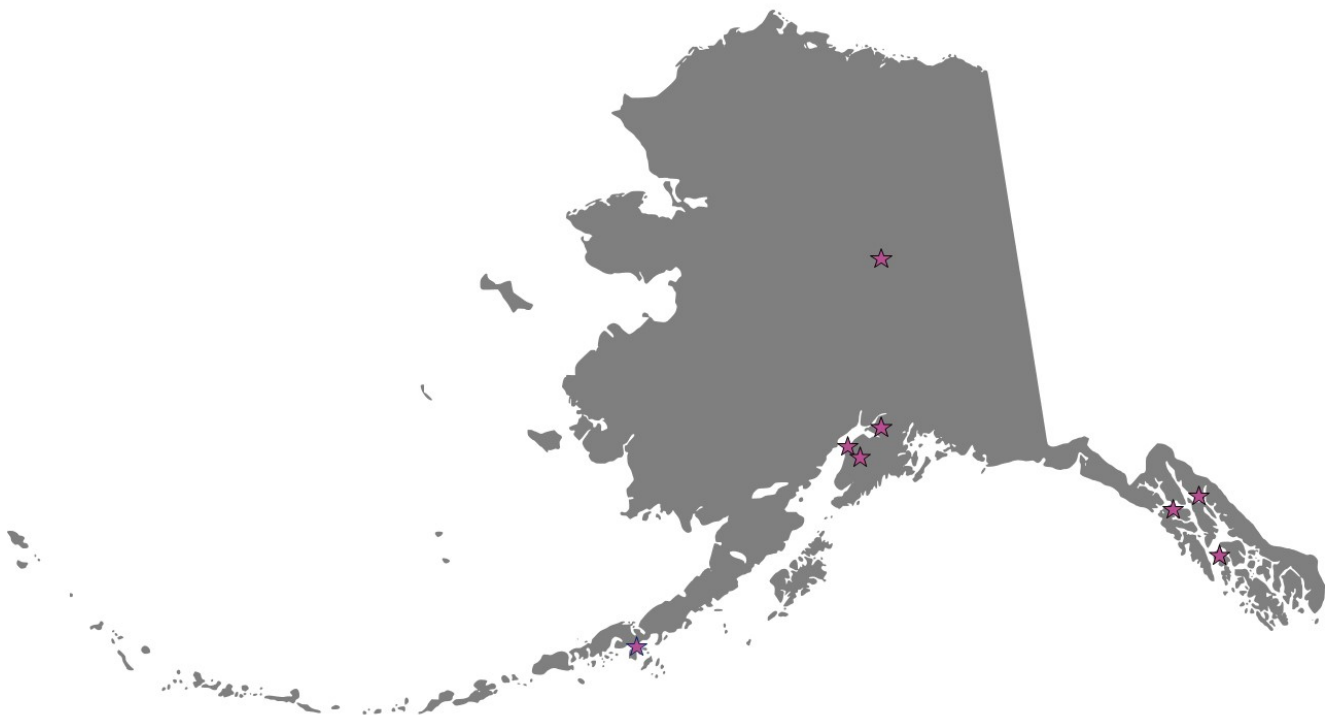


LOCAL BOUNDARY COMMISSION
2019 ANNUAL REPORT TO THE SECOND
SESSION OF THE THIRTY-FIRST ALASKA
STATE LEGISLATURE



Lamar Cotten, Chair

John Harrington, First Judicial District | Kenneth Gallahorn, Second Judicial District

Vacant, Third Judicial District | Lavell Wilson, Fourth Judicial District

Local Boundary Commission | Division of Community and Regional Affairs
Department of Commerce, Community, and Economic Development
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Graphic Illustration Only – The maps in this publication are intended to be used only as general reference guides. Source documents remain the official record.



LOCAL BOUNDARY COMMISSION

550 WEST 7TH AVENUE, SUITE 1640
ANCHORAGE, ALASKA 99501, 907-269-4559/4587, FAX: 907-269-4563

February 3, 2020

Members of the Alaska State Legislature,

On behalf of all members of the Local Boundary Commission, I am pleased to present this report of the commission to the Second Session of the Thirty-First Alaska State Legislature. This report reviews the powers and duties of the LBC and our activities during 2019. Since our last report in January 2019, the LBC met once on January 16. No municipal boundaries have changed in 2019.

This report presents information about the petitions received in 2019. It also contains details about many communities that expressed interest in pursuing boundary changes, including communities at various stages of preparing feasibility studies and drafting petitions. The report provides information about the research, analysis, and administrative work LBC staff performed for active petitions as well as for professionals and communities engaged in feasibility studies and drafting petitions. The commission also wishes to recognize the role the two-person staff played in providing information to the many Alaskans who contacted the staff with questions or interest in pursuing boundary changes in their own communities.

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

Cordially,

The Local Boundary Commission

Lamar Cotten
Chair

Lavell Wilson
Fourth Judicial District

John Harrington
First Judicial District

Kenneth Gallahorn
Second Judicial District

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CHAPTER 1: BACKGROUND

LOCAL BOUNDARY COMMISSION'S CONSTITUTIONAL FOUNDATION

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

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

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

LBC DUTIES AND FUNCTIONS

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

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

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

² *Id.*

LBC MEMBERSHIP

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

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

Members:



Lamar Cotten, Chair, At Large, Anchorage

Terms Ends: January 31, 2023



John Harrington, First Judicial District, Ketchikan

Term Ends: January 31, 2021



Kenneth Gallahorn, Second Judicial District, Kotzebue

Term Ends: January 31, 2024



Vacant, Third Judicial District, Anchorage



Lavell Wilson, Fourth Judicial District, Tok

Term Ends: January 31, 2020

³ AS 44.33.810

⁴ AS 39.05.060(b)

⁵ AS 39.20.180

CONSTITUTIONAL ORIGIN OF THE LOCAL GOVERNMENT AGENCY

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

LBC STAFF ROLE

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

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

- Answering public, legislative, and other governmental inquiries relating to municipal government issues;
- Facilitating the petition and/or local boundary change process from start to finish, including technical reviews, publishing public notifications, accepting public comments, and much more;
- In depth analysis of petitions submitted to the LBC;
- Writing reports on petitions for the LBC;
- Drafting LBC decisions;
- Traveling to communities to conduct public meetings and answer questions about proposed local boundary changes;
- Developing and updating incorporation or boundary change petition forms;
- Sending local boundary change petition forms and materials to interested persons and municipalities;
- Providing a link between the LBC and the public;

⁶ Article X, section 14

⁷ AS 44.33.020(a)(1) provides that Commerce "shall (1) advise and assist local governments."

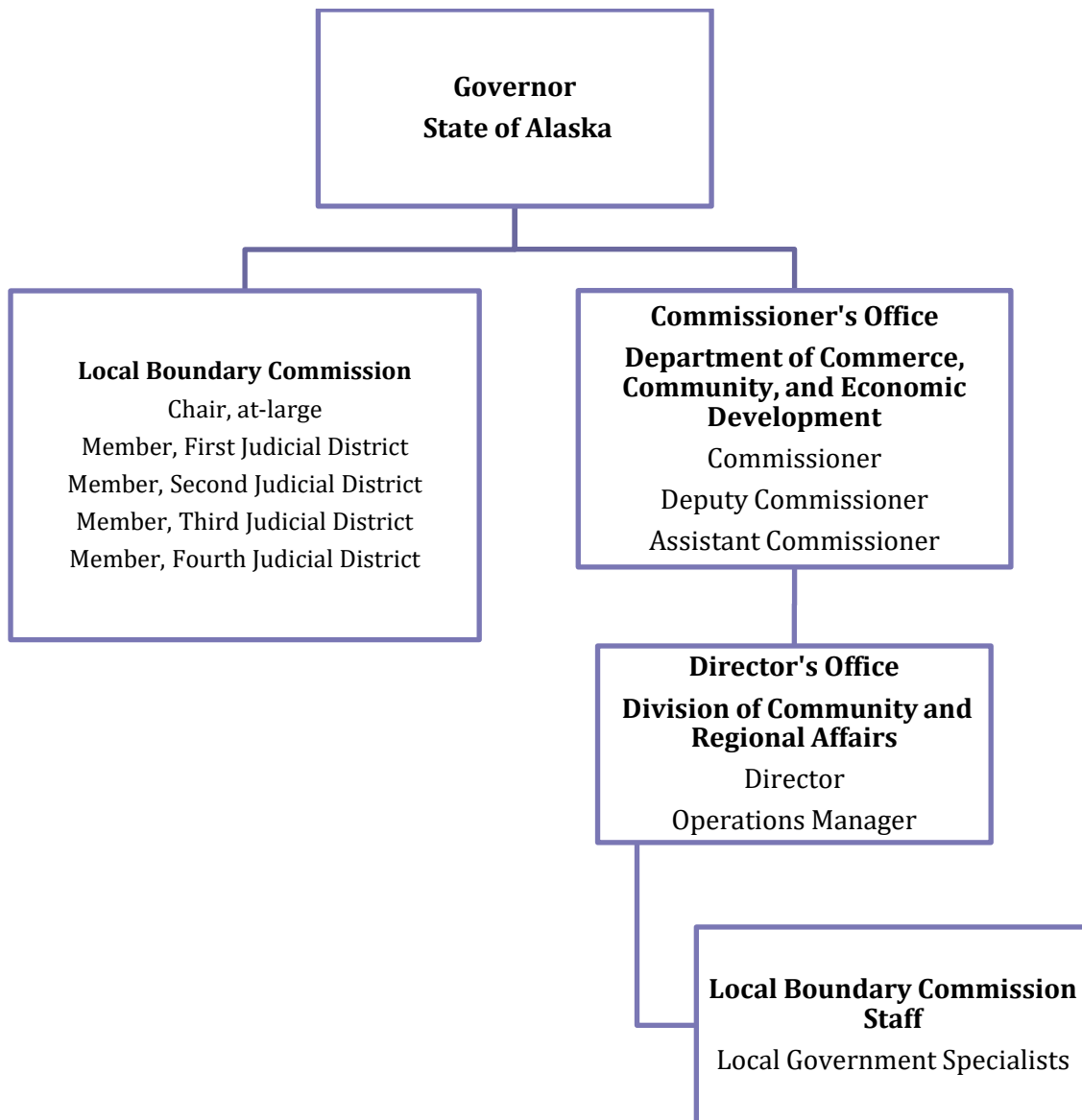
⁸ AS 44.33.020(a)(4) provides that Commerce "shall (4) serve as staff for the Local Boundary Commission."

⁹ AS 29.04.040, AS 29.05.080, AS 29.06.110, and AS 29.06.480 - 29.06.490; 3 AAC 110.530.

- Maintaining and preserving Alaska municipal incorporation and other boundary change records in accordance with Alaska’s public records laws;
- Coordinating, scheduling, and attending LBC public meetings and hearings; and
- Developing orientation materials and providing training for new LBC members.

