

LOCAL BOUNDARY COMMISSION

2025 ANNUAL REPORT TO THE SECOND
SESSION OF THE THIRTY-FOURTH ALASKA
STATE LEGISLATURE



Larry Wood, Chair
Member at Large

Christopher Coutu, First Judicial District

Ely Cyrus, Second Judicial District

Clayton Trotter, Third Judicial District

Clay Walker, Fourth Judicial District

Local Boundary Commission | Division of Community and Regional Affairs
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LOCAL BOUNDARY COMMISSION

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January 6, 2026

Members of the Alaska State Legislature,

On behalf of all members of the Local Boundary Commission (LBC or "Commission"), we are pleased to present this report to the Second Session of the Thirty-Fourth Alaska State Legislature. The report reviews the powers and duties of the LBC and our activities during 2025. Since our last report on January 28, 2025, the Commission met to take up reconsideration requests pertaining to its 2024 3-2 decision approving a petition for formation of what could become Alaska's 20th borough, the Xunaa Borough. The LBC denied the reconsideration requests in March 2025, and its decisions were later appealed to the Alaska Superior Court.

More than 20 years after the legislature funded the LBC's study of unorganized areas of Alaska that meet borough incorporation standards, most of the eligible areas remain unorganized.¹ The Commission is concerned about the institutionalized barriers that, despite constitutional expectations, continue to disincentivize the formation of boroughs throughout the state.² These disincentives also result in disparate treatment of Alaska's communities because many continue to rely entirely on state funds and services even though they have been capable of taking on local government responsibilities for many years.³

Our report also provides information about the research, analyses, and administrative work LBC staff performed for professionals and communities engaged in feasibility studies and drafting petitions.

The LBC recognizes and expresses its appreciation for the key role its staff plays in expertly and courteously providing essential information to the many Alaskans who contact the Commission with questions or interest expressed in pursuing boundary changes in their communities.

The Commission respectfully requests that the Legislature consider the activities and issues addressed in this report. Please contact us with any questions or concerns.

Cordially,

The Local Boundary Commission

Larry Wood Chair, Member at Large	Richard "Clayton" Trotter Third Judicial District
Christopher Coutu First Judicial District	Clay Walker Fourth Judicial District
Ely Cyrus Second Judicial District	

¹ The 2003 Unorganized Areas of Alaska That Meet Borough Standards can be found on the LBC's website.

² These disincentives are described beginning on page 17 of the 2003 study; in a 2005 report by the Legislature's Advisory Commission on Local Government; and in a 2005 commentary, It's Time to Fully Implement the Local Government Provisions of Our Constitution, by Constitutional Delegate Vic Fischer and Senator Arliss Sturgulewski.

³ Some areas of the unorganized borough receive services such as fire and emergency medical response, and road maintenance through non-profit community associations with a combination of volunteers, state community assistance payments and non-profit contributions, government grants and shared service agreements.

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CHAPTER 1: BACKGROUND

LOCAL BOUNDARY COMMISSION'S CONSTITUTIONAL FOUNDATION

The Local Boundary Commission (LBC) 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 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 a state commission should set municipal boundaries. The advantage of the method, in the words of the local government committee developing the state constitution, "lies in placing the process at a level where areawide or statewide needs can be taken into account. By placing authority in this third party, arguments for and against boundary change can be analyzed objectively."¹

The Alaska Supreme Court has upheld this configuration, declaring that the subject of expansion of municipal boundaries is of legitimate concern of the state as a whole and not just that of the local community. The Court quoted the Alaska Constitutional Convention committee on local government that stated, "local political decisions do not usually create proper boundaries."²

LBC DUTIES AND FUNCTIONS

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

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

¹ Alaska Constitutional Convention, Commentary on Proposed Article on Local Government, Dec. 19, 1955 at page 6.

