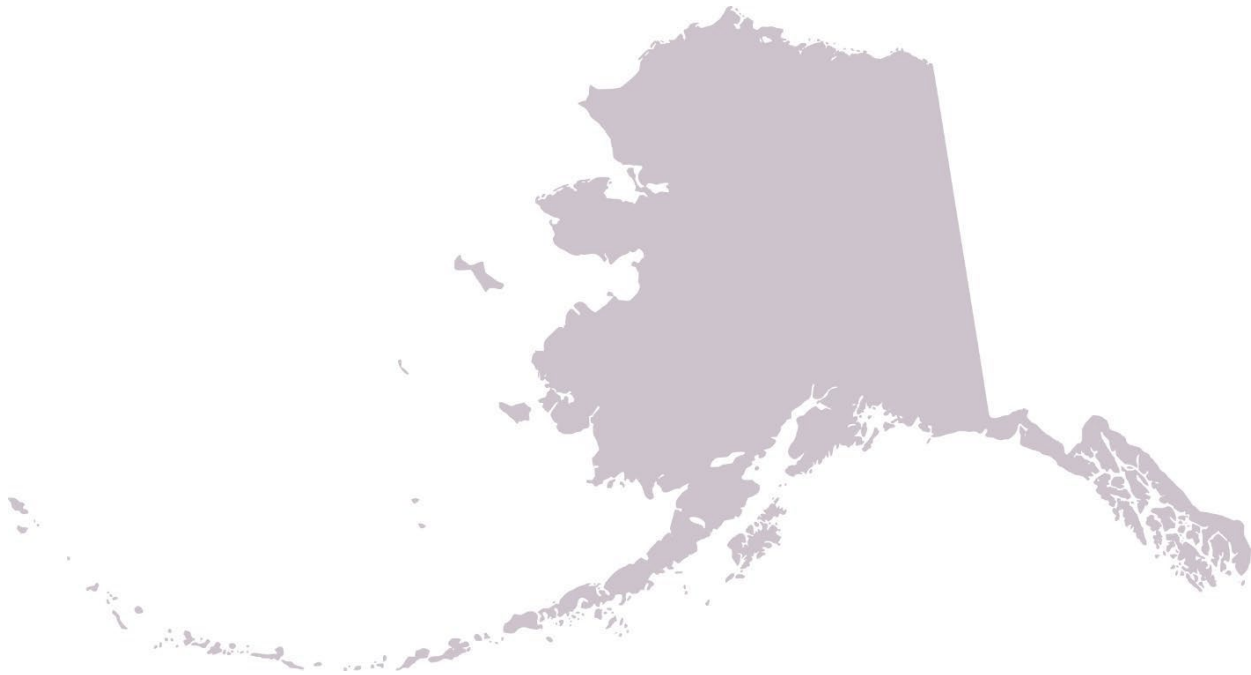


LOCAL BOUNDARY COMMISSION  
2024 ANNUAL REPORT TO THE FIRST  
SESSION OF THE THIRTY-FOURTH ALASKA  
STATE LEGISLATURE



Larry Wood, Chair  
Member at Large

John Harrington, 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  
Department of Commerce, Community, and Economic Development  
550 W. 7<sup>th</sup> Avenue, Suite 1640 | Anchorage, AK 99501 | [lbc@alaska.gov](mailto:lbc@alaska.gov)  
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This publication was released by the Department of Commerce, Community, and Economic Development (DCCED) in January 2025. The report is required by AS 44.33.812 and does not constitute an official position or opinion by DCCED.



## LOCAL BOUNDARY COMMISSION

550 WEST 7<sup>TH</sup> AVENUE, SUITE 1640

ANCHORAGE, ALASKA 99501, 907-269-4559/4587, FAX: 907-269-4563

January 28, 2025

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 First Session of the Thirty-Fourth Alaska State Legislature. The report reviews the powers and duties of the LBC and our activities during 2024. Since our last report on January 19, 2024, the Commission approved the Xunaa Borough incorporation petition, the first borough petition since the Petersburg Borough was formed in 2013. The Commission also approved the reclassification of the City of Tanana, which revised its classification from a first-class city to a second-class city.

