

Requested by: Mayor Keller  
Prepared by: Deputy Clerk  
Adopted: January 12, 2004  
Vote: Unanimous; Seat F Vacant

**CITY OF WASILLA  
RESOLUTION SERIAL NO. 04-01**

**A RESOLUTION OF THE WASILLA CITY COUNCIL SUPPORTING SENATE  
CONCURRENT RESOLUTION (SCR) 12 AND URGING THE SECOND SESSION OF  
THE TWENTY-THIRD ALASKA STATE LEGISLATURE TO PASS SCR 12.**

WHEREAS, Article X, Section 1 of the Constitution of the State of Alaska encourages the formation of borough governments encompassing large, natural regions; and

WHEREAS, the Alaska State Legislature has a duty under Article X, Section 3 of the Constitution of the State of Alaska to establish fundamental State policy regarding the formation of organized boroughs; and

WHEREAS, the initial state policy for borough formation was established by the Borough Act of 1961, which provided for the formation of boroughs through a voluntary "local option" process; and

WHEREAS, the voluntary "local option" process for borough incorporation was proven to be ineffective, causing the 1963 Alaska State Legislature to mandate the formation of boroughs encompassing 80 percent of Alaskans; and

WHEREAS, following the implementation of the 1963 Mandatory Borough Act, the state of Alaska inexplicably reverted for the past four decades to the generally ineffectual policy of forming boroughs through voluntary means; and

WHEREAS, the state of Alaska imposes significant duties and financial obligations on organized boroughs and home rule or first class cities in the unorganized borough, but does not do so for the remainder of Alaska; and

WHEREAS, the significant financial obligations imposed by the state on organized boroughs and home rule or first class cities in the unorganized borough are, in effect a \$165 annual state tax levied selectively on the areas noted; and

WHEREAS, there is no reasonable basis, such as fiscal or administrative capacity, for the disparate treatment of Alaskans who live in organized boroughs and home rule or first class cities in the unorganized borough in comparison with the remainder of Alaskans; and

WHEREAS, Article 1, Section 1 of the Constitution of the State of Alaska provides that all persons are equal and entitled to equal rights, opportunities, and protection under the law, and that all persons have corresponding obligations to the people and to the state; and

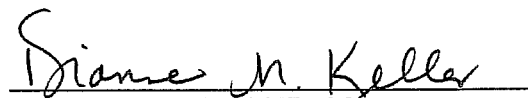
WHEREAS, the Local Boundary Commission determined in its February 2003 report entitled "Unorganized Areas of Alaska that Meet Borough Incorporation Standards" that a number of unorganized regions currently meet standards for borough incorporation; and

WHEREAS, SCR 12 requires the Local Boundary Commission to consider borough incorporation for four of the unorganized areas determined to meet borough incorporation standards; and

WHEREAS, a formation of boroughs promotes maximum local self-government, equity, and fairness; and also relieves the state of the substantial burden of providing fundamentally local services.

NOW THEREFORE BE IT RESOLVED, that the Wasilla City Council supports SCR 12 and urges the Second Session of the Twenty-Third Alaska State Legislature to pass SCR 12.

ADOPTED by the Wasilla City Council on January 12, 2004.

  
DIANNE M. KELLER, Mayor

ATTEST:

  
KRISTIE L. SMITHERS, CMC  
City Clerk

[SEAL]

**SENATE CONCURRENT RESOLUTION NO. 12**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY SENATORS WILKEN, Bunde, Cowdery, Green, Ogan, Seekins, Ben Stevens, Gary Stevens, Wagoner**

**Introduced: 4/28/03**

**Referred: Community and Regional Affairs, State Affairs**

**A RESOLUTION**

1 **Requesting the Local Boundary Commission to consider borough incorporation for**  
2 **certain unorganized areas.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **WHEREAS** Article I, sec. 1, Constitution of the State of Alaska, provides that all  
5 persons are equal and entitled to equal rights, opportunities, and protection under the law, and  
6 that all persons have corresponding obligations to the people and to the state; and

7 **WHEREAS** the State of Alaska requires organized boroughs, home rule cities in the  
8 unorganized borough, and first class cities in the unorganized borough to operate a system of  
9 municipal public schools as provided in AS 29.35.160 and 29.35.260(b); and

