growth provide a large enough population to maintain a well run borough government.

2. Available and Projected Revenue.

The petitioner anticipates a financial scenario quite similar to current Skagway finances.¹⁴ In Fiscal Year 99 the City's general fund is expected to receive \$2.38 million in revenues, of which \$2.19 million is from locally generated sources. The City is expected to expend \$1.96 million in general fund revenues to provide government services. In addition, the City anticipates generating \$3.83 million from sales taxes (taxes and the interest generated on the balance in this account) and spending \$3.83 million from this account. This includes a required local contribution of \$525,021 to the Skagway City School District, and a \$279,679 additional local contribution to the schools. Other expenditures are for capital projects. In May 1999, the City of Skagway had approximately \$7.5 million in invested savings. All City assets and liabilities would be assumed by the new borough at the first meeting of the newly elected Borough Assembly.

The locally assessed value of taxable real property within the territory proposed for incorporation is \$137,137,600 (1999 Alaska Taxable). This residential, commercial, and industrial base is large enough to support essential borough functions and generate substantial property tax. Reasonably anticipated functions and services of the proposed borough include: education; planning, platting and land use regulation; general government business licenses; taxation; regulation of ground transportation, public utilities (water, sewage, solid waste, and cemeteries); harbor and docks; library; museum; fire and emergency medical services; police, health and safety services regarding litter, fireworks, nuisances, etc.; traffic control; roads; building and construction; economic development; tourism development and planning; parks and recreation; local emergency response (oil and Hazmat planning); capital improvement projects and planning; animal protection; and lease and sale of public lands, use permits and easements.

¹⁴ This fact is significant in that, like Yakutat at the time of its proposal to the LBC, Skagway "already carries out many of the functions of a borough government. Whether it remains a city or becomes a borough, [Skagway] will have the same group of people handling the challenges of municipal government" and it has already shown itself capable of funding these necessary functions. LBC's Yakutat Decision, pg. 13.

Property within Skagway is currently taxed at 8 mills. A portion of sales tax revenues collected each year is used to "buy down" the mill rate.

3. Employment in Skagway.

A review of the proposed Municipality of Skagway's economic base, income sources for residents, employment, and existing and reasonably anticipated industrial, commercial, and resource development, demonstrates that the Skagway local government and citizens have ridden the economic "ups and downs" of Southeast Alaska's economy well and that the community has the employment and economic base to support borough government. Throughout its history, Skagway's economy and employment have been dominated by transportation. Transportation-related jobs are still the most abundant in town, but the number of them has declined and the nature of the work has shifted over the last two decades as the economy has become more tourism-oriented.

In 1980, the Skagway economy and employment bases were dominated by the transportation sector, which accounted for almost half of the town's jobs. Government employment was second with about a quarter of the town's employment. By 1985 the picture had changed. The White Pass and Yukon Route train had shut down and the economy was depressed. Total employment in town was down 19% compared to 1980. By 1985, government and transportation employment had "traded places" with the government sector accounting for 40% of the town's jobs and the transportation sector down to only 22% of total employment. Trade and service employment were up, beginning a trend that was still in effect at the end of the 1990's. Interestingly, the five-year period from 1983-1988 was the only period in the last 20 years when public sector employment dominated the Skagway job scene, whereas in Southeast Alaska as a whole this is typically the case.

By 1990, Skagway's economy had turned around. The White Pass and Yukon Route railway was back in operation catering to the tourism industry and visitor numbers were increasing along with business and services that catered to tourist needs. Overall, employment jumped over 40% between 1985 and 1990. Dominant sectors of the economy were now evenly split between transportation and government, each with 31% of the total jobs in Skagway. Trade and services continued to contribute 17-18% each to community employment. Compared to Southeast Alaska as a whole, the transportation sector in Skagway was significantly stronger and the manufacturing sector noticeably weaker.

By 1995, Skagway again showed overall employment and economic growth with a 9% increase in total employment over the 1990 numbers. The number of transportation jobs in town were significantly down and the number of service jobs were significantly up. This was mostly due to the fact that in 1995, WP&YR changed how it reported its jobs, switching from "transportation" to "services" to reflect the changed nature of its business. Trade jobs had increased to take over as the highest employing economic sector, followed by service and government.

In 1997, trade was still Skagway's largest economic sector, followed by an even split in government and service sector employment (each with 25%). This contrasted with Southeast Alaska as a whole which was still dominated by public sector employment, with services and trade supplying the 2nd and 3rd highest employment levels. Job growth in Skagway was still increasing, with the overall employment having grown another 7% in the two years since 1995.

Of the top 25 employers in Skagway in 1997 (based on annual average), one-third were oriented to the tourism sector, four were transportation-related (there is some overlap with

tourism), three were public sector (Park Service, City, School District), three were construction-related, one was a grocer, and one was a utility.

In 1998, there were approximately 400 business license holders in Skagway. The types of businesses showed a healthy diversity. The top four types of businesses were retail stores (25% of all licenses), services (business, health, personal, child care), transportation (including White Pass and Yukon Route, air and marine, and passenger transport), and industrial and construction related business (construction-contractors-manufacturing-auto). The community recognizes the contribution of these sectors/industries and is trying, as opportunities arise, to take steps to stabilize, nurture and support these jobs, businesses, and employers.

The strength of Skagway's seasonal tourism economy can be seen in the tremendous increase in the number of visitors in the past 13 years. Since 1985, total visitation to Skagway has increased from 217,687 people to 876,758 in 1998¹⁵. The number of visitors to town grew 14% from 1997 to 1998 alone.

These visitors support an extremely healthy seasonal tourism-based economy in Skagway. Retail shops, restaurants, hotels, transportation, and tours create local jobs and generate substantial business income and sales tax revenue for the City. Active tourism businesses in turn support other sectors of the community through their purchases.

The strong tourism-based economy increases municipal government revenues used to fund community services, infrastructure, capital improvement projects, local education, and to build up a reserve balance. To capture this revenue, the City of Skagway charges a 4% sales tax and a 4 % hotel bed tax. A total of \$63.1 million in taxable sales and hotel business was earned by Skagway businesses in FY 1998. About \$55.1 million of 1998's business sales were directly related to tourism (gift shop hotel tax, tour, and other tourism-related revenue). Skagway's 1998 taxable business revenue of \$63.1 million generated \$2.5 million in taxes for the City. Of 1998's total taxable revenue to the City, gift shops contributed \$872,837 in taxes and the hotel tax contributed \$167,245.

In 1998, the local, State, and federal government and City School District provided 23% of Skagway's jobs. The City of Skagway is the 2nd largest employer in town and the largest government employer.¹⁶ The State Department of Labor shows the City employed an average annual total of 45 employees. The City reports that 1998 employment included 18 full-time and 5.5 permanent part-time employees (does not include the Council or paid fire fighters). The City's gross payroll in FY 98 was \$984,930. The City also contributes to the Skagway economy through contractual expenses (e.g., janitorial), utility expenses, contributions to community organizations and events, and capital improvement projects.

The National Park Service (NPS) is the community's 3rd largest employer¹⁷. The Park Service reports it employs 24 full-time, year-round employees in Skagway. Thirty additional employees are seasonal, working four to six months each year. The NPS spends \$1.65 million in annual salaries in Skagway. The Skagway City School District was Skagway's 5th

¹⁵ This number includes cruise ship crew.

¹⁶ The City is the 2nd largest employer on an average annual basis but is the largest employer in the winter. In the summer it is the 5th largest employer.

¹⁷ The NPS is the 3rd largest employer on an average annual basis and the 2nd largest employer in the winter. It (and Golden North Hotel) is tied as the 3rd largest employer in the summer.

largest employer in 1998¹⁸. The School District reports that its 1998 employment was just over 20.75 full-time equivalent workers. They had a gross annual payroll of \$787,000, and an FY 99 annual operating budget of about \$1.4 million. In 1999 the State of Alaska has 13 State positions in Skagway, of which ten were filled. The State of Alaska payroll contributes \$376,905 in wages paid to Skagway residents annually. The State also contributes funding to Skagway through capital improvement projects, such as road and other infrastructure improvements. Since Fiscal Year (FY) 1992, the State has contributed an average of \$437,090 per year to construction of capital projects in Skagway. (This annual average does not include the large \$25 million award from the Alaska Industrial Development and Export Authority for the ore terminal in FY 1994.)

4. Expanding and Historically Well-Managed Resources.

Skagway's commitment to land use planning demonstrates that the community is forward-thinking and capable of supplying residential, commercial, and industrial land to sustain borough services and its population into the future.

The City of Skagway was initially entitled to select 35 acres of State land. The 1978 and 1979 annexations increased Skagway's land entitlement by 500 acres and subsequent implementation of the State Municipal Selection Act in the late 1970's allowed Skagway to select approximately 7,500 more acres of State land.