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.<sup>1</sup> The Commission is concerned about the institutionalized barriers that, despite constitutional expectations, continue to disincentivize the formation of boroughs throughout the state.<sup>2</sup> 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.

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

Ely Cyrus  
Second Judicial District

Richard “Clayton” Trotter  
Third Judicial District

John Harrington First  
Judicial District

Clay Walker  
Fourth Judicial District

<sup>1</sup> The 2003 [Unorganized Areas of Alaska That Meet Borough Standards](#) can be found on the LBC’s website.

<sup>2</sup> 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.

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## CHAPTER 1: BACKGROUND

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### 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 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 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."<sup>1</sup>

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."<sup>2</sup>

### LBC DUTIES AND FUNCTIONS

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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.

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

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

## LBC MEMBERSHIP

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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. The member at large also serves as LBC chair.<sup>3</sup>

In August, Governor Mike Dunleavy appointed commissioner Clay Walker, from the fourth judicial district, to fill the remainder of a vacated appointment ending in January 2025. Walker served three terms as the mayor of the Denali Borough

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."<sup>4</sup> 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.

<sup>5</sup> 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



**John Harrington,  
First Judicial District, Ketchikan**  
Term Ends: January 31, 2026



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



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



**Clay Walker,  
Fourth Judicial District, Denali Borough**  
Term Ends: January 31, 2025

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<sup>3</sup> AS 44.33.810

<sup>4</sup> AS 39.05.060(b)

<sup>5</sup> 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.<sup>6</sup> That agency is the Division of Community and Regional Affairs (DCRA) within the Department of Commerce, Community, and Economic Development (DCCED or department).<sup>7</sup> DCRA performs the local government agency's functions, including providing staff, research, and assistance to the LBC.<sup>8</sup>

## 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.<sup>9</sup> 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;

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<sup>6</sup> Article X, section 14

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

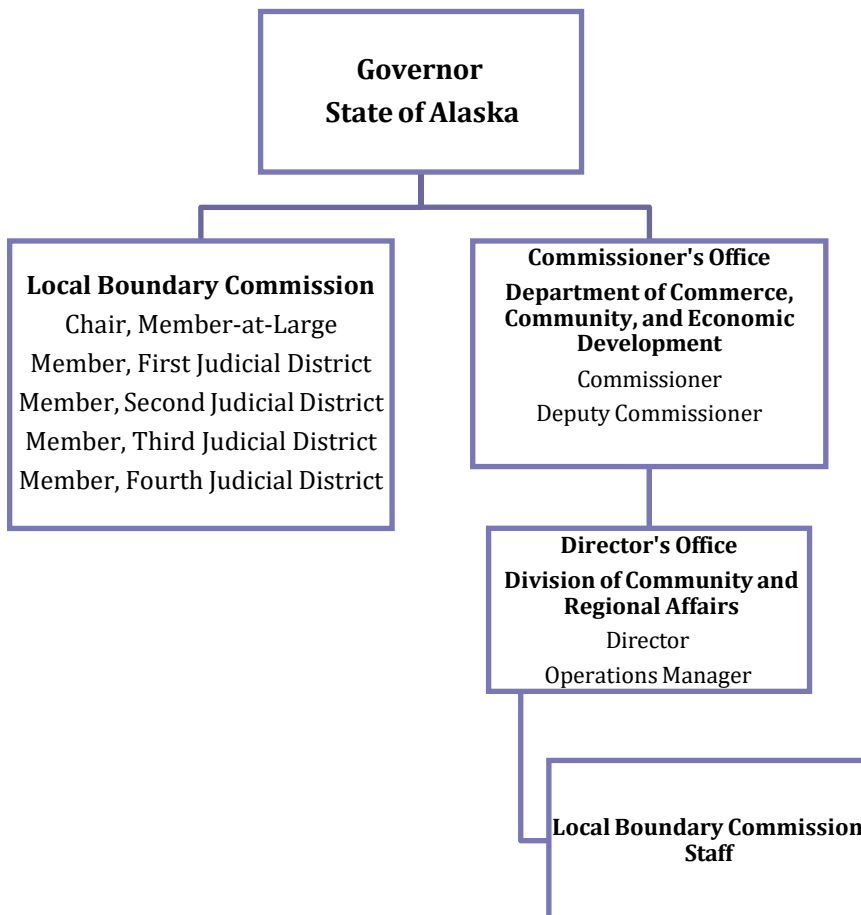
<sup>8</sup> AS 44.33.020(a)(4) provides that DCCED "shall (4) serve as staff for the Local Boundary Commission."