² Fairview Public Utility District No. 1 v. City of Anchorage, 268 P. 2d 540, 543 (Alaska 1962)

LBC MEMBERSHIP

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

In July 2025, Commissioner John Harrington resigned his seat on the Local Boundary Commission. Harrington is the longest serving member of the commission. First appointed in 2011, Harrington served on the Commission under three different governors. During his tenure, he reviewed nearly 20 petitions that were accepted for filing. He was a tireless advocate for maximum local self-government. He also served on the Ketchikan Gateway Borough Assembly from 2005-2011. The Commission expresses its heartfelt appreciation for his faithful, magnanimous and exemplary service to Alaska over many years. In November 2025, Christopher Coutu of Juneau was appointed by Governor Dunleavy to the First Judicial District seat.

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 state 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:



**Larry Wood, Chair,
Member At Large, Eagle River**
Terms Ends: January 31, 2028



**Christopher Coutu,
First Judicial District,**
Term Ends: January 31, 2031



**Richard "Clayton" Trotter,
Third Judicial District, Eagle River**
Term Ends: January 31, 2027



**Ely Cyrus,
Second Judicial District, Kiana**
Term Ends: January 31, 2029



**Clay Walker,
Fourth Judicial District, Denali
Borough**
Term Ends: January 31, 2030

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 (DCCED 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 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 provides information and 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 boundary and related matters;
- 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 analyses of petitions submitted to the LBC;
- Writing preliminary and preparing final reports on petitions for the LBC;
- Preparing draft LBC decisions;
- Traveling to communities to conduct public meetings and answer questions about proposed local boundary changes;

⁶ Article X, section 14

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

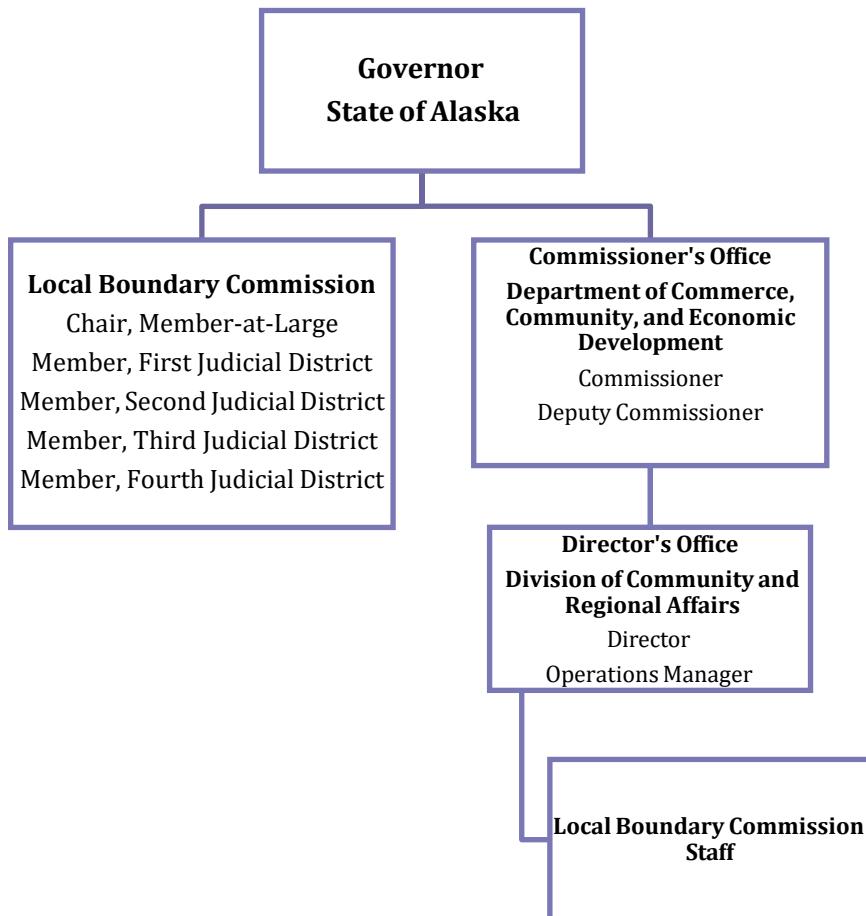
⁸ AS 44.33.020(a)(4) provides that DCCED "shall (4) serve as staff for the Local Boundary Commission."

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.