Land entitlements were finally settled in 1996 when the State conveyed 7,437 acres of State land to the City. City-managed land can be seen on the map at Exhibit D-1 and includes parcels (from east to west) in the Dewey Lakes area, east of the White Pass and Yukon Route railroad yard, the lower slopes of AB Mountain, the Dyca Point, along Dyca Road, the Dyca Flats, West Creek, and land within the Klondike Gold Rush National Historical Park.

The City of Skagway has land management plans and regulations that guide land use and development both on City land and within its corporate boundaries. These include the Skagway Comprehensive Plan, Skagway Coastal Management Plan (and four Area Meriting Special Attention (AMSA) plans), Dyca Flats Land Management Plan, and the Skagway Municipal Code with platting, subdivision, zoning and other sections. After the election to incorporate as a first class borough, the new borough Assembly will, at its first meeting, adopt all ordinances, codes, laws and plans of the City of Skagway. Highlights from these land use plans are reviewed below.

In the past, virtually all land outside the City townsite was designated for low-density residential use. In its May 1999, Skagway Comprehensive Plan, a broad look at future land needs with respect to all land within the Skagway Corporate limits resulted in designation of nine general types of future land use and one "overlay" for historic values. Skagway's Comprehensive Plan Land Use designations are:

Industrial	Commercial
Residential Low Density	Residential
Waterfront Commercial Industrial	Watershed Hydroelectric
Recreational/Open Space	Resource Reserve
Recreation Reserve	

¹⁸ The School District is the 5th largest employer on an average annual basis and the 3rd largest employer in the winter. In the summer they drop down to the 24th largest employer in town.

These broad land use designations will guide future land use and development, including zoning and rezoning decisions. Major future Land Use recommendations outlined in the October 1999 Comprehensive Plan include:

- Allow for future residential development through infilling, mixed use development in commercial areas, and dispersed rural residential development off Dyea Road, on the lower slopes of AB Mountain, and in West Creek.
- Allow more dense residential development when water and sewer services are extended beyond the Klondike Highway bridge. In areas that are not served by City water and sewer, allow more dense residential development if onsite water and sewer systems (particularly a collector system that serves a subdivision) can be developed in an environmentally acceptable manner. Promote commercial growth around 1st and Broadway across the waterfront and over to and including the Spring Street area that is historic in character rather than industrial.
- Extend industrial development west of the Petro Marine tank farm at the port to facilitate airport related growth and transshipment related industrial or commercial developments. Designate geographic areas for hydroelectric and watershed uses in the Goat Lake, upper Dewey Lake, and Kasidaya creek areas.
- To ensure it is maintained, reserve a right-of-way for the AB Mountain trail.
- The Dewey Lakes area, Sturgills Creek, the Dyea Flats, the Klondike Gold Rush National Historic Park's Chilkoot Trail and White Pass units, and a broad corridor around the railroad and Klondike Highway have high recreational and scenic values. Designate this land for Recreation/Open Space use and manage it to achieve a mix of undeveloped scenic open space and both dispersed and intensive recreation uses to include visitor-related activities, while allowing appropriate, contained areas of commercial or industrial use along the railroad or Highway that are sensitively designed and operated.
- The Denver Glacier, Laughton Glacier-Warm Pass area, East fork of the Skagway River, upper slopes of AB Mountain to the border, and land west of Dyea Flats and south past Burro Creek is a recreation reserve promoting the conservation of natural resources, fish, wildlife, scenery, views, and recreational low impact uses such as recreation cabins, lodges, hiking trails, commercial tours, seasonal recreational facilities, and low density housing.
- Land west of the Taiya River is a "Resource Reserve", designed to allow a variety of dispersed well-designed uses, including housing, recreation, high-grade (select) commercial timber harvest, rural road development, mineral extraction, big game hunting and helicopter landing.
- Consider appropriate redevelopment of the Pullen RV park currently located on the waterfront.

Skagway has adopted a comprehensive municipal code. Chapters particularly relevant to land management include:

- Chapter 16 - Public Lands (governing actions on City managed land);
- Chapter 17 - Coastal Management Program (codifies the coastal management plan policies);
- Chapter 19- Planning and Zoning (the City zoning code and historic district regulations); and
- Chapter 20- Subdivisions (subdividing and land platting).

Skagway has eight zoning districts. These are:

1. RC—Residential-Conservation zone for low-density residential development on adequate lot sizes not served by city water and sewer, to allow natural resource development and conservation and to allow dispersed recreational activities including recreational cabins, lodges, and small seasonal recreational facilities.
2. RG—Residential-General zone for single-family and multi-family residential housing.
3. BG—Business-General zone to provide for the commercial activities of the city.
4. BH—Business-Skagway Historical zone encompassing that area of downtown Skagway with special historical significance. It allows commercial development while maintaining the architectural character of the historic Gold Rush era.
5. IL—Industrial-Light zone to provide an area for urban and suburban light manufacturing, processing, storage, wholesaling and distribution, and railroad and airport related industry and business.
6. I—Industrial zone to provide for an area where heavy industrial activities like manufacturing, processing, repairing, and assembling can take place. Proximity to railroad and waterfront transportation will likely be important for these activities.
7. W—Waterfront zone for all property contiguous with the shoreline. This is to protect Skagway's limited, developable waterfront areas for those uses that are directly dependent upon or directly related to the water, a waterfront location, or both.

The Skagway Port AMSA Plan protects the limited Port waterfront area for those uses that are directly dependent upon or directly related to the water, a waterfront location, or both. It gives special consideration to the development, growth and appearance of Skagway's waterfront, the City's most heavily utilized area. Attention is also given to maintaining safe public access and an attractive appearance. The Port AMSA's goals are to a) reserve areas for water-dependent and water-related uses; b) maintain and strengthen the port's industrial nature while protecting public health, safety and welfare; c) maintain and enhance the port's appearance and public access; and d) establish policies that will promote compatibility between the various adjacent uses.

The Skagway River AMSA Plan concerns the land running from the River's mouth north about four miles to just past "Liarsville." Land immediately adjacent to the River is included within the AMSA because activities on these lands can affect the River. The Skagway River AMSA plan was developed to provide a rational management plan with guidelines for the varied uses and activities that occur in and adjacent to the River. The Plan's goals are to: a) clarify river and adjacent land ownership and management; b) explain regulatory requirements for projects in or near the River; c) resolve conflicts; d) establish management goals and coordinate management; and e) address floodplain control and floodplain management.

As part of its effort to gain title to the Dyea Flats, the City prepared a Dyea Flats Land Management Plan for that area emphasizing the City's intent to be responsible stewards of the Dyea Flats and its values. The City established eight goals to guide long-term management of the Dyea Flats. The goals include:

- 1) maintaining the Dyea Flats as an important public recreation area;
- 2) maintaining and managing the Flats as a site of national importance for protection of the historical artifacts of the Dyea settlement and interpretation of the story of the Klondike Gold Rush of 1898;
- 3) encouraging public appreciation of the historic and natural resources of the Dyea Flats through public education;
- 4) maintaining the scenic qualities of the Flats;

- 5) allowing continuation of harvesting of resources on the Flats for personal (non-commercial) use, such as fishing, hunting, seaweed harvest, and collection of edible plants;
- 6) improving public access for visitors and Dyea residents;
- 7) protecting the biological values of the Flats from degradation by managing human use of the area; and
- 8) designating appropriate areas for motorized and non-motorized use to protect the Flats' resources and to separate these uses from one another.

In addition, the City prohibited the following four uses in the Dyea Flats: grazing; unrestricted road vehicle and all terrain vehicle access; camping outside of designated areas without a City permit, subdivision and/or sale of public lands; and residential, industrial and commercial structures or other intensive developments.

The information above demonstrates that Skagway is carefully planning for future dense-urban and low-density rural residential, commercial, industrial, and recreational land use within its 466 square mile corporate boundary. When considering Yakutat's petition for incorporation, the LBC found the following factors relevant in allowing Yakutat's incorporation despite its size¹⁹: Yakutat demonstrated its capability in providing a good school; there was a sufficient tax base and rate to fund the school system; Yakutat made a showing that it would have surplus revenue for the first few years of borough operations; the City's success as a first class city in projecting a reasonable budget; there were enough resources to fund the necessary borough services; and, the City's history in carrying out the same functions it would as a borough government.²⁰ Skagway has made a similar showing that, despite its size, its thoughtful attention to orderly development and conservation for the next 20-25 years demonstrates its capability to provide borough land use services and provide the land base needed to support a borough government.