<sup>9</sup> 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**

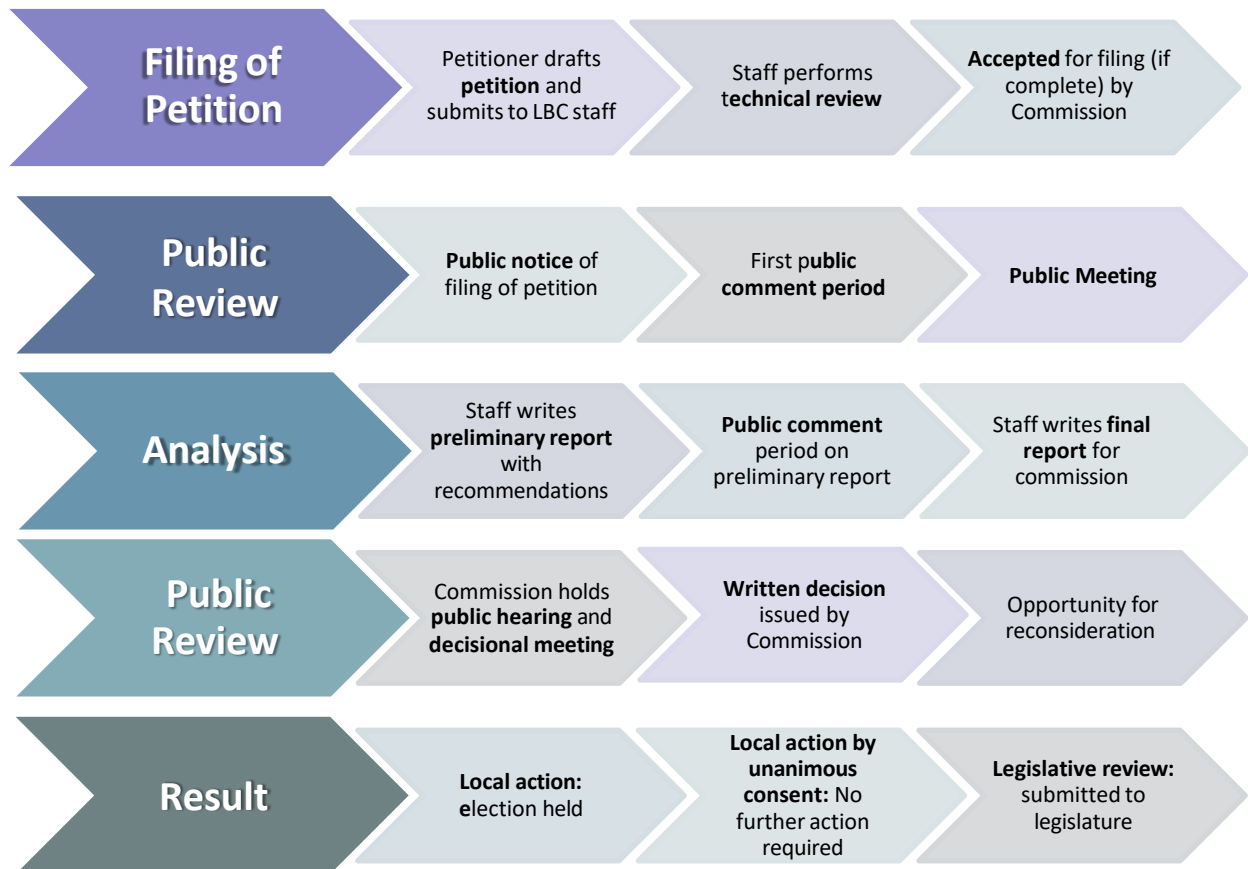
The Local Boundary Commission is currently served by a single Local Government Specialist IV located in the Anchorage DCRA office.