- Developing and updating incorporation or boundary change petition forms;
- Sending local boundary change petition forms and materials to interested persons and municipalities;
- Providing a link between the LBC and the public;
- Maintaining and preserving Alaska municipal incorporation and other boundary change records in accordance with Alaska's public records laws;
- Coordinating, scheduling, and facilitating LBC public meetings and hearings;
- Developing orientation materials and providing training for new LBC members;
- Providing regular reports of its activities to LBC commissioners; and
- Preparing draft annual legislative and other LBC reports.

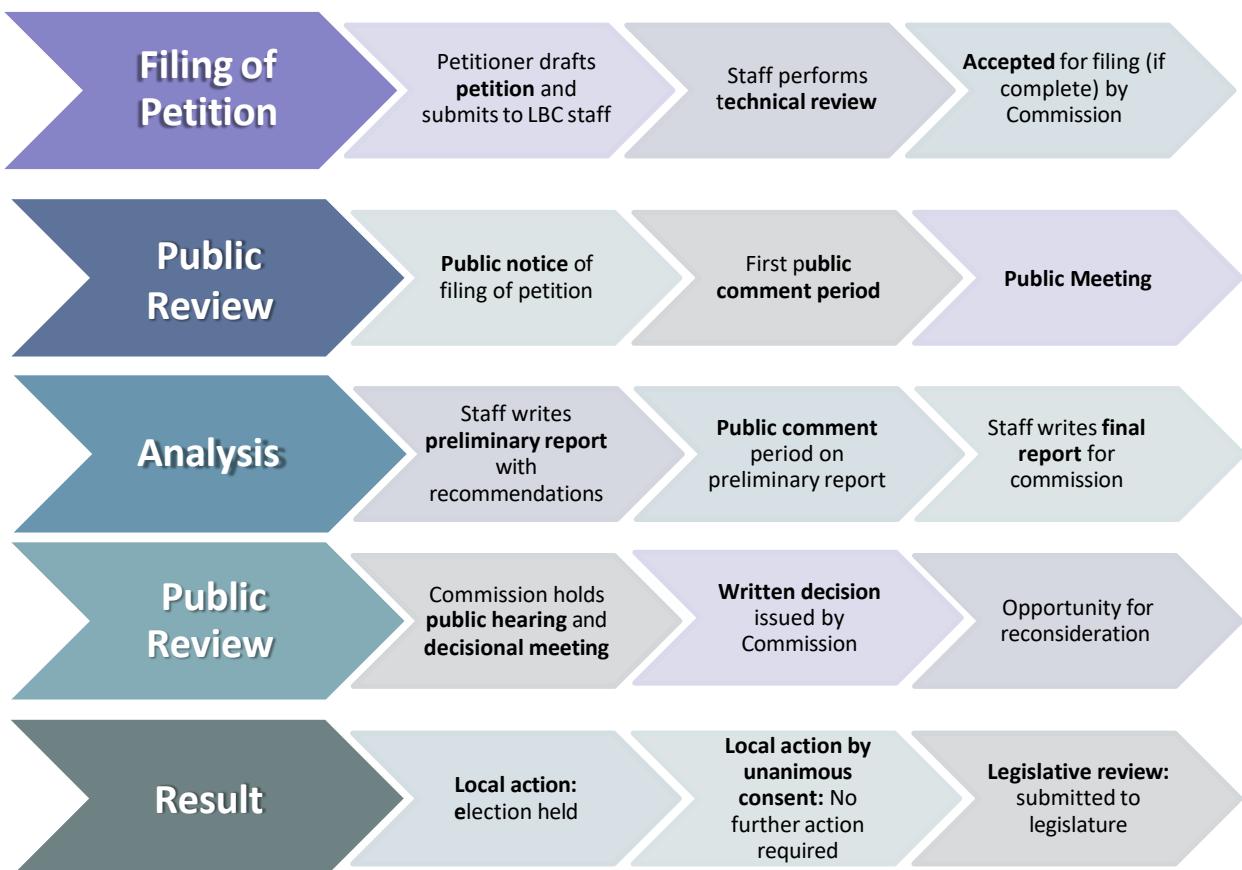
ORGANIZATIONAL CHART FOR LBC STAFF

The Local Boundary Commission is currently served by a single Local Government Specialist IV located in the Anchorage DCRA office.