D. AS 29.05.031(4) and 3 AAC 110.045 – Community of Interests.

AS 29.05.031(4) states that a proposed borough must demonstrate that "land, water and air transportation facilities allow the communication and exchange necessary for the development of integrated borough government." The state of the transportation facilities in Skagway are discussed herein. It should be noted though, that Skagway's transportation facilities exceed those available in Yakutat when the LBC approved that city's petition to incorporate. 3 AAC 110.045 states that the "social, cultural and economic characteristics and activities of the people in a proposed borough must be interrelated and integrated." The relevant factors which must be considered include: the compatibility of urban and rural areas within the proposed area; the compatibility of economic lifestyles and industrial or commercial activities; the existence of customary and simple transportation and communication patterns, and the extent and accommodation of spoken language differences throughout the proposed area. The regulation also requires the LBC to consider whether the communications media, land, water and air transportation facilities allow for an adequate level of communication and exchange such to support an integrated borough government. The commission is directed to consider transportation schedules and costs, geographical and climatic impediments, telephonic and

¹⁹ This list is not inclusive.

²⁰ LBC's Yakutat Decision, Conclusion 4, pp. 12 - 13.

teleconferencing facilities and public electronic media. The regulation also contains two presumptions that must be made absent a specific and persuasive showing: first, that the commission must presume a sufficient level of interrelationship does not exist unless there are at least two communities within the proposed borough and; second, that the communications and exchange patterns be considered insufficient unless all the communities in the proposed borough are connected by either a public roadway, regularly scheduled airline flights on at least a weekly basis, a charter flight service or sufficient electronic media communications.

1. Compatibility Requirements.

The residents of the current City of Skagway and proposed Municipality of Skagway historically, and currently, have far stronger ties to each other and the land within its 455 square miles than to the land, people or culture of the City of Haines, Haines Borough or any other municipal entity. There are no spoken language differences amongst its residents or within the proposed municipality. Skagway residents have a rich interwoven connection with the land and history in the area that is proposed for borough incorporation. The community of Skagway incorporated as Alaska's first City in 1900. In 1978 and 1979, the City annexed surrounding lands, including Dyea and the Klondike Gold Rush National Historic Park, with which its people have had a long historic connection. Many of the original families that settled in Skagway or Dyea who were merchants or prospectors on the Klondike or Dyea trails still live in Skagway today. The Taiya and Skagway River valleys help define the present City (and proposed Borough) of Skagway's boundaries and were major routes to the Yukon gold fields. Since the early 1900's, transportation and the transshipment of freight has dominated the economy and culture of the area proposed for borough incorporation. By contrast, after the gold rush, Haines area history was dominated by U.S. Army presence.

Urban and rural areas within the area proposed for borough incorporation are compatible – both the City and the National Park Service have prepared plans that consider land use throughout the entire area (*see City of Skagway Comprehensive Plan; Skagway Coastal Management Plan; and the National Park Service Klondike Gold Rush National Historic Park Management Plan*). Businesses, residents, and visitors use transportation corridors and land within the proposed borough for dispersed recreation, low density and urban residential housing, hydroelectric power generation, and for transshipment of petroleum products, lumber, food, dry goods, and occasionally timber and ore, through town ports to local highways and beyond to Canada (and visa versa).

2. A History of Incompatibility With the Surrounding Communities.

In contrast, Skagway and Haines area residents generally do *not* have the strong economic, cultural, and social ties as is required by State law – in fact there are long standing economic, social, and cultural rivalries between these communities that makes it virtually impossible to imagine the voters of these towns approving a consolidation.

First, the communities have demographic distinctions. The Haines City and Borough areas have a complex and rich Tlingit history. Chilkoot Tlingits from the Haines area did use the Taiya and Skagway river valleys for summer fish camps and as two of their several trade routes with inland tribes, however their primary homes were, and continue to be, in the Haines and Klukwan areas. This is illustrated by the corresponding Alaska Native populations of the Haines Borough at 13.2%, the City of Haines at 18.1% and Skagway's at 5.5%.

The areas have economic differences too. The 1990 census data show that Skagway's economy is based on transportation, tourism, and federal and local government

employment. This was reflected in a 1990 survey of the top three industry employers: transportation, retail trade and public administration. In contrast, the Haines Borough's top three industry employers were retail trade, durable manufacturing, and the fishing/forestry sectors. In the City of Haines, top industries were similarly retail trade, durable manufacturing, and construction. While tourism and related retail trade is a growing sector in the Haines area, it is hotly contested by its residents at times, as is the case in many other communities. By contrast, Skagway has consistently welcomed development of what is now the predominant sector of its economy (it is one of the "big three" cruise ships stops along with Juneau and Ketchikan). Skagway has long supported a staff position to promote development of its tourism industry, is actively managing tourism impacts through regulation of shuttles and of commercial operations in the Dyea area, and is reserving/designating popular recreation spots for this use in its Comprehensive Plan. It would probably be more correct to characterize these communities as being in economic competition with one another rather than complementing one another.

Another economic and cultural difference between these areas is the fact that commercial fishing is an important occupation and lifestyle in the Haines area (approximately 132 commercial permit holders in the Borough) whereas there are currently fewer than 3 commercial permit holders in the Skagway area.

The lack of cohesiveness between the Skagway and Haines communities should be a factor in the LBC decision to preclude the organization of these two areas into one borough, despite the model boundaries. Alaska's Supreme Court has upheld LBC decisions to approve petitions that do not conform to the "ideal" boundaries where there is a lack of cohesiveness between the communities that would be consolidated pursuant to the proposal. In Valleys Borough Support Committee v. Local Boundary Commission, 863 P.2d 232 (Alaska 1993), the Commission was faced with a number of proposals for incorporation of the Denali National Park, Cantwell, McKinley Park, and Healy areas. The Commission received three petitions, approving one. The appellant's petition was denied despite the fact that it incorporated the "ideal" boundaries for that area. The Commission found that while the petition incorporated a more "ideal" area, the communities that would be consolidated were not cohesive enough at that time to form an organized borough government. The Court affirmed that the LBC had the authority to make a decision to approve a boundary that did not follow the "ideal" boundaries, based on a finding that the proposed borough was not cohesive enough.

The few economic and transportation links between Skagway and the Haines area are not enough to create cohesiveness. These links include the Haines-Skagway summer water taxi service and the recently laid Alaska Power and Telephone of Skagway underwater cable to provide the Haines area with hydroelectric power. The new electrical intertie is an important link but power is not historically a reason to consider one area a part of another. In the Lower 48, electrical power generated in western Washington serves Idaho but this does not make Washington and Idaho a homogenous area.

Whether Northern Southeast Alaska is governed by a small group of cities and boroughs or by a small group of boroughs, ventures will succeed when they make economic sense and fail when they do not. When ventures fail, it is inevitably because the larger population and voting power of the Haines area is served at the expense of Skagway residents.

A recent example of collaboration between Skagway and Haines that did not work is the Lynn Canal Medical Corporation. The Cities of Haines and Skagway shared medical services prior to the formation of the Skagway Medical Corporation in 1994. From the 1960's through the 1980's, Skagway was served by Dr. Stan Jones, a Haines physician who traveled weekly to Skagway to see patients at the medical clinic. Some note that what allowed this

arrangement to work was the fact that Dr Jones enjoyed the weekly trips between Haines and Skagway so that he could fish the area. With Dr. Jones' retirement in the late 1980's, the Cities of Haines and Skagway formed a non-profit organization, the Lynn Canal Medical Corporation, to provide medical services to the two communities.

The Lynn Canal Medical Corporation ran clinics in both cities. The Board of Directors included seven Haines residents and two Skagway residents. The Board met in Haines with Skagway Board members participating via teleconference. Eventually, the City of Skagway found that sharing medical services with Haines did not meet Skagway's need for high quality, financially affordable health care. Skagway was concerned that only two of nine members of the Board were Skagway residents. This imbalanced representation made it difficult to get Skagway's needs and requests addressed by the Corporation. This magnified Skagway's concerns that the Lynn Canal Medical Corporation lacked corporate organization, sound financial management, and accountability.

The Lynn Canal Medical Corporation ultimately failed to meet either City's health care needs and dissolved. The failure demonstrates some of the problems with attempted collaboration between Skagway and Haines. The communities have historically had different perspectives and philosophies, which makes it challenging to work together for common goals. Competition between the two communities was evident on the Lynn Canal Medical Corporation Board and Skagway's minority representation on the Board made it difficult to get Skagway's needs met. The distance between the cities made communication between Board members difficult and ineffective. Since Skagway Board members participated only via teleconference, they were never able to network effectively or build constructive relationships with other Board members.^{21 22}

²¹ In its courtesy review of this draft petition, DCED staff notes that:

The level of representation on the former Lynn Canal Medical Corporation board was in near perfect proportion to the population of Skagway and the Haines Borough. While Skagway had only two representatives, it had equal representation with the Haines Borough in terms of its population. If every community that lacked a majority of representatives on borough assemblies detached from their boroughs and formed separate boroughs, there would be hundreds of boroughs in Alaska.