## 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 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 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

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### CITY OF HOONAH BOROUGH INCORPORATION PETITION

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On December 20, 2024, the Local Boundary Commission approved by majority vote the City of Hoonah’s petition to dissolve the city and form the a non-unified home rule Xunaa Borough. The area proposed for incorporation consists of approximately 4,246 square miles of land and much of the waters of Icy Strait portions of the Gulf of Alaska to the state’s three nautical mile limit. The 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, thus enclosing virtually the entire northern portion of Southeast Alaska within an organized borough. The cities of Gustavus, Pelican and Tenakee Springs are excluded from the new borough.

The decision comes after a nearly 18-month petition process, including three public comment opportunities that drew over 150 responses, two staff reports, and a public hearing held in Hoonah on September 5, 2024. The City of Pelican and the Elfin Cove non-profit community association both filed as respondents in the case, stating their opposition to the borough incorporation petition. The cities of Gustavus and Tenakee Springs also filed resolutions opposing the City of Hoonah’s petition.

The Commission was in near universal agreement that the petitioner addressed and met most standards for borough incorporation of the Glacier Bay region. However, two members significantly departed from the majority on the issue of whether the proposed borough included the “optimum boundaries” in accordance with the State Constitution, citing the exclusion of the three neighboring cities, and whether approval of the borough was consequently in the best interests of the state.

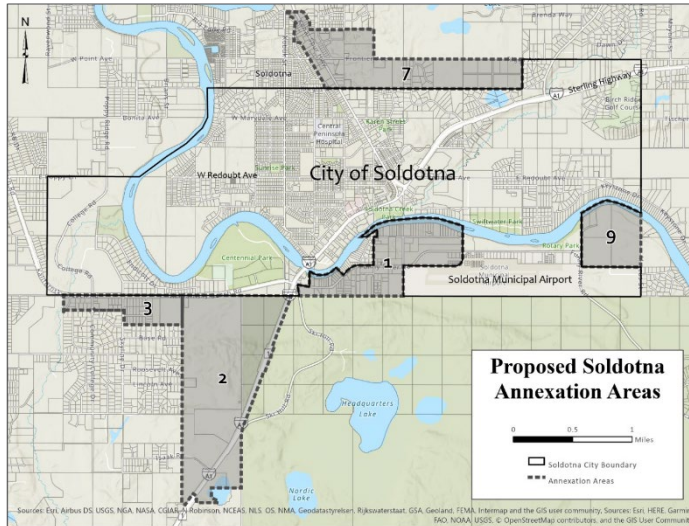
In 1997, the state developed the Model Borough Boundaries study, grouping communities in the unorganized borough into model boroughs. The Glacier Bay Model Borough includes Hoonah, Gustavus, Tenakee Springs, Pelican, Elfin Cove, and Game Creek, but not Funter Bay or the northern section of Admiralty Island. While no mandate exists to include all of those communities into a single borough, the omission of the three cities create a challenging scenario in which each community’s only option will be to remain in the unorganized borough or to join with another existing borough.

The Alaska Division of Elections was notified and will administer an election. Incorporation of the borough is pending approval of the voters in the area. However, an appeal of the LBC decision to the Alaska Superior Court is anticipated.



## CITY OF SOLDOTNA ANNEXATION PETITION

On September 27, 2024, the Alaska Supreme Court affirmed the Local Boundary Commission's decision to convert the City of Soldotna's petition to annex 2.63 square miles from the legislative review method to the local action method. The LBC determined that the Petition met the required LBC standards, and this too, was affirmed by the Court's decision.



By converting the petition to the local action method, the Commission acknowledged the petition addressed and met all of the standards for annexation to a city. But in order for the final boundary change to take effect, it must be approved by a majority of the voters in the City of Soldotna, as well as a majority of the voters in the territory proposed for annexation. If one or both voter blocks fail to approve the boundary change, the annexation would not take effect.

For its part, the City of Soldotna has not decided whether it will put the question to voters. However, it may not submit a substantially similar petition until three years from the date the Supreme Court decision was released. If the city does hold an election, and the measure fails, it would not be able to submit a substantially similar petition for two years, per 3 AAC 10.650.