LOCAL BOUNDARY COMMISSION PETITION PROCESS

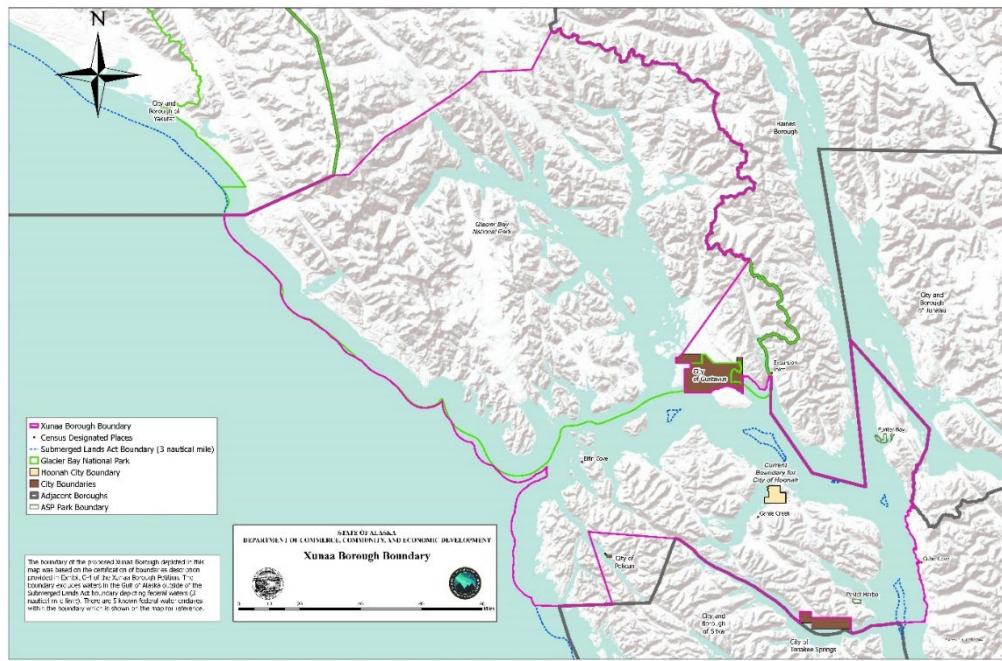
When the department receives a petition, LBC staff performs a technical review to ensure that it contains all required elements. This review is not an analysis of the merits of the petition. If the petition does not include all necessary information, staff sends it back to the petitioner for completion. When a petition passes the initial technical review, it is accepted for filing. At this stage, staff works with the petitioner to ensure that the public is notified, and the petition is available for review as required by 3 AAC 110.450. 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 recommendations for the Commissioners. At the public hearing, the LBC listens to the petitioners, any responding parties, and any public comments and related information. At the decisional meeting, the commission discusses and considers testimony, public comments, and relevant information before it reaches a decision. The LBC may amend, approve, or deny a petition. If the petition is approved, the next step depends on the type of petition. If a petition is a legislative review petition, the proposed boundary change is submitted to the Legislature within the first 10 days of its regular session. The proposed boundary change takes effect after 45 days, unless the Legislature adopts a concurrent resolution disapproving it. If the petition is a local action petition, the boundary change question is placed on the ballot for approval by residents of the territory proposed for annexation and by the residents of the annexing municipality.