Taken as a generalization, there are many points and conclusions that can be drawn or inferred, such as the one above, both "for" and "against" this petition. We are aware of the fact that there are 11 successful boroughs in Alaska that have incorporated cities within them. The fact that other areas and communities are successful in addressing the challenges of "unequal" representation is laudable and no doubt due to the social, cultural, physical, and economic opportunities and challenges their regions face. The circumstances and facts of this case are separate and unique from even other petitions for single-city boroughs. We hope and expect to receive consideration without being unduly burdened by the implications of every community in Alaska doing the "logical" extension of this situation. Again, the LBC decision on this petition can be structured to set a precedent or not, as desired by the Commission.

²² In 1994, Skagway withdrew from the Lynn Canal Medical Corporation and organized its own non-profit health care organization, the Skagway Medical Corporation. The local Skagway Medical Corporation, working in close cooperation with the City of Skagway, has provided

Other examples of problems with a Skagway-Haines collaboration include concerns regarding public radio services. The Haines-based public radio station, KNHS, periodically closes it's Skagway office when funding is cut back and often does not have a local Skagway reporter. Questions surface periodically about whether Skagway should continue to affiliate and help fund this radio station due to lack of satisfaction with the service it receives.

General attitudes toward municipal government are also quite different in the Haines and Skagway areas. As Commissioners are aware, residents of the City of Haines and Haines Borough have recently struggled with questions of how to best provide efficient government service in that area. The recent Haines area vote on consolidation demonstrates the deep divisions within the Haines communities. Skagway also has serious concerns over recent actions the Haines Borough took to unilaterally disband three-quarters of the Mud Bay Service Area within that borough. Skagway does not wish to become embroiled in the local government confusion and controversies to the west, nor does it wish to be combined against its will with Juneau or other southeast communities in a rural Southeast super borough. We believe that any of these actions would be counter to responsible and prudent local governance, as this would effectively be breaking apart a municipal government and school district that have provided and enjoyed stable, responsible, active government for almost 100 years.

However, maintaining the "status quo" is not acceptable either since it does not satisfy the constitutional requirement to form boroughs. Nor would it relieve the fears of Skagway area residents that they could be "swallowed-up" by the more populous, socially, economically, and culturally distinct Haines area. Skagway residents want to ensure they can continue to provide efficient and effective service for their isolated, but integrated, urban, and rural corner of Northern Southeast Alaska.

3. Skagway Has Adequate Communication Facilities.

The communications media and the land, water, and air transportation facilities throughout the proposed Municipality of Skagway allow for the level of communications and exchange necessary to develop an integrated borough government. Residents in the Skagway area enjoy radio from one Juneau and one Haines-based radio station, have a regular local newspaper (Skagway News), and a cable TV scanner (headquartered in Haines but serving the Skagway area). Teleconference capabilities are well established and teleconferences during the legislative session are regular events. Local internet access is available from PTI Alaska. Telephone service connects the developed and some of the rural area, and the emergency '911' service covers the urban and some rural areas. A repeater was recently installed to expand '911' system coverage. Some emergency response and communications are also provided within the Klondike Gold Rush National Historic Park area by the National Park Service.

Transportation facilities are well developed in the Skagway area. Transportation routes like the White Pass Railroad and Chilkoot Trail have been in place for more than 100 years. There is water, small aircraft, helicopter, road, and rail access to and from the community. All developed areas within the proposed Municipality of Skagway are connected by road, including the dispersed residential dwellings in the Dyce vicinity. Rural areas are accessed regularly by all terrain vehicles, boat and helicopter primarily for recreational purposes, but also

Skagway with a medical clinic that more effectively meets the community's health care needs, is managed by local decision makers, and is financially accountable.

to service the hydroelectric generator or to attend to the privately owned Burro Creek fish hatchery. Each type of transportation infrastructure within the area is reviewed briefly below.

The City of Skagway is connected to British Columbia, the Yukon, and the rest of Alaska by the Klondike Highway. The portion of the highway within Alaska is owned and maintained year-round by the State of Alaska. The highway is paved, has a narrow shoulder, and is rated for oversize/overweight trucks.

The State-maintained Dyea Road connects Skagway and the Taiya River valleys. This road provides access to the Klondike Gold Rush National Historic Park, the trail head for the Chilkoot Trail, and residential parcels. The road will be subject to increasing residential use due to upcoming City residential land disposals, increasing commercial and recreational use due to tourist visitation, and increasing RV and oversized vehicle use.

Skagway is served by scheduled and charter air service from Juneau, Haines, and Whitehorse. Carriers include Skagway Air Service, LAB Flying Service, Wings of Alaska, and Haines Air. Skagway is 45 minutes from Juneau and 60 minutes from Whitehorse by small aircraft. The Skagway Airport is owned, operated and maintained by the State of Alaska, Department of Transportation and Public Facilities (DOTPF). Measured by enplanements, it is one of the ten busiest airports in Alaska. Safety concerns prompted DOTPF to begin considering ways to expand airport facilities and enhance safety in the late 1980's. After a decade of hydrologic and other studies, an acceptable plan was developed to reconstruct the runway farther west, construct a full-length parallel taxiway, expand the apron and terminal areas, construct an airport terminal, relocate the footbridge to Yakutania Point, and fence in airport property. Airport improvements are now underway and scheduled for completion in 2001. The improvements will accommodate airport needs through 2012.

The Port of Skagway is a deep-water and ice-free port that serves as a year-round transshipment and transportation hub between Alaska and Canada. Skagway's waterfront "built the town," as Skagway received goods during gold rush days for transport to the Yukon. Commerce at the port still supports the Skagway economy. In-bound general cargo and petroleum products pass through the port. Outbound ore concentrates are shipped from Skagway all over the world when mines in the Yukon are open. As Skagway's popularity as a tourist destination has grown, the port has also become one of the busiest in the world for tourist travel, accommodating both large cruise ships and small tour ships and day boats which are visiting Skagway in growing numbers.

The port houses three major docks, all owned by White Pass and Yukon Route — the ore dock, Broadway dock, and "railroad" dock. Other major features on the waterfront are the bulk cargo (ore) terminal, the Alaska Marine Highway ferry terminal and barge landing area (City owned under State lease), and a small boat harbor owned by the State of Alaska. Alaska Marine Lines (AML) provides weekly barge service to and through Skagway from Seattle, and all freight (except ore) is transferred by AML in containers across the city-owned freight transfer bridge. Skagway's small boat harbor is owned by the State of Alaska, but managed by the City of Skagway as an enterprise fund. The harbor holds 145 boats up to 40 feet in length.

Skagway is connected for tourist travel to Fraser, British Columbia, by the 110 mile White Pass & Yukon Route narrow gauge railroad, with through bus connections to Whitehorse and northern Alaska. The railway was originally constructed in 1900 for commerce between Skagway and the Yukon. The railway ceased year-round commercial operation in 1982, but reopened in 1986 as a popular tourist route.

The area encompassing the proposed Municipality of Skagway has already proven it is well developed and has allowed an integrated city government to thrive and it will continue to function well if the area is allowed to incorporate as a borough government.

4. The Single Community of Skagway Has Sufficient Interrelationship.

Forming a borough from the single community of Skagway is the appropriate action for the Local Boundary Commission to take because:

- Skagway has a unique geography as a discrete area with no unincorporated communities or land around it with which to join;
- the population of the area is interrelated and integrated socially, culturally, and economically;
- there are other single community boroughs working well in Southeast Alaska;
- Skagway has demonstrated the capability to provide borough services throughout our geographic area; and
- Skagway has made a specific and persuasive showing that despite the absence of a second community, the proposed Municipality of Skagway should be allowed to form.

The Local Boundary Commission has clearly found that under certain circumstances, single community boroughs are feasible and can work well. The Commission has approved two other one-community boroughs in Southeast Alaska, the City and Borough of Sitka (essentially one community) and the City and Borough of Yakutat. The Alaska Constitution clearly envisioned that single borough communities might be formed. The legislature in enacting standards for boroughs did not *require* two communities. Several single community boroughs are now in existence and are effectively delivering borough services. Mr. Vic Fischer, noted local government expert, has suggested that with respect to the "single-city" issue there is no reference, actual or implied or intended, that terms such as "common interest," "interrelated," or "integrated" refer to cities and communities. He found that these terms were meant to refer to population only. The criteria for borough incorporation should be whether the proposal makes sense in the broader scheme of things and not arbitrary or artificial standards, be they regulatory or presumptive. In 1992, the LBC approved the then City of Yakutat's petition for incorporation despite the fact Yakutat supported only one community. The LBC made specific findings with respect to Yakutat's population which supported its decision to approve Yakutat's petition: there was only one community in the proposed area; the City proved its residents were interconnected and integrated with the proposed parts of the borough; Yakutat is a unique, isolated geographic area; and adequate communication existed.²³ The same findings are applicable to the proposed Municipality of Skagway.