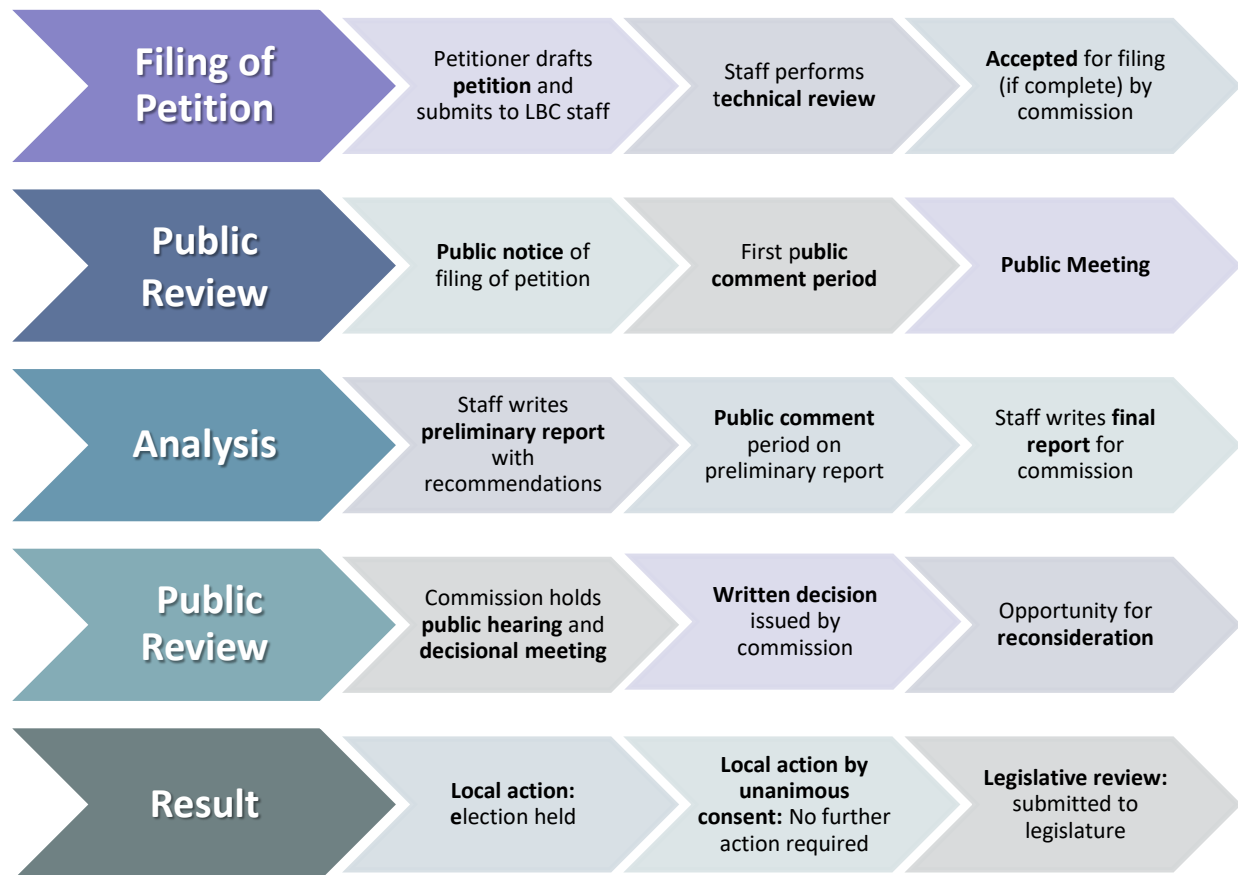
ORGANIZATIONAL CHART FOR LBC STAFF

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



LOCAL BOUNDARY COMMISSION PETITION PROCESS

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



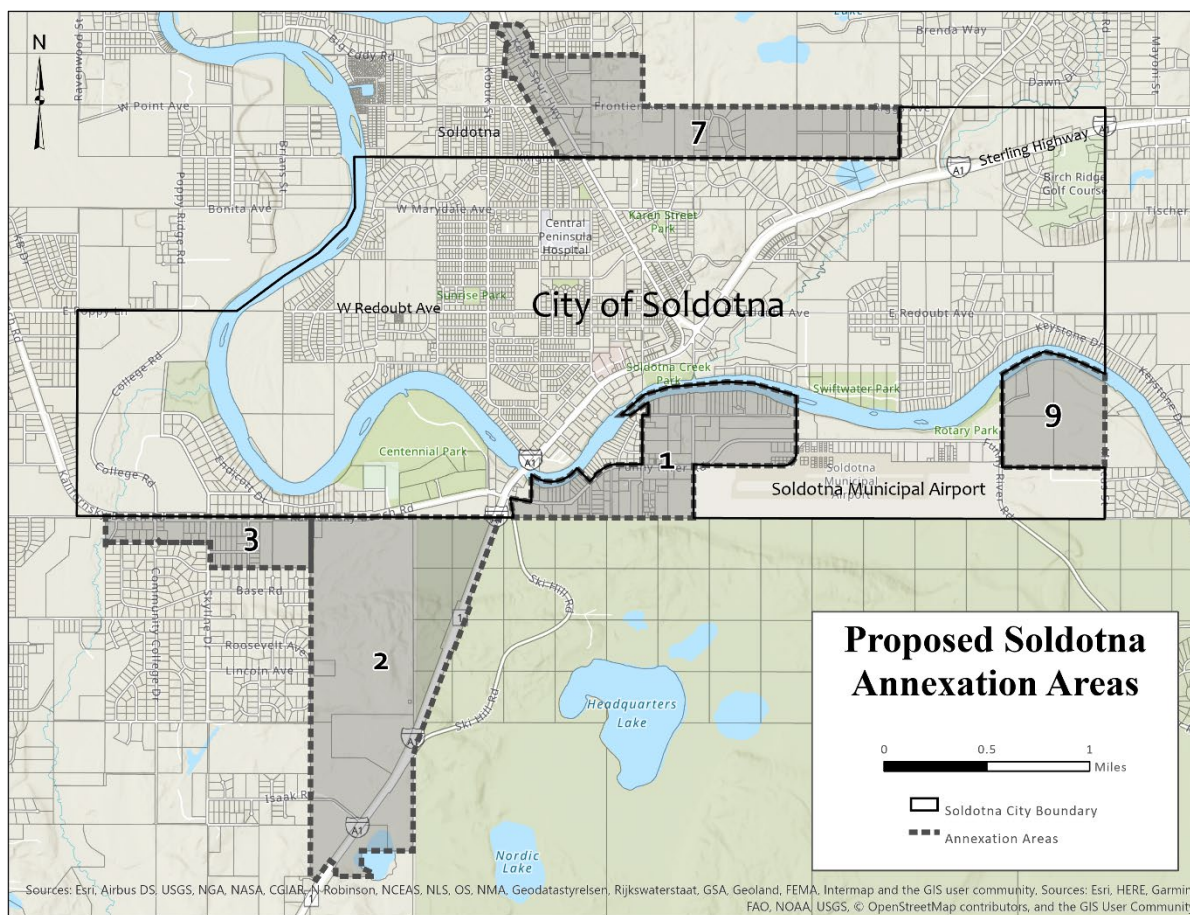
CHAPTER 2: LOCAL BOUNDARY CHANGES AND ACTIVITIES

SUBMITTED PETITIONS

This section discusses each petition that has formally been submitted and accepted for filing by the Local Boundary Commission staff. Petitions and other inquiries that have not reached this stage yet can be found in the next section of this report. All formally submitted reports and documents can be found on the LBC website:

<https://www.commerce.alaska.gov/web/dcra/LocalBoundaryCommission/CurrentandPastPetitions.aspx>.

CITY OF SOLDOTNA ANNEXATION PETITION



CREDIT: DCRA

On October 30, the City of Soldotna submitted an annexation petition for a formal technical review. According to city officials, the most recent annexation petition, which proposes to add 2.63 square miles from five separate territories adjacent to the current boundaries has

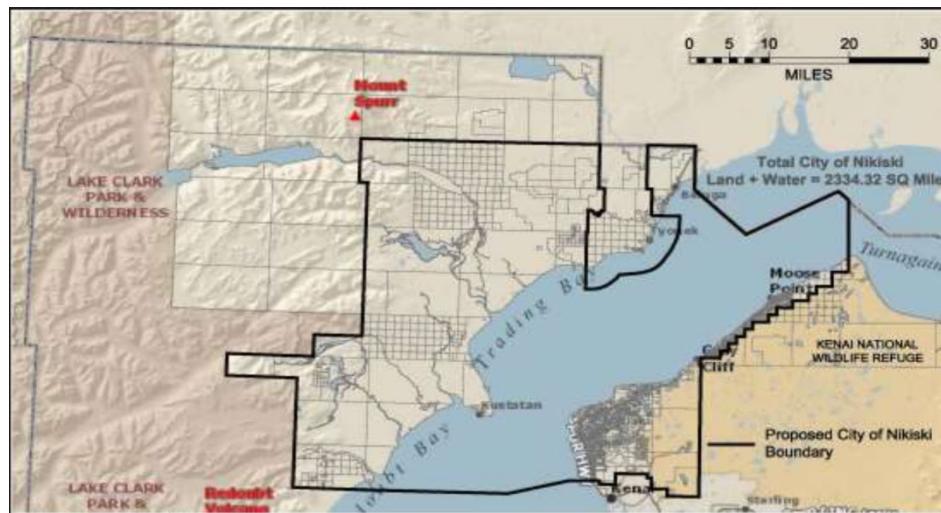
been a long time coming. The last boundary change was in 2007, when a 1.722-acre parcel was annexed via the unanimous consent method. Prior to that, the city annexed 1.45 square miles of land through a local action petition in 1993. However, since then the city and the central Kenai Peninsula area in general, has seen significant growth and development. Since 2000, the three census designated places immediately outside the city limits grew by 39 percent, while the city population grew by 15.5 percent.

Several new businesses and residential areas have developed immediately outside the current city boundary, which has a three percent sales tax levied by the borough. City officials argue that expanding the boundary will allow for better utility planning, road maintenance, and more equitable public safety coverage and emergency response, and that the bulk of the new revenue generated from expanded boundaries would come from sales tax, rather than property taxes. However, many business owners and residents say they do not want or need the services the city provides. The Kenai Peninsula Borough provides funding for educational services, which would largely go unaffected by the proposed boundary change.

The current petition effort first received attention in 2008, when the city council voted unanimously to annex 2.17 square miles of adjacent lands, only to be vetoed by the mayor. The council opted not to override that veto. In 2016, Soldotna reclassified from a first class city to a home rule city. Over the past 18 months, LBC staff, as well as staff in other sections and divisions within the Department of Commerce, Community, and Economic Development, have been extensively consulted in the drafting of the current petition.

LBC staff performed the technical review per 3 AAC 110.440, and accepted the petition on December 2, 2019. A public notice ran in the Peninsula Clarion on December 5, 13, and 21, kicking off a public comment period that will extend through February 24, 2020, to account for the holiday season. A schedule was approved by the LBC chair, and sent to the city along with the acceptance letter. The annexation is via legislative review and is for 2.61 square miles of lands adjacent to the city. The petition, schedule, and public notice are available on the LBC website.