CHAPTER 2: LOCAL BOUNDARY CHANGES AND ACTIVITIES

CITY OF HOONAH BOROUGH INCORPORATION PETITION

Plans for Alaska's newest borough are on hold while the Local Boundary Commission's decision to approve the Xunaa Borough winds its way through the judicial appeal process. On December 20, 2024, by a vote of 3-2, the Local Boundary Commission approved the City of Hoonah's petition to dissolve the city and form the non-unified home rule Xunaa Borough. The area proposed for incorporation consists of approximately 4,246 square miles of land and much of the navigable waters in or near Icy Strait to Alaska's three nautical mile limit. The disputed borough area includes the City of Hoonah, the communities of Game Creek, Elfin Cove, and Funter Bay, and Horse and Colt Islands. The area adjoins the City and Borough of Yakutat and the Haines Borough to the north, the City and Borough of Sitka to the south, and the City and Borough of Juneau to the east. The addition of the Xunaa Borough would enclose virtually the entire northern portion of Southeast Alaska within an organized borough. The cities of Gustavus, Pelican, and Tenakee Springs were excluded from the new borough in Hoonah's proposal, and public comment from those communities overwhelmingly supported their exclusion, though many opposed the formation of the Xunaa Borough. LBC staff also recommended the petition be denied, primarily because of these communities were excluded from the proposed borough.



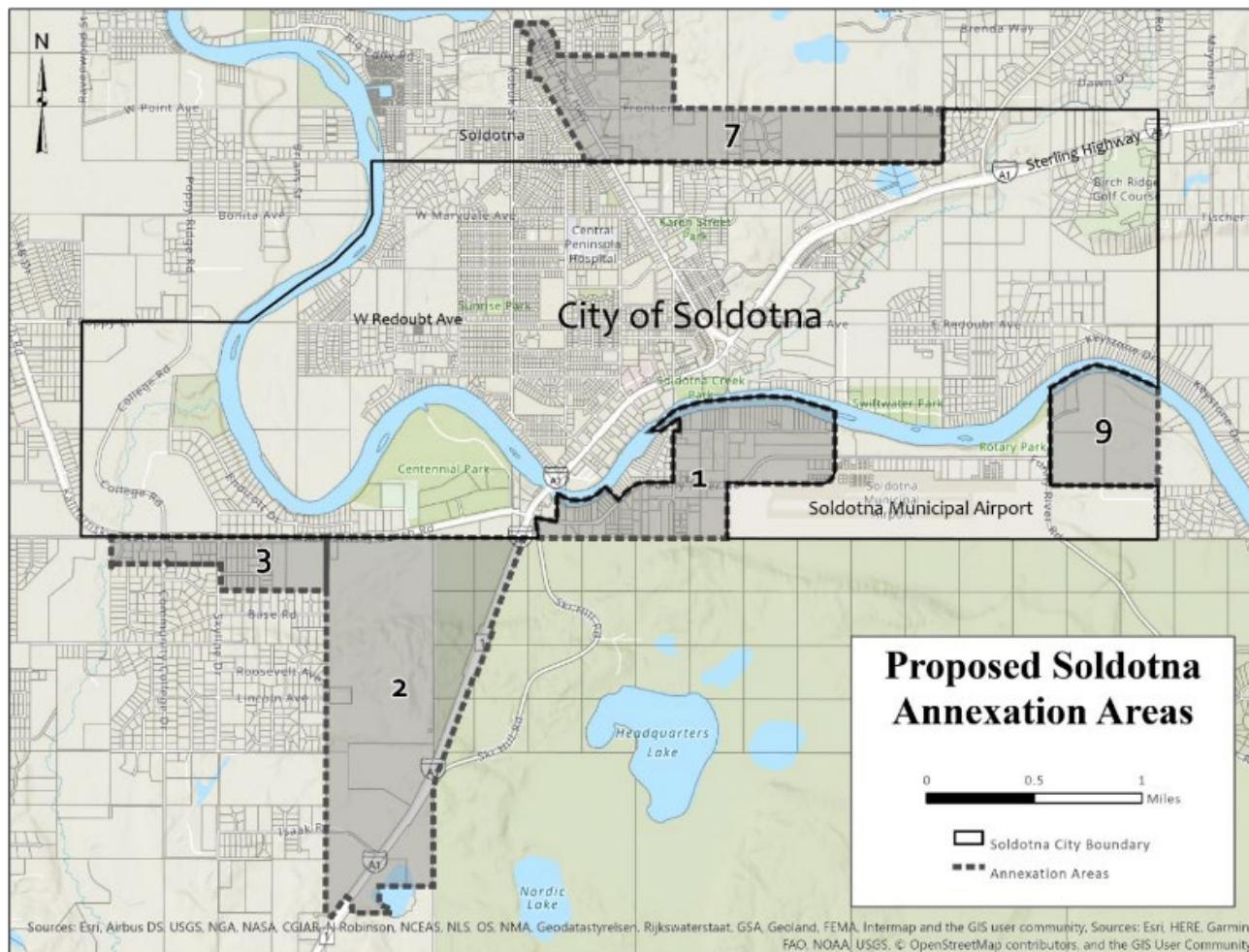
Following the LBC's December 20, 2024 written decision, the Gustavus Visitors Association, and the cities of Tenakee Springs, Gustavus, and Pelican all filed requests for reconsideration of the LBC's decision. None of the entities requested the Commission alter the boundaries or