In fact, at one time, there were two communities within the proposed area of incorporation – Dyea and Skagway. The unincorporated community of Dyea was annexed in 1979, with Skagway providing services to the more remote Dyea area. If it had not been for this earlier annexation, there would now be two communities to join. The fact that Dyea was annexed prior to this petition should not have a negative bearing now. It would be arbitrary to find that Skagway's "single community" is a sufficient basis to defeat this petition, since, had the annexation not occurred, this would not be an issue.

²³LBC's Yakutat Decision, Conclusion 1.

IV. DISSOLUTION AND AS 29.06.450(c)

AS 29.06.450(c) states that once a city has areawide borough powers, the city may be dissolved. As a first class borough, the Municipality of Skagway would exercise on an areawide basis all of the same powers that the City of Skagway now exercises. Therefore, it is clear that the Skagway has the ability to function as a borough and provide all necessary services and facilities. Also, as Skagway is a unique geographic area, allowing its incorporation would not unduly impact any of the surrounding areas. Skagway has demonstrated itself as a self-sufficient body capable of self-government and capable of caring for its residents in the manner contemplated by the Alaska statutes and regulations require.

V. CONCLUSION

This petition demonstrates that the proposed Municipality of Skagway can meet all of the constitutional, statutory, and regulatory requirements the Commission must consider before allowing a borough to incorporate. The citizens of the City of Skagway respectfully request that the Local Boundary Commission approve their petition for the reasons stated herein.

EXHIBIT E TRANSITION PLAN

This transition from the City of Skagway and Skagway City School District to the Municipality of Skagway Borough and Borough School District will be very simple. No changes in municipal boundaries, population, or services or powers are proposed.

Transfer of Services and Powers

Skagway's goal is to make the transition from 1st class city to 1st class borough smoothly, quickly and with as few changes as possible.

Powers and services exercised by the City of Skagway continue to be exercised until the new borough assumes the powers and functions. Ordinances, rules, resolutions, procedures, and orders in effect before the transfer remain in effect until superseded by the action of the new municipality. The same is true for the new school district.

The following actions will occur in an orderly manner.

Local Boundary Commission Approves Petition

DCED submits Federal Voting Rights Act preclearance request.

Election

Within 30-90 days of Local Boundary Commission approval, voters are asked to approve the borough incorporation and elect borough assembly members, mayor and school board.

Date of Incorporation.

Certification of election results by the State Division of Elections.

First Monday Pass Following Election Certification

The borough Assembly has its first meeting. As one of its first orders of business it adopts and assumes all ordinances, codes, laws, assets and liabilities of the City of Skagway. Dissolution of the City of Skagway formally occurs after this action.

First School Board Meeting

The borough School Board has its first meeting. As one of its first orders of business it adopts and assumes all policies, procedures, contracts, assets and liabilities of the City of Skagway School District. Dissolution of the City of Skagway School District formally occurs after this action.

EXHIBIT F FEDERAL VOTING RIGHTS ACT INFORMATION

BACKGROUND

The federal Voting Rights Act was adopted in 1965 to enforce the provision in the U.S. Constitution that "the rights of citizens of the United States to vote shall not be denied or abridged by the United States or by any state on account of race, color, or previous condition of servitude."

The act provides that "no voting qualification or prerequisite to voting or standard, practice or procedure shall be imposed or applied by any State or political subdivision in a manner which results in a denial or abridgment of the right of any citizen of the United States to vote on account of race or color, . . . [or because a citizen] is a member of a language minority group."

Section 5 of the Act requires certain states and political subdivisions to "pre-clear" any change in voting practice or procedure before the change is implemented. The State of Alaska and all political subdivisions in Alaska are among those required to pre-clear changes in voting practice and procedure.

PURPOSE AND EFFECT BOROUGH INCORPORATION AS IT PERTAINS TO VOTING

There will be no change to voting rights upon incorporation of the territory in question. Voting rights consist of 1) the right to participate in all regular and special borough elections; 2) the right to nominate and elect assembly members 3) the right to hold office as assembly member or Mayor; and 4) the powers of initiative and referendum.

EXTENT TO WHICH THE INCORPORATION EXCLUDES MINORITIES WHILE INCLUDING OTHER SIMILARLY SITUATED PERSONS

The following table, based on 1990 census data, shows the racial composition of the territory proposed for borough incorporation.

<u>RACE</u>	<u>CURRENT CITY</u>	<u>PROPOSED BOROUGH</u>
Native	38 (5.5%)	38 (5.5%)
White	646 (93.4%)	646 (93.4%)
Black	0 (0 %)	0 (0.0 %)
Other	8 (1.1%)	8 (1.1%)
Total	692 (100 %)	692 (100.0 %)

No attempt was made to exclude individuals from the area proposed for dissolution or incorporation on the basis of race or color, or membership in a language minority group.

**EXTENT TO WHICH BOROUGH INCORPORATION REDUCES THE AREA
MINORITY POPULATION PERCENTAGE**

The borough incorporation will not change the Native population percentage within the boundaries of the current voting jurisdiction. The percentage of African-Americans will not change, the population of Caucasians will not change, and the population of other races will not change.

**WHETHER THE ELECTORAL SYSTEM OF THE BOROUGH FAILS FAIRLY TO
REFLECT MINORITY VOTING STRENGTH**

As noted above, the voting strength of Natives, blacks, whites, and all other races will not change following borough incorporation.

**STATEMENT CONCERNING THE MINORITIES' UNDERSTANDING OF ENGLISH
IN WRITTEN AND SPOKEN FORMS**

The petitioners believe that with few (if any) exceptions minority residents of the territory proposed for incorporation understand English in both written and oral forms. Consequently, there does not appear to be a need for oral or written language translators at any hearings of the Local Boundary Commission concerning this matter.

However, should the need arise for the use of translators during the hearing(s) on this borough incorporation petition, the petitioners will rely on residents of the community to provide such translation. The petitioners understand that this is the common practice in all municipal incorporation proceedings in the State of Alaska.

EXHIBIT G MEDIA

The names, addresses, telephone numbers and fax numbers of the principal newspaper, public radio station and other media which serve the community are:

NEWSPAPERS

The Skagway News
264 Broadway
Skagway, Alaska 99840
phone: (907) 983-2354
fax: (907) 983-2356

Chilkat Valley News
P.O. Box 630
Haines, AK 99827
phone: (907) 766-2688
fax: (907) 766-2689

The Juneau Empire
3100 Channel Drive
Juneau, AK 99801
phone: (907) 586-3740
fax (907) 586-9097

RADIO STATION

KHNS/FM - Lynn Canal Broadcasting Inc
P.O. Box 1109
Haines, AK 99827
phone: (907) 766-2020
fax: (907) 766-2022

KINY (103.7 FM)
1107 W. 8th Ave
Juneau, Alaska 99801
phone: (907) 586-1800
fax: (907) 586-3266

LOCAL TELEVISION SCANNER

Skagway Network TV
P.O. Box 454
Haines, AK 99827
phone: (907) 983-2205
fax: (907) 766-2345

EXHIBIT H INFORMATION RELATING TO PUBLIC NOTICE

This exhibit offers information relevant to the provision of public notice of the incorporation proceedings. Included are details about local media, municipal governments within and adjacent to the territory proposed for incorporation, places for posting public notices relating to the proposed incorporation, the location where the petition may be reviewed by the public, and parties that may warrant individual notice of the incorporation proceedings.

A. MEDIA

Name of the newspaper(s) serving the territory proposed for incorporation and adjacent regions:

NEWSPAPERS

The Skagway News

264 Broadway

Skagway, Alaska 99840

phone: (907) 983-2354

fax: (907) 983-2356

Chilkat Valley News

P.O. Box 630

Haines, AK 99827

phone: (907) 766-2688

fax: (907) 766-2689

The Juneau Empire

3100 Channel Drive

Juneau, AK 99801

phone: (907) 586-3740

fax (907) 586-9097

Name of the radio station(s) serving the territory proposed for incorporation and adjacent regions:

RADIO STATION

KHNS/FM - Lynn Canal Broadcasting Inc

P.O. Box 1109

Haines, AK 99827

phone: (907) 766-2020

fax: (907) 766-2022

KINY (103.7 FM)

1107 W. 8th Ave

Juneau, Alaska 99801

phone: (907) 586-1800

fax: (907) 586-3266

B. PLACE WHERE THE PETITION AND RELATED MATERIALS WILL BE MADE AVAILABLE FOR PUBLIC REVIEW

A full set of petition documents, including responsive briefs, reply briefs, and reports of the Department of Community and Regional Affairs will be made available for public review by the petitioners' representative at:

Skagway Public Library

Hours of Operation:

M-F 1-9 pm

Sat 1-5 pm

Skagway City Hall

Hours of Operation:

M-F 8-5 pm

The materials will be available from the first date of publication of notice of the filing of this petition through the last date available for reconsideration of the final decision under 3 AAC 110.580. The materials will be available for review during normal working hours. The petitioners' representative will accommodate requests for public review of the petition documents at reasonable times in the evening and on weekend days.