NIKISKI CITY INCORPORATION, DRAFT AMENDED PETITION



CREDIT: DRAFT AMENDED PETITION

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

Through 2017, the petition followed the statutory and regulatory petition process including a public comment period, informational sessions, and an LBC staff preliminary report. The report was based on a review of public comments and briefs as well as an analysis of whether the petition met the standards set by regulations and statute. The report recommended that the LBC deny the Nikiski incorporation petition because the petition did not meet multiple standards for incorporation. Specifically, the report indicated the petition did not demonstrate a need for city government¹⁰ and it proposed to include large unpopulated areas¹¹ as well as distinct communities¹² within the boundaries.

A draft amended petition for home rule city incorporation of Nikiski was submitted to LBC staff for an informal technical review in October 2018.

¹⁰ 3 AAC 110.010

¹¹ 3 AAC 110.040(b)(2)

¹² 3 AAC 110.920

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

PETITIONS ALSO REVIEWED

CITY OF KAKE ANNEXATION



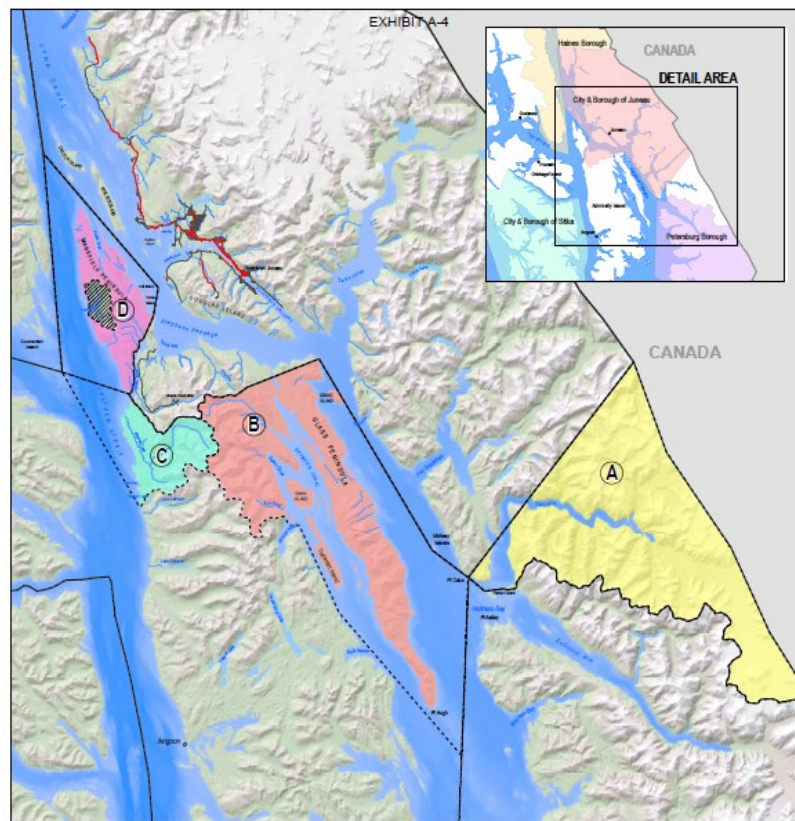
CREDIT: CITY OF KAKE

In 2018, the City of Kake submitted a draft petition for the incorporation of a single-community borough for informal technical review. Only a partial review was conducted, as several issues pertaining to petition completeness and accuracy were identified immediately. In response, the city decided to instead pursue an annexation. Later in the year, LBC staff met with Kake staff in Anchorage and discussed the annexation process, standards, timelines, and petition content.

The city submitted a petition in June 2019 for annexation of approximately 2,300 square miles. The City of Kake is a first class city with approximately 600 residents over 14 square miles on Kupreanof Island. Staff provided feedback in an informal technical review.

In November 2019, Kake submitted another version of their annexation petition for a second informal technical review. Staff found the petition had not changed significantly from their previous draft, did not adequately address many of the required standards, and failed to provide justification for such a large proposed annexation.

CITY AND BOROUGH OF JUNEAU ANNEXATION



CREDIT: CITY AND BOROUGH OF JUNEAU

The City and Borough of Juneau submitted a petition in 2011 for annexation in response to the borough incorporation petition from the then-City of Petersburg; the petition was postponed by the petitioner.

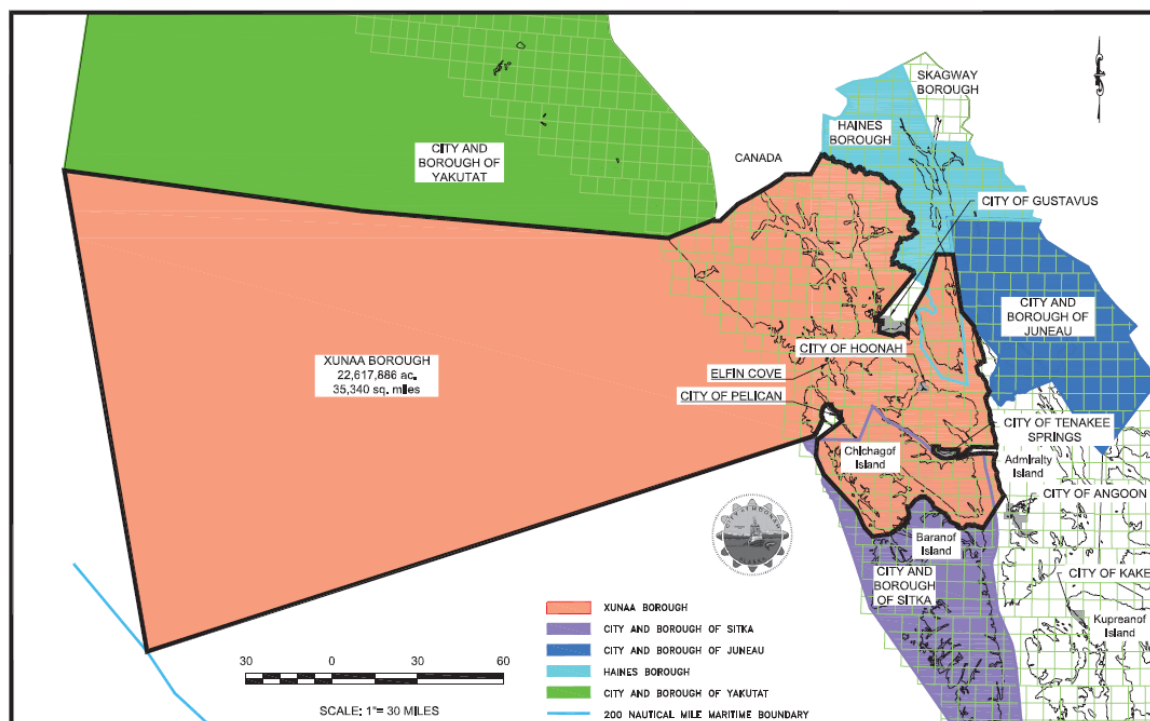
The area between the Juneau and Petersburg boroughs (Area A—see map above), which includes the Tracy Arm-Ford's Terror Wilderness Area, was included in this postponed 2011 annexation petition. The area was also included in the 2011 Petersburg Borough incorporation petition. In 2012, the LBC approved the Petersburg Borough incorporation

petition, but did not grant the Tracy Arm area to Petersburg. As a result, the area remains in the unorganized borough.

In 2018, the Juneau Assembly voted to direct its staff to prepare and submit a petition for annexation by legislative review. This annexation would include the area between Juneau and Petersburg, (Area A on the map on the previous page) as well as Funter Bay (Area D), Glass Peninsula, Pack Creek, Horse Island, and Colt Island (Area B), and a territory on the western side of Admiralty Island between Cube Cove and Hawk Inlet (Area C). Following opposition from the City of Angoon (the only community on Admiralty Island) and other residents of Admiralty Island and Juneau, the borough removed Funter Bay from the proposed territory for annexation.

In June 2019, the borough submitted their draft petition for an informal technical review. Staff responded with suggestions and corrections. In August, the City and Borough of Juneau submitted an annexation petition for a formal technical review to staff. Staff had 45 days to review the petition. The petition was for a legislative review annexation of 1,428 square miles. Staff found a few significant errors, and, with the concurrence of the LBC chair, returned the petition as deficient under 3 AAC 110.440 with an accompanying letter that included instructions on meeting the regulations in question. The borough will not need to resubmit the entire petition if they wish to have their petition considered again. If resubmitted, regulation allows a 30-day review for staff.

XUNAA (HOONAH) BOROUGH



CREDIT: CITY OF HOONAH

In October, LBC staff performed an informal technical review for a proposed Xunaa (pronounced hoo-NAH) Borough petition submitted by the City of Hoonah. Hoonah is a first class city of approximately 789 residents on Chichagof Island. It was incorporated in 1946 and the current boundaries are just short of nine square miles. The proposed Xunaa Borough would include approximately 35,000 square miles of land and water.

The draft petition was put forward by the City of Hoonah after discussion with neighboring communities on Chichagof Island and proposes to annex parts of the Gulf of Alaska extending beyond the 3-mile offshore limit of state waters—to the 200-mile international water limit.

The draft petition's boundaries included the community of Elfin Cove, parts of Excursion Inlet (currently in the Haines Borough), Funter Bay, and portions of Glacier Bay, but excluded the City of Gustavus. The proposed boundaries also excluded the cities of Pelican and Tenakee Springs, both of which are on Chichagof Island, but they did include part of area on Chichagof Island that is currently part of the City and Borough of Sitka. In addition, the proposed boundaries included some area that overlaps with the area sought for annexation by the City and Borough of Juneau.

Though merely a draft, the proposal attracted a great deal of concern and attention from the communities affected. Staff reviewed the draft petition, and sent suggestions and concerns back to the city. Staff noted in particular the concerns with the water boundary and suggested additional consultation with other communities. Staff also fielded calls from many communities and the media relating to this draft petition.