10 **WHEREAS** the State of Alaska significantly reduces public school funding to  
11 organized boroughs, home rule cities in the unorganized borough, and first class cities in the  
12 unorganized borough by an amount equal to the "local contribution" required of those  
13 municipalities under AS 14.17.410, while no corresponding public school funding reductions  
14 are imposed on the remainder of Alaska for operation of regional educational attendance  
15 areas; and

16 **WHEREAS** the State of Alaska imposes significant obligations to provide other

1 fundamental public services, such as land use regulation, upon organized boroughs, home rule  
2 cities in the unorganized borough, and first class cities in the unorganized borough, while no  
3 corresponding obligations are imposed on the remainder of Alaska; and

4 **WHEREAS** no reasonable basis, such as fiscal or administrative capacity, exists to  
5 distinguish those Alaskans who do not have obligations to provide a system of public schools  
6 and other fundamental public services from those Alaskans within organized boroughs, home  
7 rule cities in the unorganized borough, and first class cities in the unorganized borough upon  
8 whom the State of Alaska has imposed significant financial and other obligations to provide a  
9 system of public schools and other fundamental public services; and

10 **WHEREAS** borough incorporation of unorganized areas with relatively significant  
11 populations residing outside home rule and first class cities, and with the fiscal and  
12 administrative capacity to operate boroughs, would establish a reasonable basis to distinguish  
13 Alaskans that have significant obligations to provide a system of public schools and other  
14 fundamental public services from those with no such obligations; and

15 **WHEREAS** the Local Boundary Commission determined in its February 2003 report  
16 entitled: "Unorganized Areas of Alaska that Meet Borough Incorporation Standards," that  
17 seven unorganized areas of Alaska meet standards for borough incorporation, including fiscal  
18 and administrative capacity to operate boroughs; and

19 **WHEREAS** four of the seven unorganized areas identified in the Local Boundary  
20 Commission's February 2003 report have relatively significant populations residing outside  
21 home rule and first class cities; those areas are the Upper Tanana Basin Model Borough, the  
22 Copper River Basin Model Borough, the Glacier Bay Model Borough, and the Chatham  
23 Region Model Borough, as those unorganized areas are defined by 3 AAC 110.990(9); and

24 **WHEREAS** the purpose of the local government article of the Constitution of the  
25 State of Alaska is to provide for maximum local self-government with a minimum of local  
26 government units, and to prevent duplication of tax-levying jurisdictions; and

27 **WHEREAS** Article X, sec. 1, Constitution of the State of Alaska, encourages  
28 organization of boroughs to achieve the purpose of the local government article; and

29 **WHEREAS** the local option method of borough incorporation, first enacted in 1961  
30 and currently codified in AS 29.05.060 - 29.05.150, has been generally ineffective in  
31 promoting the fundamental constitutional objective of borough organization; and

1           **WHEREAS** the Local Boundary Commission has authority under art. X, sec. 12,  
2   Constitution of the State of Alaska, to present borough incorporation proposals to the  
3   legislature; and

4           **WHEREAS** the provisions of AS 44.33.812 require the Local Boundary Commission  
5   to adopt regulations providing procedures for borough incorporation; and

6           **WHEREAS** the Local Boundary Commission has adopted procedures for  
7   incorporation of boroughs under 3 AAC 110.400 - 3 AAC 110.660, including procedures in 3  
8   AAC 110.610 for legislative review under art. X, sec. 12, Constitution of the State of Alaska;  
9   and

10          **WHEREAS** the provisions of AS 44.33.812 require the Local Boundary Commission  
11   to consider borough incorporation for areas requested of it by the legislature;

12          **BE IT RESOLVED** that the Alaska State Legislature requests the Local Boundary  
13   Commission to consider borough incorporation for the Upper Tanana Basin Model Borough,  
14   the Copper River Basin Model Borough, the Glacier Bay Model Borough, and the Chatham  
15   Region Model Borough; and be it

16          **FURTHER RESOLVED** that the Alaska State Legislature requests the Local  
17   Boundary Commission to present a recommendation for borough incorporation under the  
18   legislative review method in art. X, sec. 12, Constitution of the State of Alaska, for each  
19   model borough listed in this resolution that is determined by the Local Boundary  
20   Commission, with any appropriate amendments or conditions, to meet applicable borough  
21   incorporation standards under the Constitution of the State of Alaska, Local Boundary  
22   Commission regulations, AS 29.05.031 and 29.05.100; and be it

23          **FURTHER RESOLVED** that the Alaska State Legislature requests the Local  
24   Boundary Commission to include in each legislative review recommendation for borough  
25   incorporation submitted under this resolution, details concerning the class, name, boundaries,  
26   assembly composition and apportionment, proposed operating budget, taxes, and other  
27   areawide and nonareawide powers to be exercised, measures to ensure a smooth transition to  
28   organized borough status, and other elements essential to the establishment of each particular  
29   recommended borough.