include more communities in a Xunaa Borough. On February 18, 2025, the Local Boundary Commission met to take up the reconsideration requests and upheld its original decision approving the borough petition. LBC staff notified the Division of Elections and an election for borough approval in the affected territory was scheduled for July 15, 2025.

On April 18, 2025, the City of Pelican, the Community of Elfin Cove, the City of Gustavus, and the City of Tenakee Springs filed a joint appeal of the LBC's decisions, and Superior Court Judge Amanda Browning granted a stay on the election until the full appeal could be heard. A briefing schedule will extend into the first quarter of 2026

CITY OF SOLDOTNA ANNEXATION PETITION

On October 7, 2025, residents of the territories outside of the City of Soldotna that were proposed for annexation failed to approve the boundary change by a vote of five in favor (ten percent) and 45 against (90 percent). The City of Soldotna spent at least 11 years studying the surrounding territories proposed for annexation, listening to residents, and drafting an annexation petition before submitting it to the Local Boundary Commission in November 2019. In 2020, the Local Boundary Commission approved the petition, but three of the five members voted to convert it from the legislative review method under which the city had originally submitted, to the local option method, requiring a vote of the residents both inside of the city, and outside of the city, but within the boundary proposed for annexation. Two commissioners dissented. The city appealed the conversion, first to the Superior Court, and then to the Alaska Supreme Court,



asserting in part that the Commission had no standards on which to base the decision that a vote would be in the balanced best interests of the state and the residents, per 3 AAC 110.610.

In an early case before the Alaska Supreme Court, (Fairview Public Utility District No. 1 v. City of Anchorage, 1962) the court stated that, “local political decisions do not usually create proper boundaries and that boundaries should be established at the state level. The court cited the local government committee of the Alaska Constitutional Convention, stating the advantage of the method of statewide consideration, “lies in placing the process at a level where areawide or statewide needs can be taken into account. By placing authority in this third party, arguments for and against boundary change can be analyzed objectively.”

October 7, 2025 Election Results		
Shall the city of Soldotna Annex the 2.63 square miles of land described in the City's 2019 annexation petition filed with the Local Boundary Commission and approved by the Local Boundary Commission on December 29, 2020?		
Inside the City		
Yes	282	56%
No	223	44%
Outside the City		
Yes	5	10%
No	45	90%

The annexation proposal included five territories, two of which were almost completely surrounded by the existing municipal boundary, and a third which contained zero residents, but does host some of the city's drinking water infrastructure. In total, the city estimated approximately 177 residents lived in the territory proposed for annexation, with an even smaller number being eligible to vote. By the time the election was certified, only 50 people outside of the city voted, and 45 of them said 'no' to the proposal.

The Soldotna annexation vote outcome was disappointing for the city, but not surprising, as local option annexations statewide have a 12.5 percent success rate. Since 1959, 264 petitions by cities for annexations have been presented to the LBC. Of those, 136 were petitions for annexation by local action. Fifty-seven of those approved by the LBC were annexation by unanimous consent, meaning no local vote was actually required. Of the remaining 79 petitions that went to a vote, only 10 were approved by voters.

The Soldotna decision was the first time the Commission converted a petition submitted under the legislative review method to the local action method. One commissioner stated it was important for the annexed residents to “say whether or not they think the services are worth what they have to give up to get them.”