C. PLACES SUGGESTED FOR POSTING OF NOTICES RELATING TO THIS PROPOSAL

The following three or more public and prominent places within the territory proposed for incorporation are designated for posting of notices concerning this incorporation proposal.

Skagway City Hall
Skagway Post Office
Skagway Public Library

D. MUNICIPALITIES ADJACENT TO THE PROPOSED BOROUGH

The following is a list of U.S. cities and boroughs whose boundaries extend within 20 miles of the proposed boundaries of the territory petitioned for incorporation.

City of Skagway
P.O. Box 415
Skagway, AK 99840
phone: (907) 983-2297
fax: (907) 983-2151
email: bwardmgr@aptalaska.net

City of Haines
P.O. Box 1049
Haines, AK 99827
phone: (907) 766-2231
fax: (907) 766-3179
email/clerk: svjohnson@wytbear.com

Haines Borough
P.O. Box 1209
Haines, AK 99827
phone: (907) 766-2711
fax: (907) 766-2716
email: hnsboro@seaknet.alaska.edu

STATE OF ALASKA)
FIRST JUDICIAL DISTRICT) ss.

1. The information contained in the petition for incorporation is complete and accurate to the best of my knowledge.

a) The size of the territory proposed for incorporation was estimated by Barbara Sheinberg, AICP, based on information downloaded from State Department of Community and Economic Development internet site/web page.

c) Exhibit A, the statement of principal reasons for the incorporation proposal was prepared by Barbara Sheinberg, AICP, in consultation with the City of Skagway.

e) The map of the territory proposed for incorporation areas was prepared by Resource Data of Juneau, in consultation with Barbara Sheinberg, AICP.

f) The written metes and bounds legal descriptions of the boundaries of each existing municipal government located wholly or partially within the territory proposed for incorporation were provided by Barbara Sheinberg, AICP.

g) The maps showing the boundaries of each existing municipal government located wholly or partially within the territory proposed for incorporation, were provided by Resource Data of Juneau, in consultation with Barbara Sheinberg, AICP.

- h) The proposed composition and apportionment of the Assembly, was prepared by Barbara Sheinberg, AICP, in consultation with the City of Skagway.
- i) The list of proposed areawide and non-areawide powers and services was prepared by Barbara Sheinberg, AICP, in consultation with the City of Skagway.
- j) The list of proposed areawide and non-areawide taxes was prepared by: Barbara Sheinberg, AICP, in consultation with the City of Skagway.
- k) The written metes and bounds legal descriptions of the boundaries of each proposed service area were prepared by Barbara Sheinberg, AICP, in consultation with the City of Skagway.
- l) The map showing the boundaries of each proposed service area was prepared by Barbara Sheinberg, AICP, in consultation with the City of Skagway.
- m) The list of powers, services and taxes for each proposed service area was prepared by Barbara Sheinberg, AICP, in consultation with the City of Skagway.
- n) The statement of the assessed or estimated value of taxable property in the territory proposed for incorporation was prepared by Barbara Sheinberg, AICP, based on data obtained from the State Department of Community and Regional Affair publication, *1998 Alaska Taxable*.
- o) The proposed three-year borough operating budget was prepared by Barbara Sheinberg, AICP, in consultation with the City of Skagway.
- p) The voting rights information was provided by Barbara Sheinberg, AICP, in consultation with the City of Skagway.
- q) The Petitioners' brief was prepared by Amy Gurton, of the law firm Robertson, Monagle and Eastaugh.
- r) The transition plan was prepared by Barbara Sheinberg, AICP, in consultation with the City of Skagway. The following officials of existing municipalities serving the area proposed for borough incorporation, regional educational attendance areas, coastal resource service areas and other appropriate entities within the territory proposed for incorporation were consulted in the preparation of the transition plan:

Bob Ward, City Manager, City of Skagway
Cindy O'Daniel, Treasurer, City of Skagway
James Telles, Skagway School Superintendent
Marsha Berry, Skagway School Administrator/Fiscal

t) The statement of the number of ballots cast inside of home rule and first class cities in the area proposed for incorporation and the statement of the number of ballots cast in the remainder of the area proposed for incorporation was provided by Amanda Webb, of the State of Alaska, Division of Elections.

SUBSCRIBED AND SWORN TO before me on JANUARY 18, 2021.

(My Commission expires: 05/25/2004)

A circular notary seal for Marjorie D. Harris, a Notary Public in the State of Alaska. The seal features her name "MARJORIE D. HARRIS" around the top inner edge, "NOTARY PUBLIC" in the center, and "STATE OF ALASKA" around the bottom inner edge. The outer border is a thick, textured ring.

EXHIBIT J ADDITIONAL INFORMATION NOT PART OF THE FORMAL PETITION TO INCORPORATE A BOROUGH

The following additional information is offered in support of this petition:

4 page memorandum from Mr. Vic Fischer in support of City of Yakutat's petition to become the City and Borough of Yakutat.

CC: 1991

DEPT. OF COMM. & AFFAIRS
OFFICE OF MUNICIPAL & TER. ASST.

RECEIVED

1

Victor Fischer * P.O.Box 201348 * Anchorage, AK 99520 * 907-276-7626

October 11, 1991

Local Boundary Commission
949 East 36th Avenue #400
Anchorage, Alaska 99508

Re: Yakutat petition

Dear Commissioners:

The August 1991 DCRA Draft Report on the proposed Yakutat borough incorporation and related model boundaries raised a number of questions and disagreements in my mind when I first read it. I have since been engaged by the City of Yakutat to provide my comments and conclusions to you. This I do in summary fashion here and will, if you so desire, be glad to discuss further.

Specifically, I would like to address (1) constitutional intent with respect to "minimum of local government units", (2) regional v. small boroughs, (3) the single-city issue, (4) the population standard, and (5) the issue of precedent and future flexibility.

The "minimum number" issue

The report is correct in stating that the purposes of the local government article of Alaska's constitution - "maximum local self-government with a minimum of local government units" - are not contradictory.

However, the report errs in its repeated and unequivocal interpretations of the intent behind the "minimum of local government units" concept. (For example: "Approving incorporation of a small, single-city borough would violate the constitutional mandate for establishing maximum local self-government with a minimum of local government units." Underlining in Draft Summary.)

I am firm in my belief that the intent of the convention was not to restrict the number of local units per se. Rather, the "minimum" concept derived directly from the situation existing at the time of constitution making. The Anchorage area was growing, and there was a continually increasing demand for urban services. Utility districts had been created beyond the City of Anchorage. An independent school district provided educational services. A health district was being born. And repeated efforts were being made to incorporate separate municipalities around the city and within the Anchorage urban area.

Convention delegates believed this trend was highly undesirable. They wanted a single governmental jurisdiction for a given local area. That is why they specified the "minimum number of local government units", as well as the goal of preventing duplication of tax-levying jurisdictions.

This concept was very much part of the stated policy of vesting local government powers only in cities and boroughs. But while the idea was to have only one governmental jurisdiction over a given area, no policy was stated limiting the number of cities and boroughs.

Regional v. small boroughs

In drafting the constitution, Local Government Committee members certainly had in mind that boroughs would be regional in character. They discussed the concept in terms of its application to such areas as northwest Alaska, Bristol Bay, Anchorage, the Valdez area, Southeast, and others, and it seemed to work well in the various disparate regions. However, implementation did not follow their ideas.

The first violation of the regional concept came with establishment of the very first borough. In creating the Bristol Bay Borough, the Local Boundary Commission took a tiny part of a real region and gave it borough status under the constitution. This gross error was not rectified when the Lake & Peninsula Borough was recently created. (And, for that matter, did the LBC then establish the truly interrelated and integrated Bristol Bay region as a single borough, as I am sure the convention delegates would have conceived.)

Bristol Bay certainly underlines the staff conclusion about the difficulty of dealing with small boroughs once established. However, that is more an argument against irrational boroughs than against small boroughs.

In its recent establishment of Denali Borough, LBC again turned its back on the concept of regional boroughs. Though it may have met some arbitrary standards, this borough is what I would call an "area" and not a region. It is less of a region even than Nelson Island or the Ambler-Kobuk-Shungnak area, and I would hope you would not think of these as prospective regional boroughs.

So what is a region? Without going into details and definitions, I would suggest the Kodiak, Northwest Arctic, North Slope, and Kenai Peninsula Boroughs as good examples of large regional boroughs. Similarly, the prospective Prince William Sound borough, though medium size rather than a large region, is a logical regional borough by just about any definition - and breaking it up would make no sense whatsoever.

The Yakutat area, which obviously is not an integral part of Prince William Sound, is a different case. While not a large region in the North Slope Borough sense, it does constitute an identifiable and functional region, though a small one.

It seems to me that so long as the LBC allows small boroughs such as Bristol Bay and Denali to exist and be created, there is no strong rationale not to establish a separate borough for Yakutat.