30          **COPIES** of this resolution shall be sent to the Honorable Frank Murkowski, Governor  
31   of Alaska; the Honorable Darroll Hargraves, Chair, Local Boundary Commission; and to the

- 1 Honorable Edgar Blatchford, Commissioner, Department of Community and Economic
- 2 Development.

state financial support. At the same time, 19 Regional Educational Attendance Areas will receive 100% state support, including the four REAA school districts recommended for review.

The following chart compares the four unorganized areas with the borough and city school districts that currently contribute to their local schools.

**FY03 Borough and City School Districts**  
(Includes Four Model Boroughs for Comparison)

School District	2001 F&T Value	Required
Anchorage School District	\$16,961,328,430	\$67,845,314
North Slope School District <sup>1</sup>	10,506,960,850	8,947,234
Fairbanks School District	4,867,270,265	19,469,081
Kenai School District	4,289,812,625	17,159,251
Mat-Su School District	3,224,351,275	12,897,405
Juneau School District	2,669,689,550	10,678,758
Ketchikan School District <sup>1</sup>	1,128,732,900	4,514,932
Valdez School District <sup>1</sup>	986,820,020	2,664,019
Kodiak School District	957,257,150	3,829,029
Sitka School District	657,055,100	2,628,220
Copper River Basin Model Borough	502,729,199	0
Upper Tanana Basin Model Borough	469,045,724	0
Umatka School District	385,516,300	1,385,586
Northwest Arctic School District	381,186,000	1,524,744
Petersburg School District	251,311,450	1,005,246
Haines School District	207,410,950	829,644
Bristol Bay School District	204,917,800	819,671
Nome School District	199,927,100	799,708
Cordova School District	173,873,900	695,496
Skagway School District <sup>1</sup>	168,347,250	498,222
Wrangell School District	157,284,000	629,136
Dillingham School District	152,790,100	611,160
Denali School District	137,911,150	551,645
Craig School District	103,355,150	413,421
Alutians East School District	93,559,600	374,238
Glacier Bay Model Borough	73,526,489	173,705
Lake and Peninsula School District	69,743,950	278,976
Yakutat School District	45,692,900	182,772
Chatham Region Model Borough	35,908,397	71,262
Klawock School District	32,012,000	128,048
Hoonah School District <sup>1</sup>	31,404,000	125,616
Galena School District	17,988,400	71,954
Kake School District <sup>2</sup>	17,815,400	71,262
Nenana School District	17,593,000	70,372
Pelican School District <sup>1</sup>	12,022,200	48,089
Hydaburg School District	8,346,400	33,386
Tanana School District	5,710,000	22,840
St.Mary's School District	4,611,400	18,446

1 Included in the Glacier Bay Model Borough

2 Included in the Chatham Region Model Borough

3 Required local effort is limited to 45% of Basic Need of preceding year

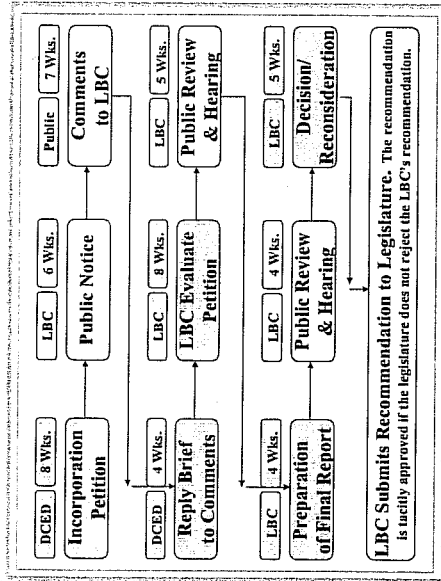
F&T - Full and True Value of Taxable Property

Source - Department of Education and the LBC February 2003 Report

Upon passage of SCR 12, the Department of Community and Economic Development will prepare and file with the Local Boundary Commission a borough incorporation petition for each of the four areas. Not all four petitions will be filed at once and each petition will be developed in consultation with local residents. If the LBC makes a final determination that an unorganized region meets the standards, the LBC will submit a recommendation for borough incorporation to the legislature. Such recommendations can only be submitted during the first 10 days of a regular session.