INTEREST EXPRESSED IN BOUNDARY CHANGES

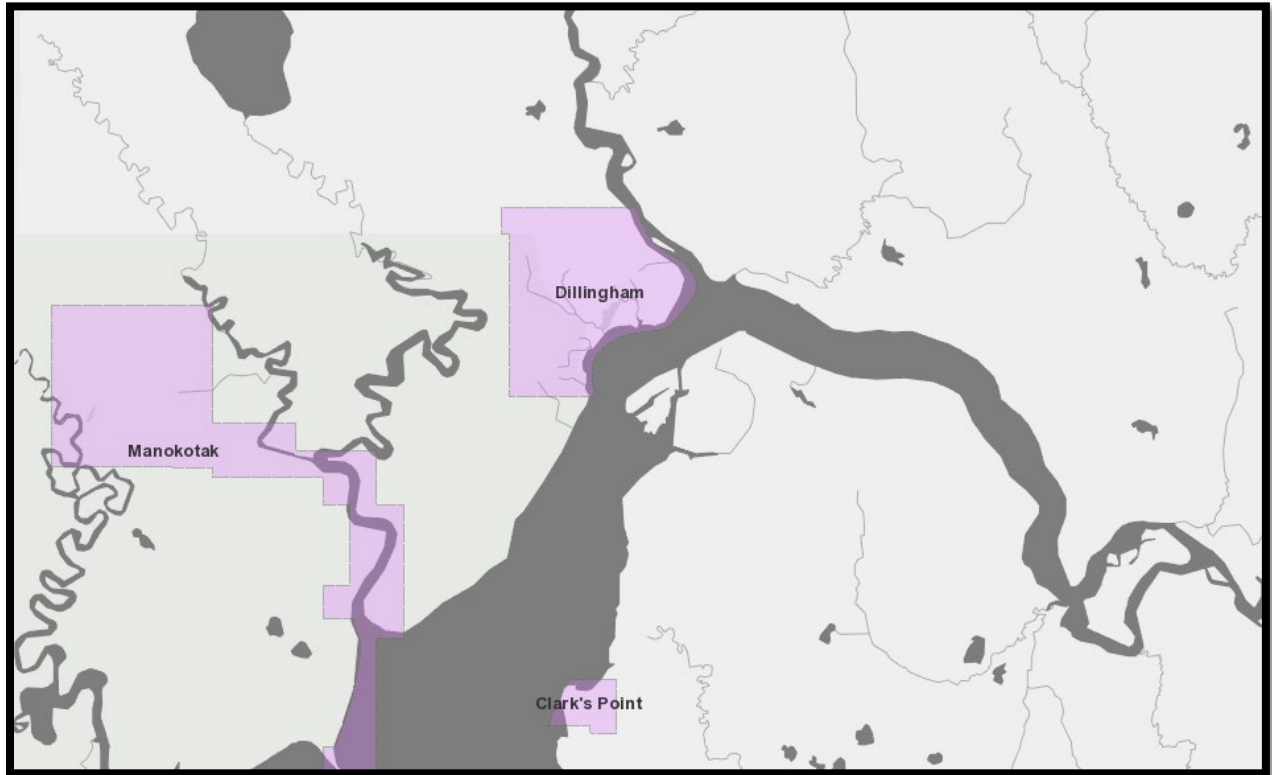
Representatives, staff, or residents of the following communities have reached out to LBC staff in 2019 seeking information on boundary changes, but did not necessarily indicate whether petitions are actually in progress. In many cases, residents or city officials were simply seeking information. Others were actively planning and preparing proposals to submit to the LBC, though they may be only in the early stages of the process and petitions are not anticipated to be filed soon.

CITY OF ANGOON



LBC staff was contacted by the mayor of Angoon with questions regarding the annexation process. Angoon is a second class city of approximately 400 residents on Admiralty Island. The city is interested in annexing additional territory, primarily water. Staff provided the annexation flow chart and information packet. The mayor asked whether the city needed to form an annexation committee. Staff indicated that this is a possibility, but is not required.

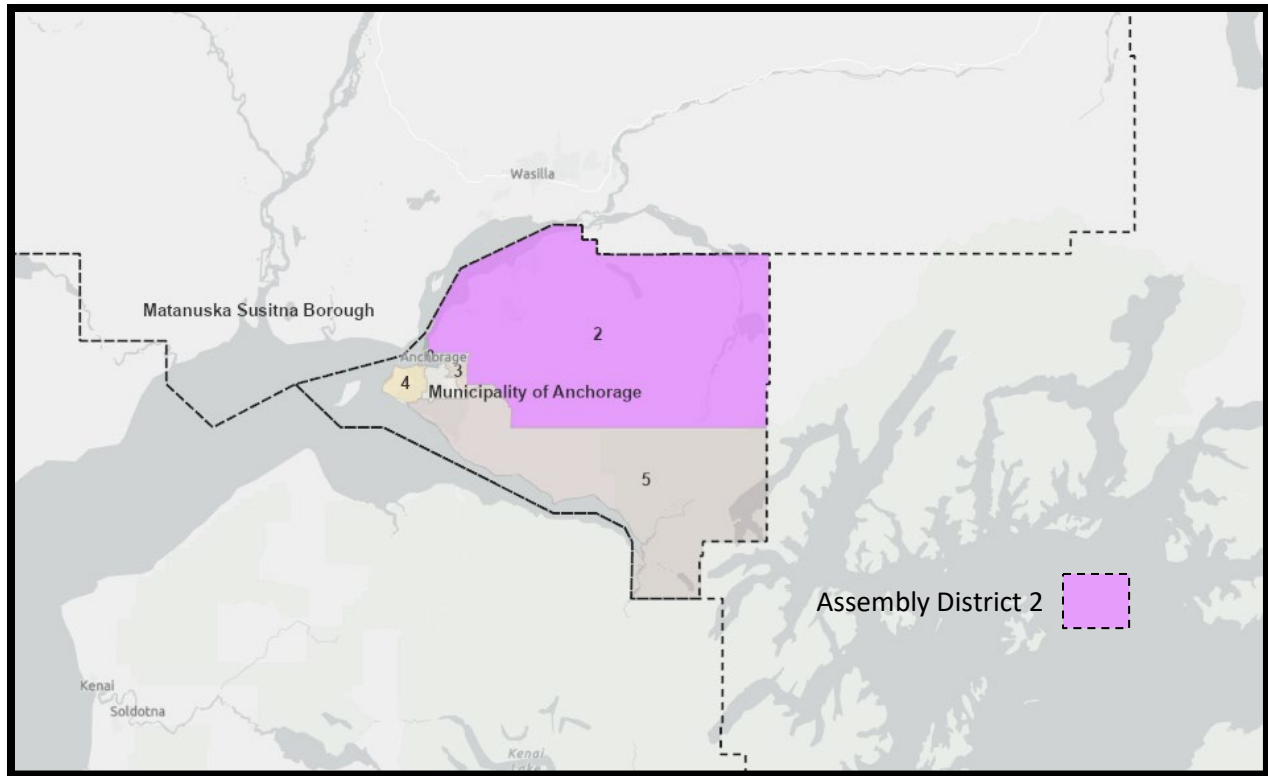
CITY OF DILLINGHAM



The City of Dillingham contacted the Division of Community and Regional Affairs Local Government Assistance (LGA) program because the community was exploring ways to reduce expenses and was struggling to identify sufficient revenue as they anticipate a loss of state financial support. LGA staff worked with LBC staff to discuss options, including dissolution or reclassification. Both options would absolve the city of the requirement to provide for their own local schools—which makes meeting the standards for either boundary change less likely. LBC staff provided information about both dissolution and reclassification over the phone, and followed up with documents regarding past dissolutions, and links to information about reclassification.

EAGLE RIVER

A group of residents from the Eagle River and Chugiak area in the Municipality of Anchorage have held several public meetings to discuss a plan to detach and form a new unified municipality. The proposal, identified by the organizers as Eaglexit after the movement in the United Kingdom, Brexit, seeks to detach District 2 of the Municipality of Anchorage Assembly. The proposed boundaries would include everything north of Muldoon, including Tikahtnu Commons, Joint Base Elmendorf-Richardson (JBER), Eagle River, Chugiak, Peters Creek, Eklutna, up to the Matanuska-Susitna Borough line. Assembly District 2 is approximately 900 square miles of the Municipality of Anchorage which is approximately 1,940 square miles (see map).



LBC staff has provided the group with historical and other relevant information. The Eaglexit group is raising money for a new feasibility study. In December 2019, staff sent the group a blank petition form to detach from a borough and incorporate a new borough. LBC staff will continue to provide technical assistance upon request.

ADDITIONAL BACKGROUND

In 1974, the Alaska Legislature authorized residents in the Chugiak-Eagle River area to vote on a ballot measure to detach from what was then the Greater Anchorage Area Borough and create a separate borough. Chugiak-Eagle River area voters approved the proposition, and the Chugiak-Eagle River Borough formed on September 12, 1974. The second class borough existed from September 1974 until April 15, 1975, when the Alaska Supreme Court ruled that the law (Chapter 145 SLA 1974) was unconstitutional.

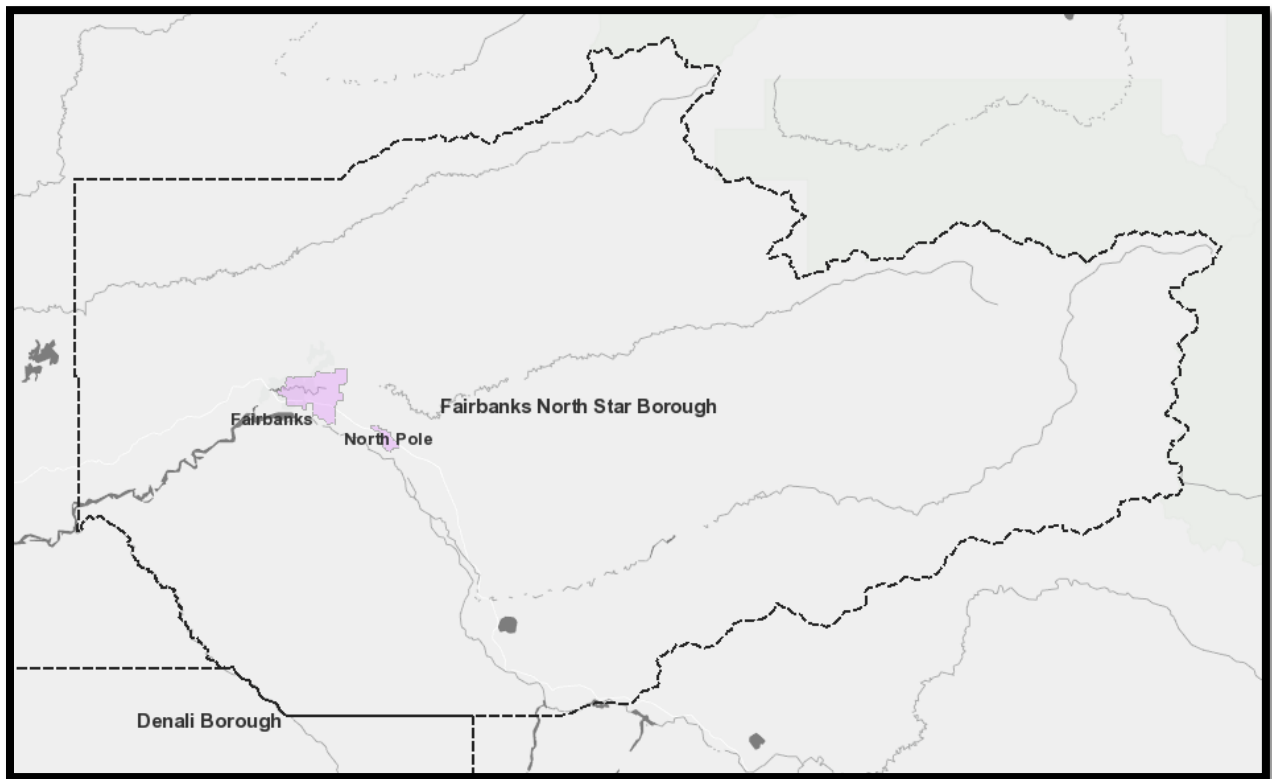
Consequently, the Chugiak-Eagle River area was automatically reabsorbed into the Greater Anchorage Area Borough, which was then in the process of becoming a unified home rule borough. After the Supreme Court decision in September 1975, voters of the Chugiak-Eagle River area petitioned the LBC for the creation of a new borough. The LBC rejected the proposal in December 1975. The LBC's decision was upheld following an appeal to the Superior Court.