(There is another way of looking at the situation if you were to think in terms of macro-boroughs. There were once proposals for a Captain Cook Borough - encompassing most of the current Anchorage, Kenai and MatSu Boroughs - under which the Anchorage urban area would have been a large city within the borough. Similarly, if you were to take Southeast as a whole or divided it into two or three boroughs, it would be logical to make Sitka, Juneau-Douglas, Ketchikan, and other urban areas into cities within the large region, rather than having the existing boroughs encompass massive wilderness areas that are functionally quite unrelated to the urban centers... In other words: so long as you don't have such macro-boroughs, there appears to be little logic in not giving Yakutat a borough so long as similar types of borough exist in other parts of Southeastern Alaska.)

The single-city issue

Article X, Section 3 of the Alaska Constitution states in part: "Each borough shall embrace an area and population with common interests to the maximum degree possible."

AS 29.05.031 provides the following borough incorporation standard: "(1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities ..."

Both the constitution and state law relate these criteria to population. There is no reference, actual or implied or intended, that terms such as "common interest", "interrelated", or "integrated" refer to cities or to communities. Again - these terms refer to population and only population.

The regulation requiring at least two communities to form a borough is based neither on the constitution nor on law. It lacks fundamental logic. To my mind, it gives rise to specious arguments that appears to have great significance. In fact, it should have no relevance to resolving questions of borough formation.

Anchorage would have been appropriate to borough formation because there was in integrated and interrelated population with common interests, and not because there was, in addition to a large city, a hamlet with a small handful of residents, such as Basher or Glen Alps. Likewise, Sitka is essentially a one-city borough.

The criteria for borough incorporation should be whether the proposal makes sense in the broader scheme of things and not some arbitrary and artificial standards, be they rigid or presumptive.

The population standard

Without belaboring the point, I would make a similar argument about the 1,000-minimum population criterion, which appears to have not relation whatsoever to feasibility.

That, too, needs to be related to a given issue. Thus, South Anchorage could have 40,000 people and still not make sense as a borough. Conversely, a population under one thousand might be appropriate for a small borough.

Precedent, flexibility

The extent to which LBC action on Yakutat sets a precedent depends strictly on the LBC. Despite prospective claims to the contrary, each situation is different. Cordova is not Yakutat, nor is Galena or McCarthy. Each case must be judged on its own. A Yakutat borough need not set the stage for any other single-community borough - unless the LBC decides it's appropriate to a given area.

Boroughs are still evolving creatures. Rigid criteria and a straightjacket are not called for. The need for flexibility and flexible standard is reflected in the constitutional record, the Final Report, the PAS report, Tom Morehouse's and my writings, and other sources. This gives the LBC much room for exercising judgement, making its own sensible decisions, and structuring a logical borough system for Alaska.

There is need now to adjust boundaries of some existing boroughs. The sooner the LBC starts using its authority to initiate boundary changes, the better its power to do so will be established. The borough creation process is a good time to accomplish this. And once you have built the precedents and demonstrated the willingness to use this authority, then you won't have to worry too much about what happens fifty years hence to boroughs that we create today.

Final words

In writing the above comments, I am responding to the issues and arguments of the draft report that raised questions in my mind when I first read it. I put them down on paper upon request by the City of Yakutat and do hope you will find them of some benefit.

In writing this, I am in no way trying to knock the work of the staff or the LBC. I have great respect for the work that is being accomplished and hope that my forthright statement of opinions does not tread on tender toes.

Lastly, I admire the tremendous progress that you have achieved over the past years and wish you the best success for the future. You can, as always, count on my support.

Best wishes,

 Vic Fischer

P.S. I do believe that Yakutat is traditionally and is now far more related to Southeast Alaska than to Prince William Sound.

**EXHIBIT K AUTHORIZATION OF INCORPORATION
PETITION BY VOTERS OF HOME RULE AND FIRST CLASS
CITIES WITHIN THE PROPOSED BOROUGH**

The following additional information is offered in support of this petition:

7 page petition by voters and residents of the City of Skagway for dissolution of the City of Skagway and incorporation of the Municipality of Skagway, a 1st Class Borough.

AUTHORIZATION OF INCORPORATION

PAGE 1 OF 7

PETITION BY VOTERS AND RESIDENTS OF THE CITY OF SKAGWAY FOR DISSOLUTION OF THE CITY OF SKAGWAY AND INCORPORATION OF THE MUNICIPALITY OF SKAGWAY, A 1ST CLASS BOROUGH

NOTE: PLEASE SIGN AND PRINT YOUR NAME CLEARLY AND EXACTLY AS IT APPEARS IN THE STATE VOTER REGISTRATION RECORDS. PLEASE INCLUDE YOUR STATE VOTER ID NUMBER OR YOUR SOCIAL SECURITY NUMBER TO HELP VERIFY YOUR VOTER REGISTRATION STATUS.

WE, THE UNDERSIGNED, hereby petition for the incorporation of the Municipality of Skagway as set out in the complete petition. Further, we affirm that:

1. We are registered and otherwise qualified to vote in State of Alaska elections;
2. We currently maintain our principal place of residence within the first class cities within the area proposed for incorporation by this petition.

SIGNATURE	PRINTED NAME	STREET ADDRESS (PHYSICAL LOCATION)	VOTER ID # OR SOCIAL SECURITY #
1 <i>[Signature]</i>	William A. Sall	8 th + Broadway	[REDACTED]
2 <i>[Signature]</i>	KAREN S. GEE	18 th State	[REDACTED]
3 <i>[Signature]</i>	MIKE ELLIS	20 th + State	[REDACTED]
4 <i>[Signature]</i>	BONNIE NELSON	18 th + State	[REDACTED]
5 <i>[Signature]</i>	Jan A. Nelson	18 th + State st	[REDACTED]
6 <i>[Signature]</i>	ROBERT C. DONAHUE, JR.	439 11 th STREET	[REDACTED]
7			
8			
9			
10			

AUTHORIZATION OF INCORPORATION

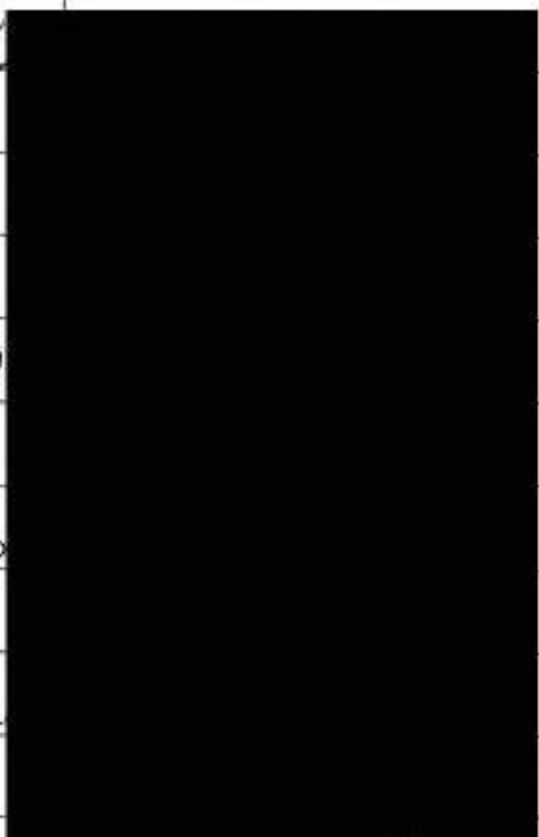
Page 6 of 7

PETITION BY VOTERS AND RESIDENTS OF THE CITY OF SKAGWAY FOR DISSOLUTION OF THE CITY OF SKAGWAY AND INCORPORATION OF THE MUNICIPALITY OF SKAGWAY, A 1ST CLASS BOROUGH

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1. We are registered and otherwise qualified to vote in State of Alaska elections;
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SIGNATURE	PRINTED NAME	STREET ADDRESS (PHYSICAL LOCATION)	VOTER ID # OR SOCIAL SECURITY #
1 <i>Candice Wallace</i>	Candice Wallace	4th Between Alaska main	
2 <i>Doree A. Spurrer</i>	Doree A. SPURRER	412 8th Ave.	
3 <i>Mary Thoe</i>	MARY THOE	14 A STATE	
4 <i>Scott C. Mulvihill</i>	Scott Mulvihill	591 320 AVE	
5 <i>R.A. Stephens</i>	R.A. Stephens	825 Main St. Skagway	
6 <i>Barbara D. Kalen</i>	Barbara D. Kalen	3rd & State	
7 <i>Michael Konsler</i>	MICHAEL KONSLE	3.9 MILE, DYEARD	
8 <i>William B. Barger</i>	WILLIAM B. BARGER	847 MAIN	
9 <i>David L. Reimer</i>	DAVID L REIMER	547 10th Skagway	
10 <i>Mary McCaffrey</i>	MARY MCCAFFREY	DYEAD ROAD	