## CITY OF TANANA RECLASSIFICATION

On March 12, 2024, the Local Boundary Commission met to review the City of Tanana's request to reclassify from a first-class city to a second-class city. It was the first such attempt to reclassify under a new law aimed at streamlining the process for smaller cities in the unorganized borough that wish to alleviate themselves from the burden of making a required local contribution to operate and maintain a school district.

One of the standards for incorporating as a first-class city includes a population threshold of at least 400 residents. Throughout its history as a first-class city, Tanana never met that population threshold, though it did manage to successfully operate and maintain a city school district for many years.

The full value determination of the city of Tanana was listed at \$17,347,442, requiring a minimum local contribution of \$45,971 for its school district, which had an average daily membership of 26 students last year. Tanana also received \$80,468.58 in state Community Assistance Program payments in FY 2023.

For approximately the last five years, the Yukon Koyukuk School District, a Regional Education Attendance Area, operated the Tanana city school under an agreement with the city. The reclassification as a second-class city prohibits Tanana from operating its own school district and merges the city's school district into the Yukon Koyukuk School District. The reclassification became effective on July 1, 2024.

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## CHAPTER 3: ADDITIONAL 2024 STAFF ACTIVITIES

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### EAGLE RIVER

LBC staff met with or discussed detachment of Eagle River with two different parties in 2024. LBC staff met with and responded to questions from the Eaglexit group, which aims to detach much of Eagle River and portions of Northeast Anchorage, and form its own borough. In 2023, the group submitted a draft petition requesting an informal technical review, and members of the group say they continue to work on their petition. LBC staff also responded to inquiries from another group looking to detach Eagle River and become annexed to the Matanuska-Susitna Borough. LBC staff have not seen a petition framework from this group, but have answered some technical questions regarding the boundary change proposal.

### DILLINGHAM

A resident had several questions about whether the City of Dillingham, a first-class city in the unorganized borough, could reclassify or dissolve in order to alleviate itself of the required local school contribution. The resident was informed about prior annexation efforts and was well informed on the history of Dillingham area boundary changes, including the dissolution of the community of Wood River. LBC staff directed the resident to resources on the LBC website and encouraged them to contact LBC staff with any follow-up questions.

### DELTA JUNCTION

The Delta Junction City Administrator contacted LBC staff to inquire about changing the city's boundaries. Delta Junction is a second-class city in the unorganized borough. The administrator said the city is having "boundary issues with our EMS and Fire Department," and that there was interest in creating a service district or changing the city boundaries. LBC staff provided an informational packet on the city annexation process, as well as a petition timeline, and encouraged the administrator to contact LBC staff with any follow-up question.

### SEWARD

A land developer contacted LBC staff with questions regarding the process for an area to detach from a city. The developer said the City of Seward requires language in a property development agreement absolving it from providing any fire protection to a remote parcel along Nash Road. LBC staff had been contacted regarding a similar issue last year, whereby the city was attempting to enforce its code on a portion of a parcel that was outside of the city limits. The property owner was asking about detaching the entire parcel from the city.

## OTHER LBC ACTIVITY

LBC staff responded to a number of other inquiries for information from Alaskans, including requests for municipal certificates from, Ketchikan, Mekoryuk and Egegik, requests for information regarding detachment of Lake Louise from the Matanuska-Susitna Borough, and a request for a report drafted in 1979, discussing the first five years after the Fairbanks North Star Borough was incorporated.

During the second session of the 33rd Alaska Legislature, the Local Boundary Commission expressed its concerns related to HB 279 (seeking to add a sixth commissioner to the LBC appointed exclusively from the unorganized borough) and to HB 151 (proposing to restrict the legislative review method to borough formation to only those situations “where a majority of residents of voting age within that [affected] area support the proposal”). With the Commission’s approval, Chair Larry Wood presented LBC’s position papers explaining its concerns with this legislation. He also testified before the House and Senate Community and Regional Affairs committees on the commission’s behalf.

## CHAPTER 4: CONCLUSION

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The Local Boundary Commission staff focused most of its time in 2024 managing the Xunaa Borough petition process and responding to various community requests for information. In 2025, LBC staff and the Commission will continue to ensure access to information and maximum public engagement.

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.