In 2006, the Alaska Legislature appropriated \$87,500 to study the detachment of the Eagle River/Chugiak area from the Municipality of Anchorage and formation of a new borough. In March of 2007, Northern Economics Inc., published a 100-page study concluding that due

to a greater property tax base in the remnant Anchorage area compared to the prospective Eagle River-Chugiak Borough, forming a borough would decrease the available level of funding for schools in the Eagle River-Chugiak area by as much as \$10.8 million annually and necessitate increasing property taxes by as much as 18 percent to maintain other current service levels.

The Legislature then appropriated an additional \$139,000 to evaluate and recommend various alternatives and scenarios for the governmental structure of the separated region; to evaluate and recommend allocation of various assets currently shared by the Municipality of Anchorage and the area being considered for separation; and for other studies determined to be necessary to fully evaluate the alternatives. However, that appropriation was vetoed by the governor. If the LBC were to approve a future Eagle River-Chugiak detachment and incorporation proposal, it would be subject to approval by the voters in the proposed detached area, or tacit approval by the Alaska Legislature.

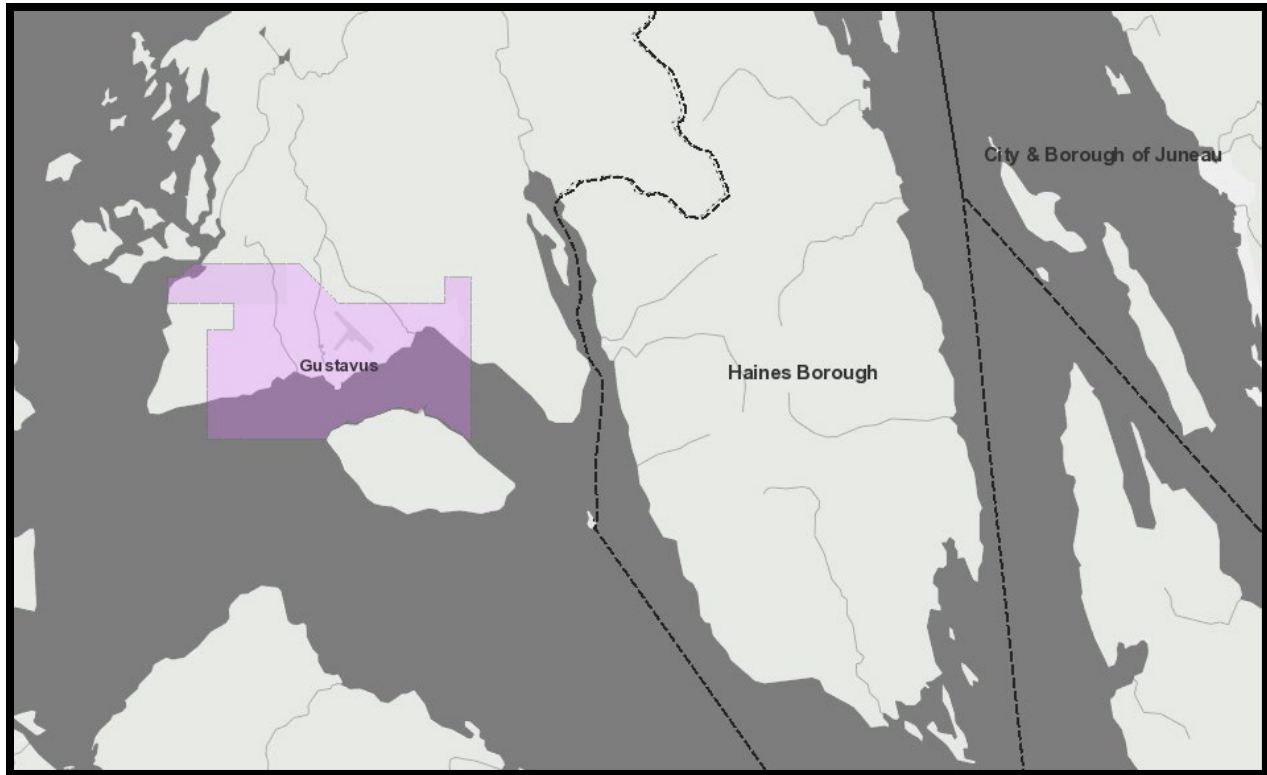
FAIRBANKS NORTH STAR BOROUGH



The Fairbanks North Star Borough (FNSB) mayor contacted LBC staff to discuss the possibility of submitting a petition for legislative review that would annex FNSB land to the City of Fairbanks. The proposed annexation would include two parcels: the landfill and the Tanana Lakes Recreation Area. Both parcels are owned by the borough, contain few or no residents, and are adjacent to existing administrative boundaries shared with the city. The parcels would be annexed to the city so that they could be eligible to receive the full suite of

eligible services, most notably police and fire protection. The mayor expressed concern that the borough landfill parcel, which contains approximately \$20 million in assets, is currently protected only through an informal agreement. LBC staff sent the mayor and staff a blank petition form, along with a timeline for deadlines, requisite public comment periods, and other relevant information.

CITY OF GUSTAVUS



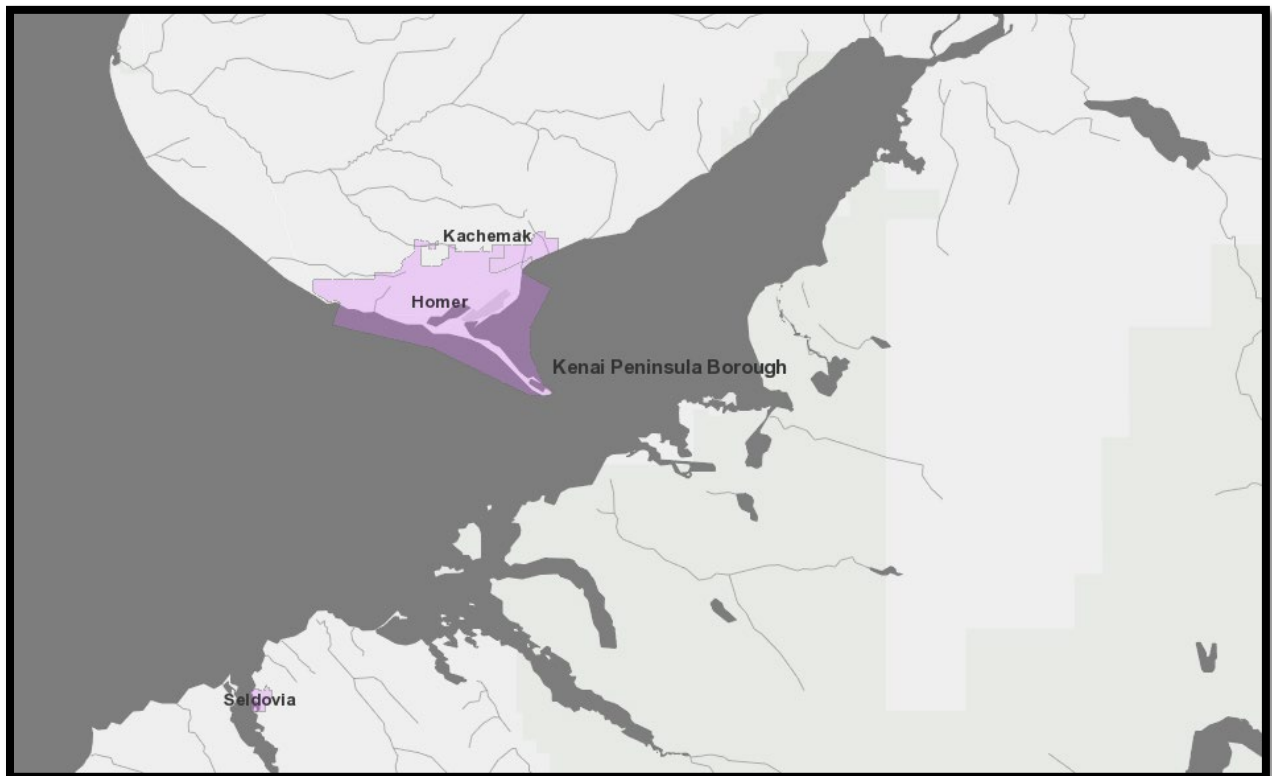
In 2019, the City of Gustavus expressed interest in both borough formation and city reclassification. The city incorporated in 2004 as a second class city, and annexed additional territory in 2012. The city is part of the Chatham REAA. In September, LBC staff telephonically attended a Gustavus Town Hall Meeting at the request of the city administrator. The meeting was hosted by members of the City of Gustavus staff and council and Gustavus community members, and Senator Jesse Kiehl attended telephonically as well. The city administrator provided a presentation on the differences between cities, boroughs, and classes of cities and boroughs. Several questions were asked of LBC staff regarding standards for borough incorporation and first class city incorporation, operation of a first class city outside of a borough, writing a home rule city charter, and more.

Follow-up information was provided via email, including a document indicating the differences between boroughs, documents regarding the Skagway and Yakutat borough incorporation, and documents regarding the model borough boundaries.

The community of Gustavus has also expressed interested in the possibility of reclassification, primarily to increase local control over their school district and because they are concerned about a Hoonah Borough forming around them. However, the room did not appear to universally support reclassification or borough formation.

Staff provided information to the city about the standards for both reclassification and borough formation. Both have statewide implications because both would remove Gustavus from the Chatham REAA and create an additional school district. Gustavus will contact LBC staff if further assistance is needed.