Three of the five members who voted on Soldotna's original annexation petition are no longer on the Commission, including two that were in the majority. Members in the minority on the decision wrote in the dissenting opinion, “it is patently unreasonable for the LBC to shift its boundary change responsibilities to a small group of voters largely unfettered by considerations other than their own self-interest... (and) the decision to approve or deny Soldotna's annexation petition rests with the LBC, not with local voters who will not be bound to act by any objective evaluation criteria—and who are not charged to determine how annexation does or does not serve the state's and even the locality's best interests.”

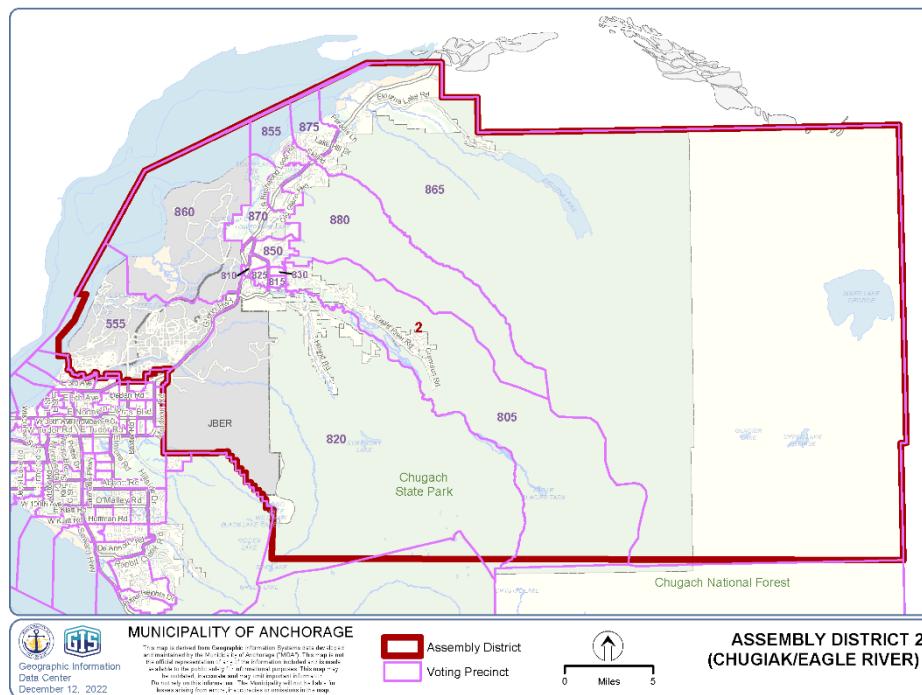
EAGLE RIVER

In July, LBC staff performed one informal technical review on petition for an Eagle River group hoping to detach from the Municipality of Anchorage (Muni) and become annexed to the Matanuska-Susitna Borough. That petition lacked many required elements of a detachment and annexation petition, such as a transition plan that specifies how municipal assets will be divided and accounted for. The petition was deemed insufficient for Commission review and returned to the petitioner for further development.

In late November, LBC staff received a second draft petition from the Eagleexit group that aims to detach from the Municipality of Anchorage and form its own, "Chugach Regional Borough." The first draft was submitted to LBC staff in 2023, and aimed to detach "Assembly District 2" which includes part of the Muldoon neighborhood Tikhatchu Commons and the Joint Base Elmendorf-Richardson. The earlier draft documented a single meeting with Anchorage Mayor Dave Bronson,

which lacked an adequate transition plan, and was also deemed insufficient for Commission review and returned to the petitioner.

The newest draft petition appears to include a new transition plan and updated economic analyses. LBC staff will conduct a second informal technical review for the Eagleexit group to be completed in January 2026.



performed by staff as a courtesy to a petitioner prior to collecting signatures. Either Eagleexit, or the Eagle River group pursuing annexation to the Matanuska-Susitna Borough, would be required to collect signatures for a detachment petition from 25 percent of registered voters in the area to be considered for detachment prior to submitting the petition for filing with the LBC.

Both groups claim they have made extensive progress on their respective petitions and claim they hope to file with the LBC in 2026. If that happens, 3 AAC 110.430 grants the commission the ability to consolidate informational sessions, briefing schedules, department reports, and other procedures so that it may render a decision on either petition.