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1 <i>Sharon L. Bolton</i>	SHARON L. BOLTON	700 MAIN ST.	
2 <i>Wendy L. Anderson</i>	WENDY L ANDERSON	19th + Main	
3 <i>Lynn Hebert</i>	LYNN HERBERT	DIEA ROAD	
4 <i>Chris Ankney</i>	Chris Ankney	40	
5 <i>Greg Jones</i>	Greg Jones	16th + State	
6 <i>Douglas B. Haik</i>	DOUGLAS B. HAICK	358 SECOND AVE	
7 <i>Joanne Woprey</i>	JOANNE WOPREY	501 3RD AVE.	
8 <i>Averill J. Harp</i>	AVERILL J HARP	351 3rd Ave	
9 <i>Philip Plack</i>	Phil Plack	10TH & BROADWAY CORNER	
10 <i>John Jenkins</i>	John Jenkins	8TH + State	

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1 <i>Rita Long-Prothero</i>	Rita I Long-Prothero	2000 20 th St Skagway, AK	
2 <i>Candace M. Cahill</i>	CANDACE M. CAHILL	3rd & Main, Sourdough #12	
3 <i>Gregory S. Clem</i>	Gregory S. Clem	543 12 th Skagway	
4 <i>Angela Grieser</i>	Angela Grieser	15 th + Broadway Skagway	
5 <i>Robert H Hunter</i>	ROBERT H HUNTER	750 BROADWAY SKAGWAY	
6 <i>Barbara D Klen</i>	Barbara D Klen	3 rd + State - Skagway	
7 <i>Colette Hisman</i>	Colette Hisman	20 th + Main Skagway	
8 <i>Matthew J. Brinkmann</i>	MATTHEW J. BRINKMANN	20 th + ALASKA ST SKAGWAY	
9 <i>Judith Munns</i>	JUDITH MUNNS	21 st + MAIN, SKAGWAY	
10 <i>Kristin Cyr</i>	KRISTIN CYR	14 th + State St.	

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AUTHORIZATION OF INCORPORATION

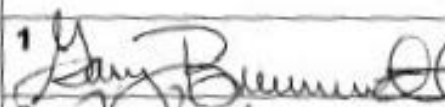
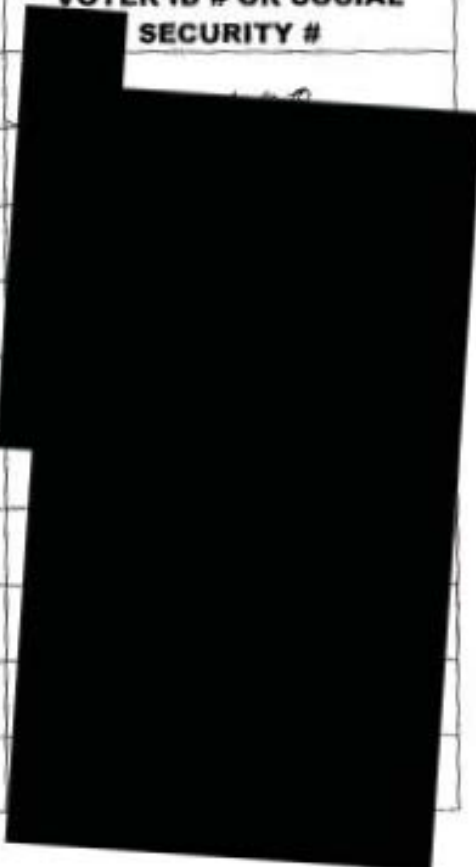
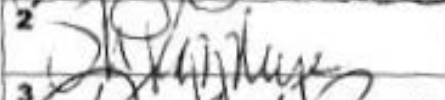
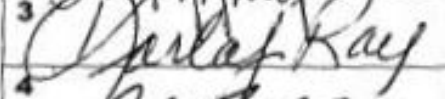
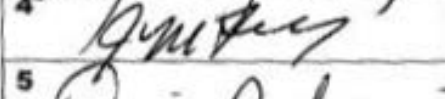
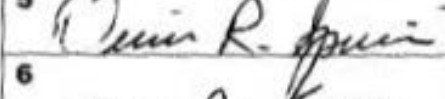
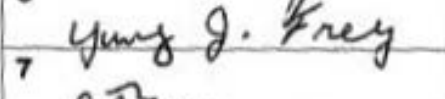

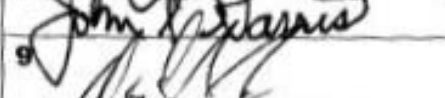

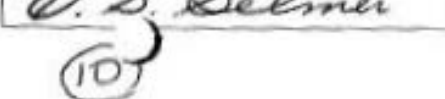
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1		GARY BRUMMETT	1175 MAIN SGY	
2		SUSAN J. RATTLE	567 10th St SKB	
3		Karla J. Ray	Mile 4 Dyca Rd Skg	
4		J.M. FREY	Box 206	
5		DENNIS R. SPURRIER	Box 284	
6		YUNG J. FREY	130x 206	
7		Grant Lawson	Box 333	
8		John F. Harris	Box 705 Skagway	
9		DAVID A. VOGEL	231 Main Street	
10		O.S. SELMER (STAN)	337 8th Ave.	

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1 <i>Bruce Schindler</i>	Bruce Schindler	10 th , State	
2 <i>Karl Klumpp</i>	KARL KLUMPP	355 4 th Ave	
3 <i>Christine Ellis</i>	Christine Ellis	20 th & State	
4 <i>Robert W. Ward Jr</i>	ROBERT W. WARD JR	E-FLOAT - SKAGWAY SMALL BOAT HARBOR	
5 <i>Bruce Weber</i>	Bruce Weber	5.9 mile Dyea Road	
6 <i>David M. Hartz</i>	David M. Hartz	3 mile Dyea R.L.	
7 <i>Diane Nore</i>	DIANE NORE	420 - 3 rd AVE	
8 <i>Janice C. Wrentmore</i>	JANICE C. WRENTMORE	4 th + Dyea Road	
9 <i>Casey L. McBride</i>	CASEY L. MCBRIDE	263 7 th	
10 <i>Martin Beckman</i>	MARTIN BECKMAN	302 9 th Ave	

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AUTHORIZATION OF INCORPORATION


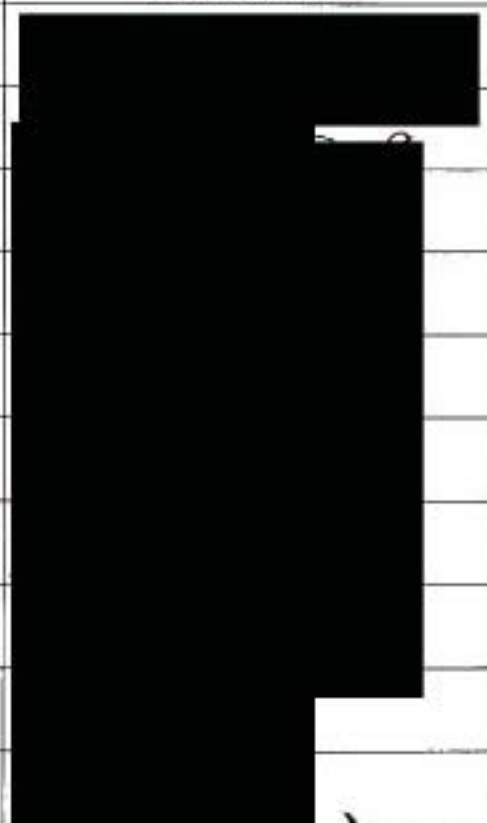

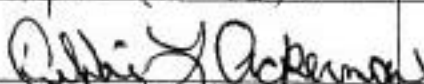
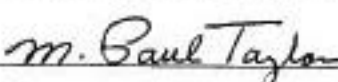
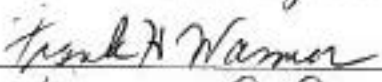
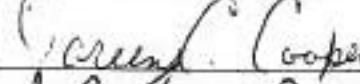
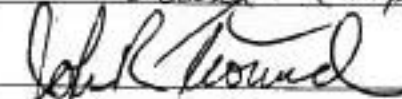
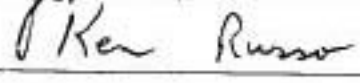
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1		John D. O'Daniel	545 3 rd Ave	
2		Keith D. Knorr	450 6 th Ave	
3		Debbie C. Ackerman	431 3 rd AVE	
4		M. PAUL TAYLOR	345 15 TH AVE & ALASKA	
5		FRANK H. WASMER	456 THIRD AVE	
6		Dorcen P. Cooper	Mile 3.7, Dyes Rd.	
7		JOHN R. TRONRUD	475 8TH AVE	
8		Ken Russo	3 Mile Dyes Road	
9				
10				

(8)