CITY OF KACHEMAK

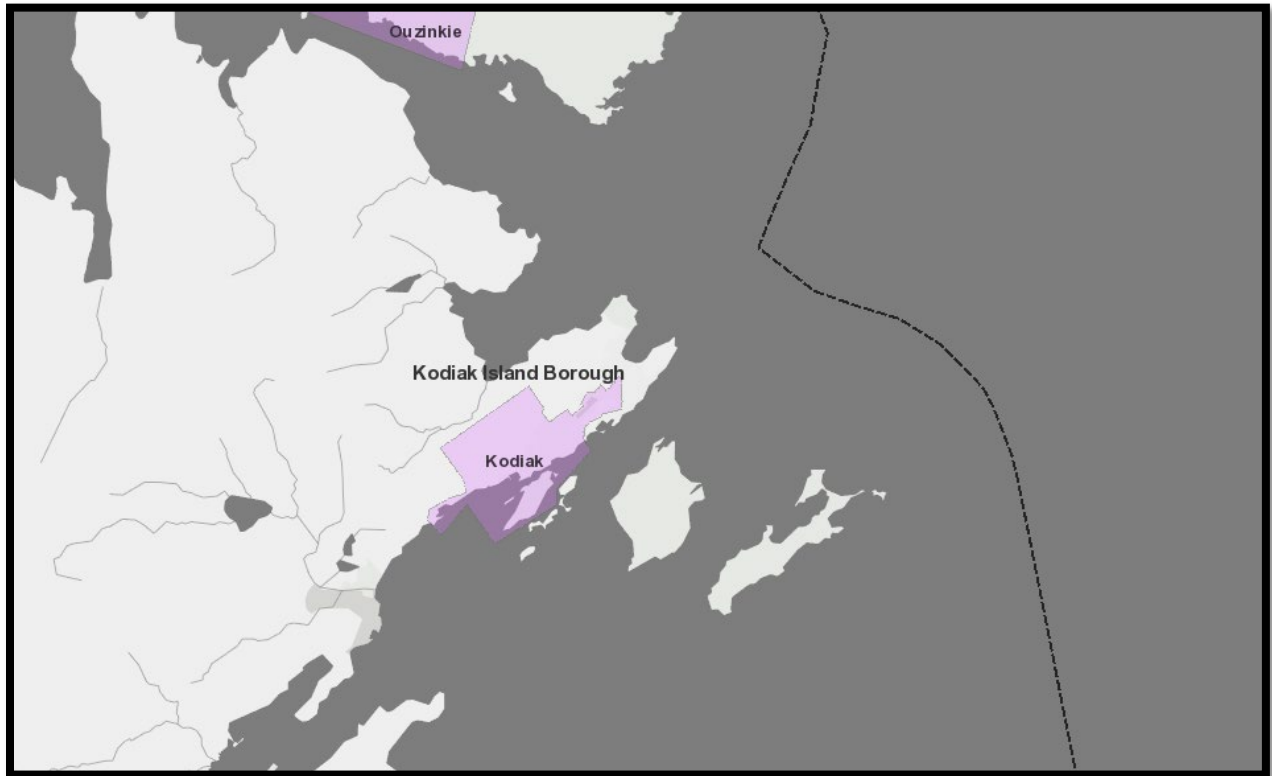


The City of Kachemak contacted the LBC staff with concerns that the adjacent City of Homer could attempt to annex Kachemak. LBC staff provided information about the annexation process, and pointed out that an annexation of this type is not possible without an accompanying boundary change action such as a detachment. Staff also provided information on the consolidation and merger processes. In each case, an extensive review would be undertaken, and the standards for each action would have to be met in order for the LBC to approve such an action.

Additionally, the clerk had questions pertaining to the processes of a merger or consolidation, specifically regarding voting. LBC staff clarified that any merger or consolidation that was attempted through the local action process (as opposed to the legislative review process) would require approval of a majority of voters of the single

proposed entity. However, at the petition stage, petitioners would have to obtain signatures from 25 percent of the number of individuals who voted in the last election from each municipality. Staff also emphasized the many other steps required in the process and noted that, to date, no cities have ever merged or consolidated in Alaska.

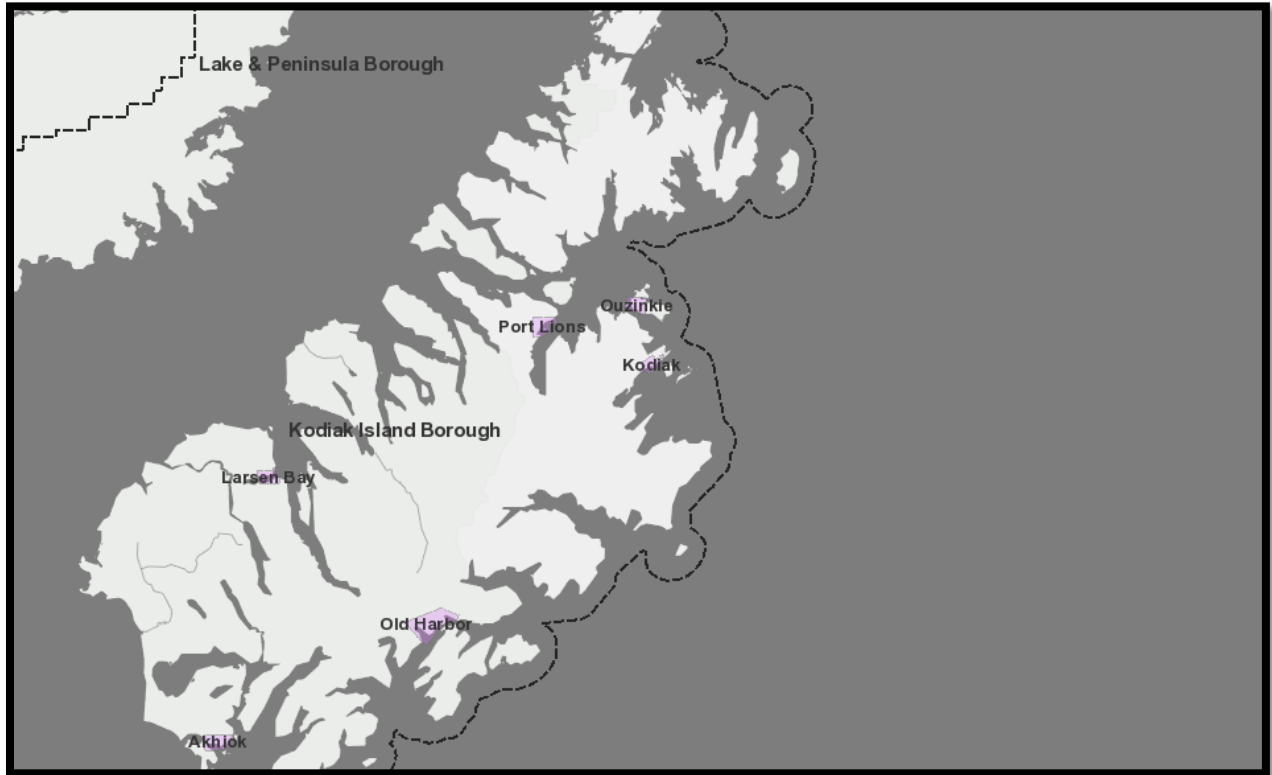
CITY OF KODIAK



LBC staff met with officials from the City of Kodiak to discuss the LBC process for annexation. LBC staff answered questions about the differences between legislative review, and local action, including local action by unanimous consent and of municipally owned property.

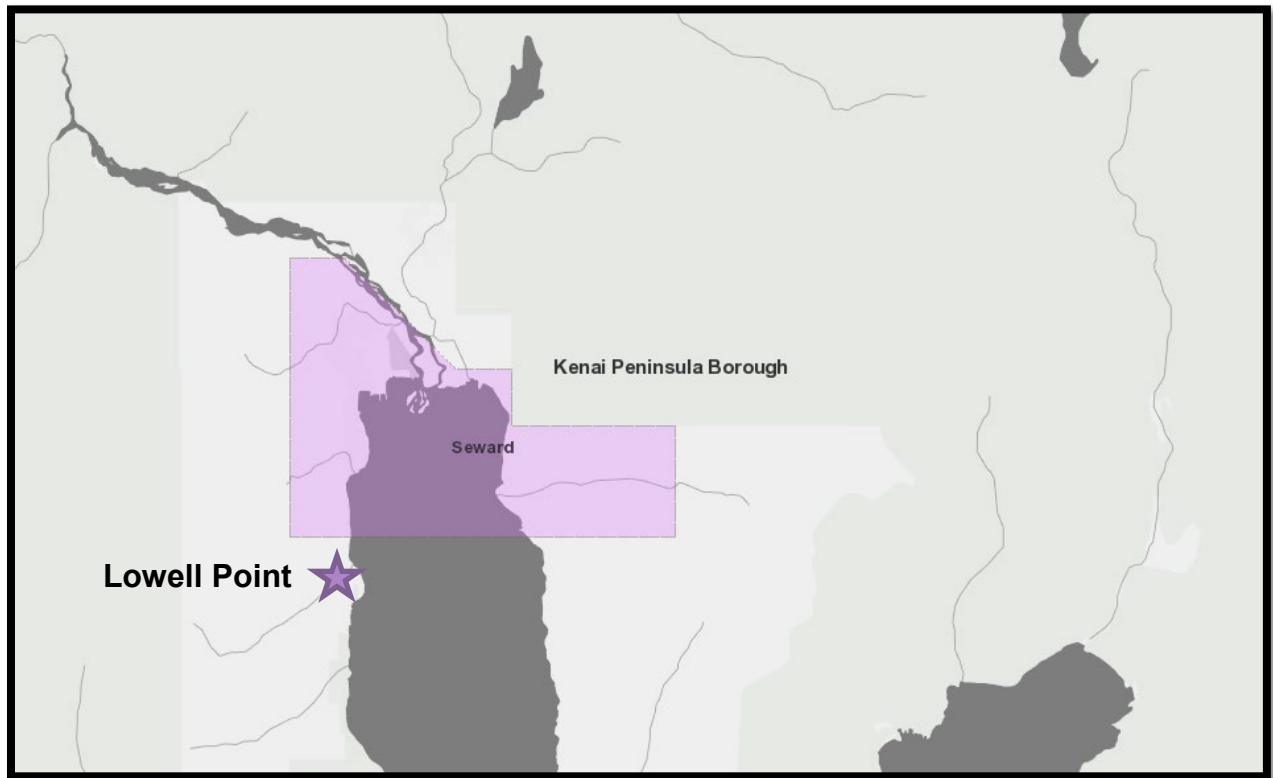
Kodiak officials shared with LBC staff two maps of areas proposed for annexation including lands south of town primarily held by the U.S. Coast Guard land, and territory north of town. LBC staff provided information on the potential timeline for such a petition and encouraged the city not to rush to get annexation questions on a specific ballot. LBC staff provided petition materials to the deputy city manager and will answer any questions during the process.