CHAPTER 3: ADDITIONAL 2025 STAFF ACTIVITIES

School Funding

In many past annual reports, the Commission has highlighted the differences that exist between the organized boroughs and the single unorganized borough when it considers best interests of the state standards in municipal boundary change petitions.

All organized boroughs have three mandatory powers, per AS 29.35 Article 2:

- 1) to establish, maintain and operate a system of public schools on an areawide basis, as provided in AS 14.14.6060;
- 2) to assess and collect property, sales and use taxes that are levied in its boundaries; and
- 3) to provide for planning, platting and land use regulation.

For the rest of the state in the unorganized borough (with the exception of home rule and first class cities), those powers and responsibilities rest with the legislature.

Just over seven percent of Alaska's population (54,208) live in 81 second class cities or in the scores of unincorporated communities and census designated places (CDPs) in the unorganized borough. The single unorganized borough varies geographically, culturally, and socioeconomically. It extends across Alaska from Hydaburg in Southeast, all the way to Adak and includes interior villages and communities like Bettles, Fort Yukon and Tok, and western Alaska's coastal communities like Togiak, Kongiganak and Bethel. These communities are divided among 19 Rural Education Attendance Areas (REAAAs), school districts with locally elected board members, but without the same local contribution requirements as municipal school districts the State's education funding formula requires.

A lawsuit filed by the Ketchikan Gateway Borough in 2016 argued the state's education funding formula, which requires a local contribution from municipal school districts, but not from REAAAs, constituted a dedication of a state tax, prohibited by the Alaska constitution. The Alaska Supreme Court held that the existing funding formula for education does not violate the constitution. The lack of parity between REAAAs and municipal school districts has long been considered a disincentive to borough incorporation. Last year, the city of Tanana reclassified from a first-class city to a second-class city, thus alleviating the community from its responsibility of making a required local contribution and moving its school into the Yukon-Koyukuk REAA school district.

In 2025 several communities in REAAs captured the attention of policy makers highlighting the challenge rural schools face in terms of deferred maintenance, and in some worst case examples, deteriorated buildings that border on being unfit for occupancy ¹⁰.

The legislature and the Alaska Department of Education and Early Development have attempted to address these maintenance issues by transferring ownership of school buildings to the REAA school districts in which they are located; however, as one administrator noted, REAA school districts are unable to generate revenue because they don't have taxing authority and they are unable to issue general obligation bonds, which leaves the state responsible for the full maintenance costs.

Administrative Order 360

In August, Governor Mike Dunleavy signed Administrative Order 360, mandating each department review and eliminate 15 percent of all regulatory requirements by December 31, 2026. Some sections within the Division of Community and Regional Affairs have more flexibility when it comes to discretionary regulations. Many of the Local Boundary Commission regulations are required by the Alaska Constitution, state statute, or both. Some regulations, like the development of standards by which a petition is measured, have been required by the Alaska Supreme Court and other case law. The Local Boundary Commission also has several educational documents and materials on its website, developed over the years to assist the public and those wishing to file a petition with the LBC.

On October 30, 2025, the Division of Community and Regional Affairs held an oral public hearing to take comments from the public on specific regulations to be considered. A written public comment period also extended through November 15, 2025. Division staff are working with other division program leads to review those comments and develop a regulatory reform plan for early 2026.

¹⁰ <https://www.kuow.org/stories/alaska-wants-financially-strained-districts-to-take-ownership-of-rural-schools-ae0f> retrieved December 23 , 2025.

CHAPTER 4: CONCLUSION

LBC staff will continue to provide municipalities, communities, and members of the public with technical assistance as they consider and prepare petitions or present questions related to the municipal boundary change process.

LBC staff is dedicated to ensuring that communities understand the boundary change process and guiding them through that comprehensive process. Ultimately, those efforts may culminate in a presentation of sufficient information to the LBC to support its constitutional mandate to consider and act on proposed boundary changes.

The LBC is pleased to serve the people of the State of Alaska by fairly and fully exercising its constitutional and statutory authority to consider and to act on proposed local boundary changes.