During the lengthy review process, area residents will have an opportunity to offer suggestions on how their local borough, if formed, should be structured. A conservative estimated timeline shows extensive public involvement and local determination.

**Borough Incorporation under SCR 12**

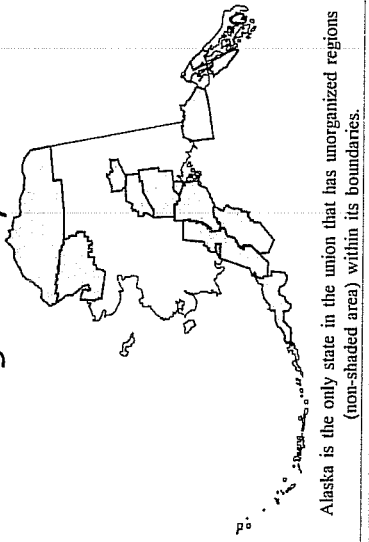


As illustrated, this governmental change will not happen over night. Even after an area is officially incorporated as a regional borough, the actual fiscal responsibility towards education is gradually phased in over a four-year period.

Although the inherent inequality between Alaskans will not be immediately corrected, a process is established in SCR 12 that is fair, responsible, and practical. The question will be asked and, if appropriate, the answer will be heard: "Yes, we can help. We'll help pay our fair share."

**Senate  
Concurrent  
Resolution 12**

**Borough Incorporation**



**Answers the Question:  
"Can You Help?"**

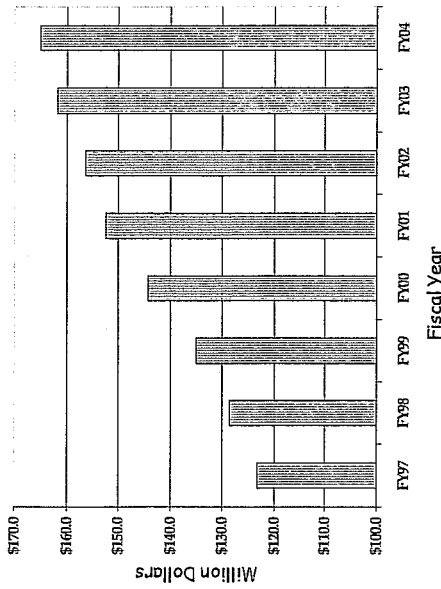
Alaska's constitution (Article I, Sec. 1) states all Alaskans are equal and entitled to equal rights, opportunities, and protection, but they also have equal obligations to the people and to the state. However, contrary to our constitution, the responsibility to operate and fund our local public school system is inherently unequal among Alaskans.

The State of Alaska requires organized boroughs and home rule and first class cities within the unorganized borough to assume the responsibility for their local schools and, correspondingly, reduces state education funding by the local contribution required from those municipalities. For example, the residents of the Fairbanks North Star Borough were required to pay \$19,469,081 this year to support their school system.

Since 1997, the total annual local contribution required from organized Alaska has increased 34 percent, from \$123.3 million to \$165.1 million. At the same time, each

school district's state support was decreased by the amount equal to the local district's required contribution. The following graph illustrates the growth in local support for K-12 public schools:

**Total Statewide Contribution for Schools**  
(Only Organized Alaska is Required to Contribute)



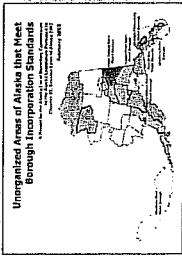
The residents in each organized school district are required to contribute the equivalent of 4 mills\* of the *Full and True Value* of the taxable property within the district. Although most residents pay a property tax to meet this obligation, local taxpayers may choose alternative methods to raise the required amount, for example:

- Aleutians East Borough - Raw Fish Tax
- Denali Borough - Bed Tax & Severance Tax
- Galena, Hoonah, Hydaburg - Sales Tax
- Kake - Sales Tax and Raw Fish Tax
- Klawock - Sales Tax and Bed Tax
- Lake & Peninsula Borough - Raw Fish Tax
- NW Arctic Borough - Negotiated Agreement
- St. Mary's & Tanana - In-Kind Contribution
- Other Options Determined by a Municipality

**S**enate Concurrent Resolution 12 acknowledges that existing state law imposes significant obligations on organized Alaska while no corresponding duties are imposed on the people living in the unorganized borough outside home rule or first class cities. Unfortunately, at the present time, there is no reasonable basis in

law to distinguish between those Alaskans who are required to accept these obligations and those Alaskans who are not. SCR 12 sets in motion a process to formally ask residents in the unorganized borough, "Can you help? Can you pay your fair share?"

The starting point for this inquiry is the February 2003 report by the Local Boundary Commission entitled: *Unorganized Areas of Alaska that Meet Borough Incorporation Standards*.



*that Meet Borough Incorporation Standards*. At the request of the Twenty-Second Alaska State Legislature, the Local Boundary Commission reviewed and analyzed the unorganized borough to determine which areas met existing standards for borough incorporation and, therefore, the ability to help support their local schools.

Each area was measured against the following eleven standards:

**Standards for Borough Incorporation**

1. Adequate Facilities that provide communication/integration
2. Common Interests of population
3. Best Interest of the State
4. Conform to REAA Boundaries unless LBC allows otherwise
5. Financial/Human Resources needed to support gov't services
6. Incorporation Encouraged under the Alaska Constitution
7. Interrelated/Integrated - socially, culturally, and economically
8. Large and Stable Populations of at least 1,000 residents
9. Large Boroughs in order to avoid proliferation of boroughs
10. Model Borough Boundaries adopted by the LBC
11. Similar Geography including areas for full services

**T**he Commission found that seven regions met the appropriate standards, including the fiscal and administrative capacity to operate a borough. Four of these seven unorganized areas have relatively significant populations residing outside home rule or first class cities.

- Upper Tanana Basin Model Borough
- Copper River Basin Model Borough
- Glacier Bay Model Borough
- Chatham Region Model Borough

Although these areas may very well have the financial capability and the necessary human resources to help support their neighborhood schools, many of the residents living in these four areas are not required to contribute to their local school system. SCR 12 asks the Commission to refine its analysis and consider borough incorporation for these four areas of the state.

To help put these localities in perspective, the following brief summary highlights several facts regarding the four model boroughs in question:

**Summary of Four Model Boroughs**

**Upper Tanana Basin**

1. Includes 19 communities
2. Total of 6,316 residents
3. Includes Delta/Greely & Alaska Gateway REAAs
4. F&T Value - \$469,045,724
5. Ave. home - \$144,044
6. Ave. income - \$47,472

**Copper River Basin**

1. Includes 18 communities
2. Total of 3,089 residents
3. Includes Copper River REAA
4. F&T Value - \$502,729,199
5. Ave. home - \$128,800
6. Ave. income - \$43,990

**Glacier Bay**

1. Includes 7 communities
2. Total of 1,739 residents
3. Includes Pelican, Hoonah, & Chatham REAA
4. F&T Value - \$73,526,489
5. Ave. home - \$136,738
6. Ave. income - \$46,563

**Chatham Region**

1. Includes 3 communities
2. Total of 1,354 residents
3. Includes Kake and Chatham REAA
4. F&T Value - \$35,908,397
5. Ave. home - \$132,854
6. Ave. income - \$47,516

REAA - Regional Educational Attendance Area  
F&T - Estimated 2001 Full and True Value of Taxable Property  
Source - Local Boundary Commission's February 2003 Report

**C**urrently more than 80% of Alaskans live in organized boroughs that were formed under a legislative mandate 40 years ago. The 1963 Mandatory Borough Act was the product of a bipartisan legislative effort that was supported by Governor Egan. When the legislature mandated the formation of eight boroughs, it promised that no area incorporated as an organized borough would be deprived of state services, revenues or otherwise penalized because of incorporation.

However, in FY04 organized Alaska will pay \$165.1 million to support their local schools before receiving any

\* or 45% of Basic Need of the preceding year, whichever is less