KODIAK ISLAND BOROUGH



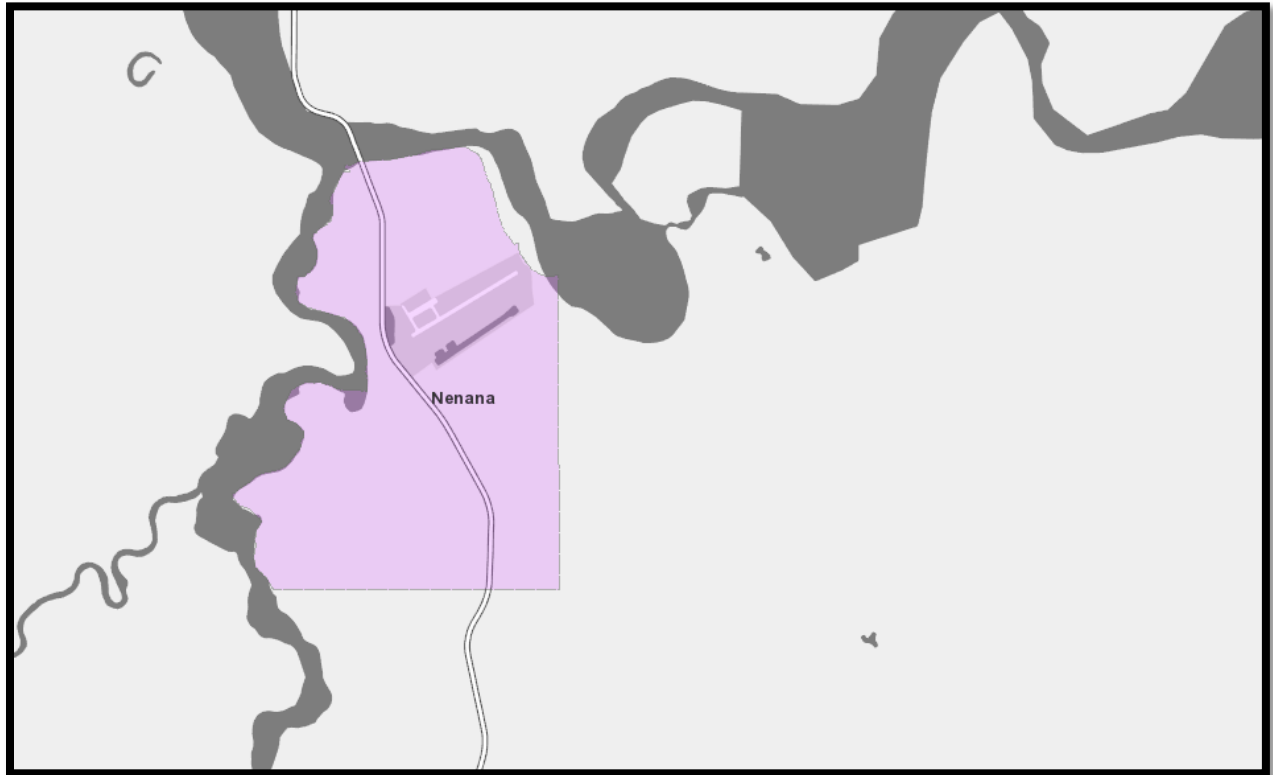
An official from the Kodiak Island Borough asked for a petition form for consolidation. Staff provided both the information packet on mergers and consolidation and a blank petition form for a municipality seeking consolidation. Staff traveled to Kodiak in May of 2018 to give a presentation on the subject, at the expense of both the city and the borough. Staff believes the Kodiak Island Borough is still pursuing consolidation.

LOWELL POINT



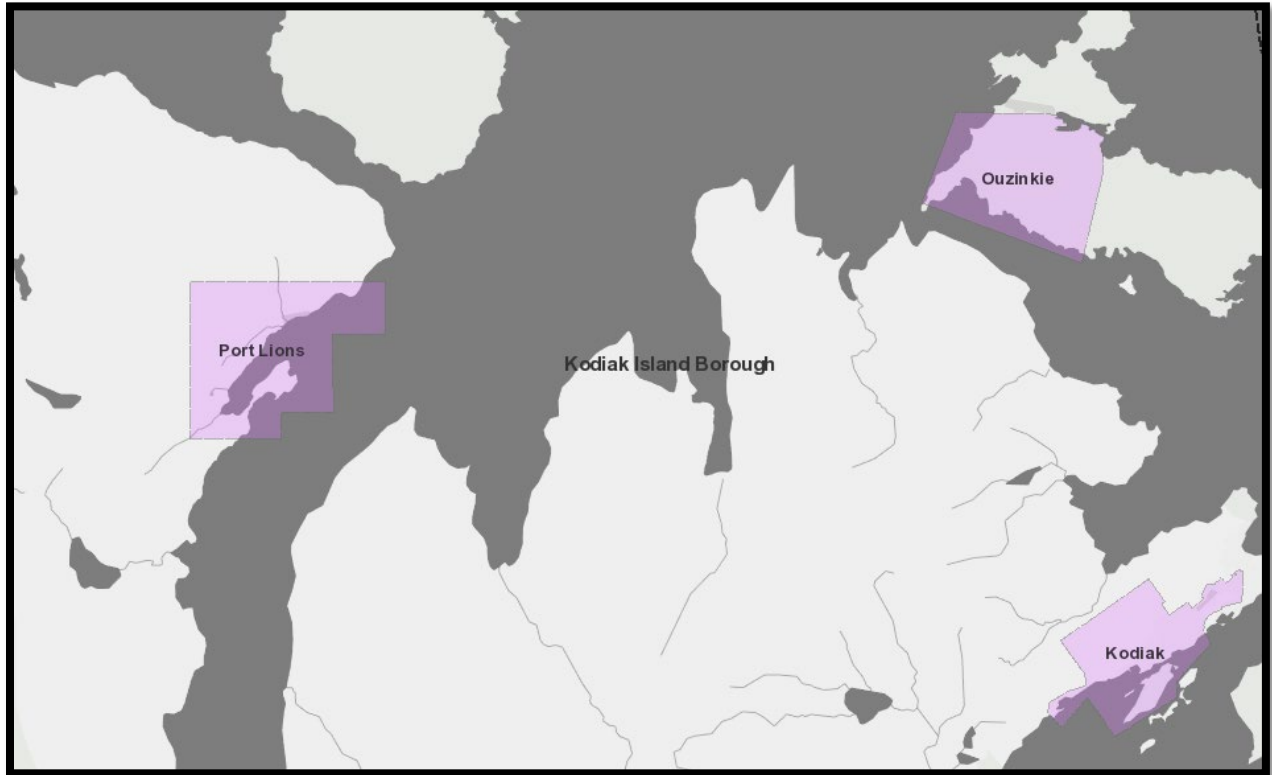
LBC staff was contacted by a resident of Lowell Point, a community south of the City of Seward, who is interested in increasing the residents' voice in Seward politics and decision-making. Staff provided information about annexation, but the resident was interested in other options as well. Staff let the resident know that voting privileges are unlikely to be extended to non-residents by the City of Seward without annexation. Staff also provided answers to issues regarding the transition and extension of city services and regulation if the city were to annex the territory.

CITY OF NENANA



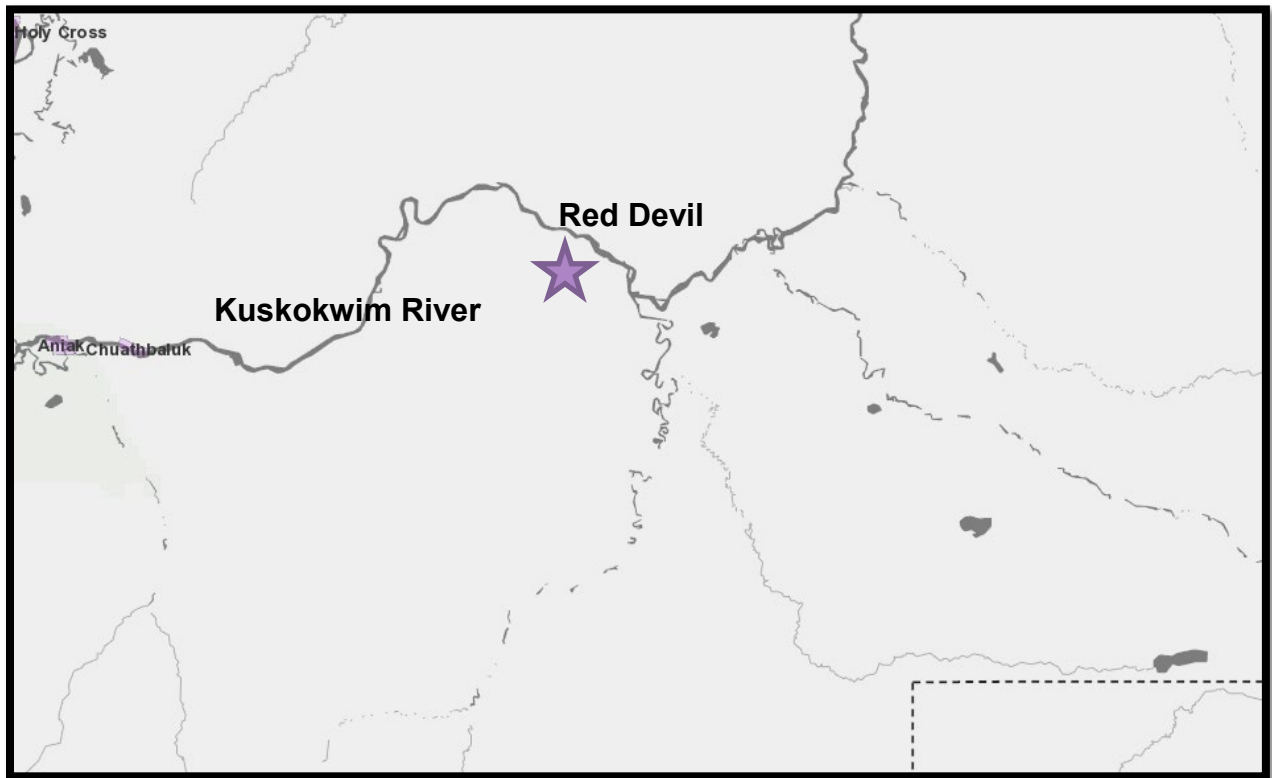
A resident of the City of Nenana inquired about how to dissolve the city government. Nenana is a home rule city of approximately 372 residents located in the unorganized borough. LBC staff sent the resident the dissolution information packet and provided information on the petition process. Staff also recommended the resident look, in particular, at the standards for dissolution before proceeding. Staff will be available to provide additional assistance upon request.

CITY OF PORT LIONS



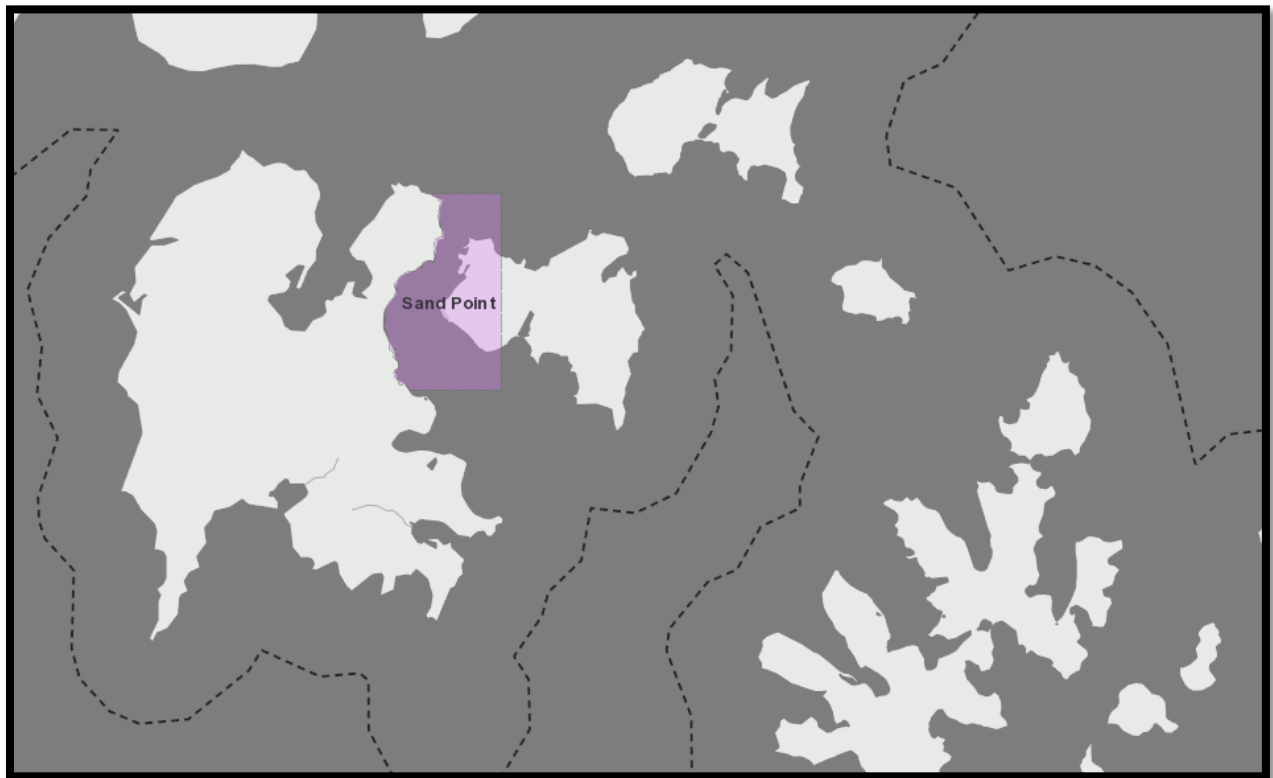
LBC staff was contacted by LGA staff for the community of Port Lions. The City of Port Lions is a second class city in the Kodiak Island Borough with approximately 175 residents. The city was in the process of applying for a gaming permit and was required to address where net proceeds would go if the city were to dissolve. The city was interested in what information the LBC would require for dissolution. Staff explained that such an issue would need to be addressed in the petition, and specifically in the transition plan. The LBC has no specific requirements for gaming permits and the proceeds, but transition plans do require that all assets and liabilities be addressed sufficiently.

RED DEVIL



LBC staff was contacted by a DCRA staff member based in Bethel with questions regarding the community of Red Devil. Red Devil, named for the Red Devil Mine, is a community of approximately 16 residents on the Kuskokwim River, 75 air miles northeast of Aniak, and 161 miles northeast of Bethel. The community contacted DCRA staff and indicated that they would like to "get an active council going" again. Red Devil has never been an incorporated municipality in Alaska, and staff was not able to find any evidence of a community association of any kind. The community is interested in receiving Payment in Lieu of Taxes (PILT) and Community Assistance Program (CAP) payments, but staff advised them that they would need to be incorporated as a municipality to receive PILT, and as a community association or tribal council for CAP. In order to become a city, the community must have 25 residents to sign a petition. DCRA staff in Bethel will work with the community if they choose to pursue organization of any kind.

CITY OF SAND POINT



LBC staff met with the administrator for the City of Sand Point to discuss the boundary change petition procedures. Sand Point is a first class city in Aleutians East Borough with approximately 915 people. The City of Sand Point submitted an annexation petition in 2016 for approximately 245 square miles, but for various reasons the petition was withdrawn before the Local Boundary Commission public hearing. Recently, the Sand Point City Council has revived the idea, but instead envisions the proposed boundaries will coincide more closely with commercial fishing districts. Staff discussed the timeline for a potential legislative review petition and provided information on the annexation process generally.

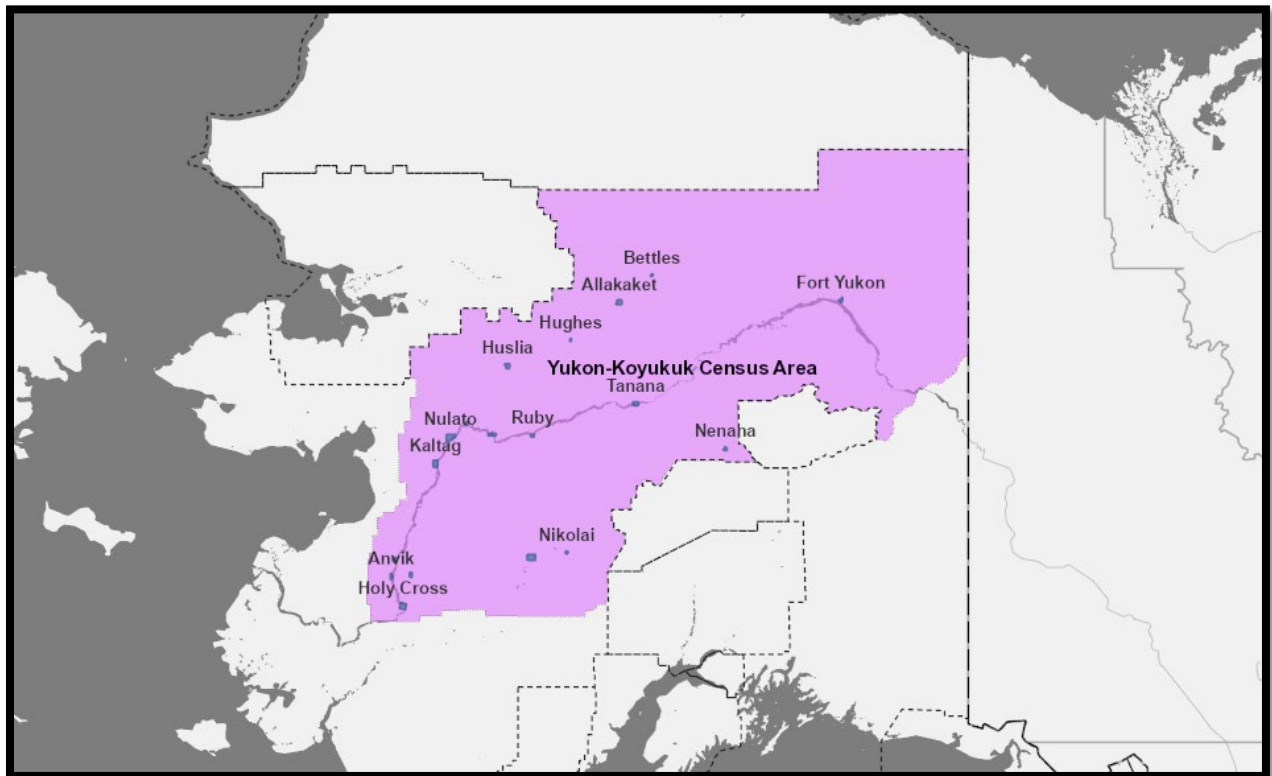
VOZNESENKA VILLAGE



LBC and other DCRA staff met with a representative from Voznesenka Village’s non-profit community association to discuss the incorporation process. Voznesenka is a Russian Old Believer village of approximately 400 residents—it is not a Census Designated Place or a native village and so no official population count is available. It is located in the Kenai Peninsula Borough on the west side of Kachemak Bay, north of the cities of Homer and Kachemak.

Research and Analysis DCRA staff provided information on conducting an official head count to determine the population, which would be necessary for an incorporation petition. LBC staff discussed the process to become a city, and provided some context for what their community might expect if they choose to pursue incorporation. The resident was interested in why other communities had chosen to incorporate and what obstacles they had faced. Staff provided her with more information, including a blank petition form for incorporation of a second class city by local action inside an organized borough. DCRA LGA staff traveled to Voznesenka in April of 2019 and gave a presentation on utility issues that included a discussion of the differences between city classifications.

YUKON-KOYUKUK CENSUS AREA



LBC staff was contacted by a community member from the Yukon-Koyukuk Census area interested in learning whether borough incorporation might help his community with some issues they are facing. He reported decreased funding for maintenance of the Dalton Highway, support for individuals wishing to build lodges and other businesses, and conflicts between communities and peoples as important issues. Staff mailed the community member the borough incorporation information packet and information on recent Yukon-Koyukuk borough feasibility studies. Staff will be available to provide further information and assistance upon request.

CHAPTER 3: ADDITIONAL 2019 ACTIVITIES

ACTIVITIES OF THE BOARD AND STAFF

The Local Boundary Commission held only one meeting in 2019, on January 16. At this meeting, the commission approved the annual report, and staff provided updates on their work. It was attended by approximately 30 members of the public.

In March, Bob Harcharek resigned after 17 years on the Local Boundary Commission. Kenneth Gallahorn was appointed by Governor Mike Dunleavy in March to the seat vacated by Commissioner Harcharek, from the Second Judicial District. Mr. Gallahorn was born and raised in Kotzebue. He served on the Northwest Arctic Borough School Board, and was appointed to the State Board of Education by Governor Sean Parnell from March 2016 until March 2018. In addition, Mr. Gallahorn served on the Mt. Edgecumbe High School Advisory Board and worked as a commercial fisherman. He also worked for NWAB as the Public Services Director, in Prudhoe Bay as an Operations Manager, for the State of Alaska as an Equipment Operator and later an Airport Manager, and owned and operated an auto shop in Kotzebue. He is now the Maintenance and Operations Coordinator for the Department of Transportation and Public Facilities. His term on the LBC ends January 31, 2024.

Debra Mack resigned her seat in May, which left the Third Judicial District seat empty.

LBC staff received two draft petitions in 2019 for informal technical review. These included petitions from the City of Kake for a municipal boundary annexation, and from the City of Hoonah proposing borough formation. Staff conducted two formal technical reviews as well from the City and Borough of Juneau and the City of Soldotna. The petition from the City and Borough of Juneau was returned for completion and correction. LBC staff accepted the petition for annexation from the City of Soldotna for filing, for which the public comment period extends through February 24, 2020. That petition process will continue throughout 2020 culminating in a commission public hearing tentatively scheduled for September. LBC staff anticipates several additional petitions in 2020, including both drafts for informal review and for formal review.

In addition to petitions and inquiries from the public in 2019, staff created new webpages for each boundary change dating back to 1999. These petition pages include maps, petitions, decisions, certificates, and other relevant documents where they are available.

Staff also drafted new model charters as required by AS 29.10.020. This includes a model borough charter and model city charters for both cities in the unorganized borough and cities inside organized boroughs. These new charters can be found on the LBC website:

<https://www.commerce.alaska.gov/web/dcra/LocalBoundaryCommission/MunicipalCharters.aspx>

Finally, LBC staff is nearing completion of an interactive map to document all known boundary changes and petitions in Alaska since statehood. Once finalized, the map will be available for use by the public on the LBC website and on the division's Community Database Online (CDO).

CHAPTER 3: CONCLUSION

There was one petition submitted in 2019 by the City of Soldotna that was accepted for filing. There has also been a strong interest from several communities regarding borough formation and boundary adjustment. This is, in part, being driven by communities seeking a more sustainable tax base from which to provide services, and indicates activity may be increasing in the coming year.

LBC staff will continue to provide communities and members of the public with technical assistance as they prepare petitions or have questions about the boundary change process.

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

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

