

City of Dillingham

Analysis of Annexation Options



prepared by

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Executive Summary

Purpose

The 1st class City of Dillingham is considering whether or not to annex territory to its City, and whether it should form a Borough. Sheinberg Associates was hired to analyze the implications of such actions for the City of Dillingham, to conduct a fiscal impact analysis, and to present this objective information to the Dillingham City Council and community to assist it in considering these local government actions.

This report reviews the implications of annexation.

Annexation Objectives

The City of Dillingham is considering three options for annexing occupied contiguous land to the community. The options include land that is being used for residential, commercial, transportation, recreation, and gravel extraction purposes. Objectives guiding Dillingham's consideration of these annexation alternatives are:

- To remedy inequities faced by Dillingham taxpayers.
- To protect and enhance Dillingham's tax base in order to provide more reasonable taxes for all who benefit from city government, infrastructure and services.
- To reduce the City's exposure to liabilities.
- To provide services needed by outlying areas and be fairly compensated.
- To enfranchise individuals.
- To promote orderly growth and development and abate threats to public health and safety through planning, platting and zoning, and a capital improvement program.
- To eventually lower fire insurance premiums.

Areas Being Analyzed for Annexation

The implications of annexation are analyzed for three areas (Figure 1):

1. West of Aleknagik-Lake Road and east to Wood River.

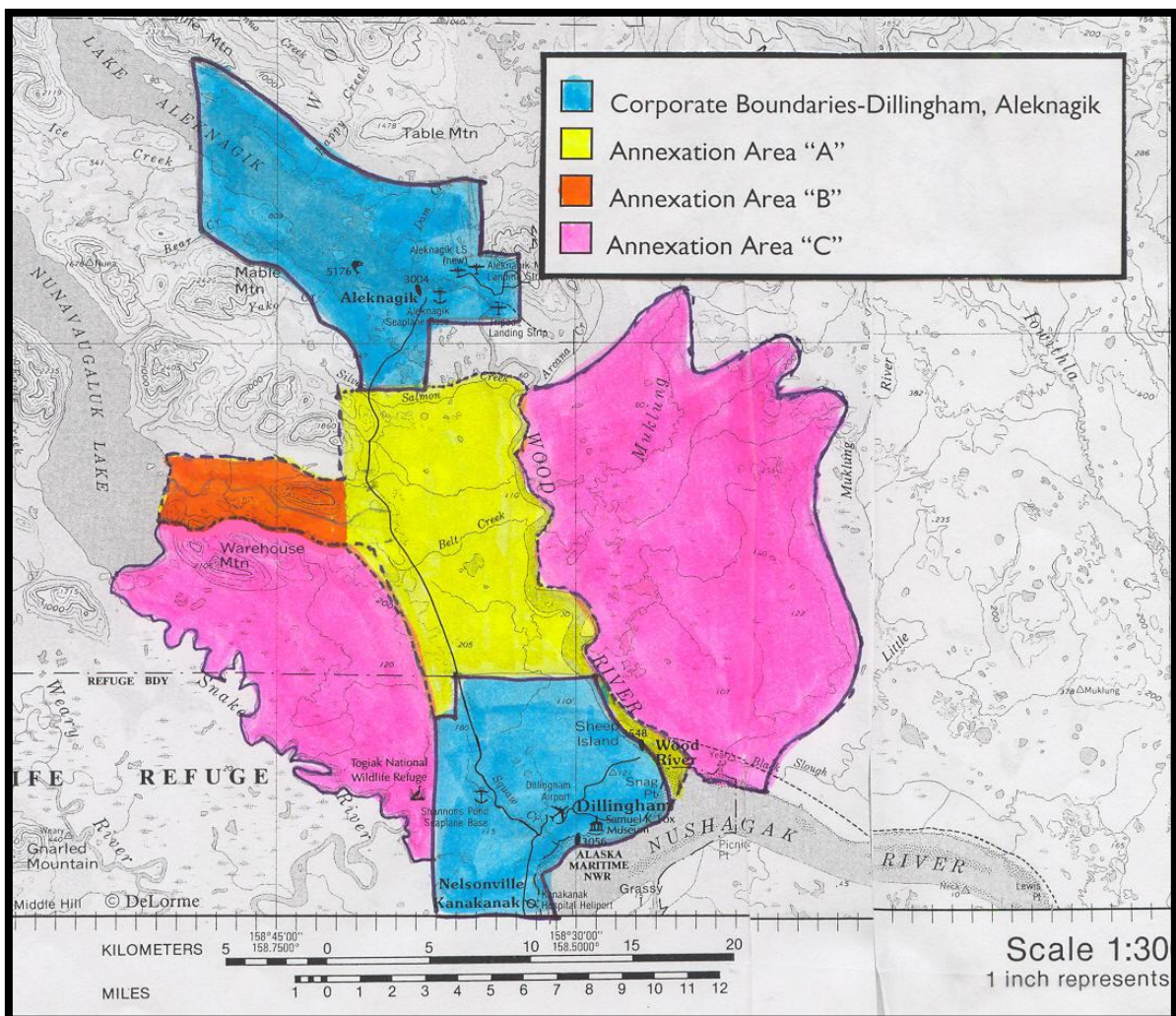
This area (yellow colored, Area "A" on Figure 1) is being considered for annexation in order to include within the City boundary all the currently populated residential and commercial areas of the defacto community; the areas expected to experience increased development and demand for city services due to the presence of existing infrastructure (roads); planned paving of the Aleknagik-Lake Road; land subdivision and disposals; increased development and recreation in the area due in land disposals and planned bridge installation across the Wood River connecting the north and south shore of Lake Aleknagik; and to include the Wood River, a growing fishery harvest area important to Dillingham residents and the economy. Bringing these areas into the City will assist in achieving orderly and planned growth and development, and will help achieve tax equity in that all who use services and infrastructure in the City of Dillingham will them be contributing to their upkeep.

2. Snake Lake Road to Nunavaugaluk Lake.

This option (orange colored Area “B” on Figure 1) would add a ¼ mile corridor on either side of 9-mile Snake Lake Road to and including the public (State) landing and Crystal Creek Lodge. It also would include quarries and private land along this road. The reasons for considering annexation for this area are identical to those for option “A” above – for this reason it is recommended that these two areas be considered together.

3. Snake River-Little Muklung River area.

This option is the land and water from Snake River and the southeast shore of Nunavaugaluk Lake on the west, to the Little Muklung River on the east (pink colored Area “C” on Figure 1). This broadens annexation area “A” and “B” to include subsistence and sport fishing and recreation areas used by Dillingham residents; State land close to Dillingham that is designated for remote settlement; and the watersheds where development activities can have downstream impacts on the land and water within the (expanded) City. The watershed areas are important because the downstream effects of development and harvest activities can impact the need for the City to provide police, fire, emergency medical, hazardous waste, and recreation services as well as affect the economic potential of and fish harvest from these areas – important contributors to the local economy.



Services and Taxes in Areas Being Considered For Annexation

There are approximately 54 residents and 42 dwelling units (source: 2000 census) and dozens of undeveloped privately held parcels in the areas being considered for annexation. Residents from these areas come into Dillingham for work and school and use City streets, library, dock, boat harbor, bath house, landfill and the shooting range. City of Dillingham personnel and volunteers also respond to emergency fire, police and medical requests in these areas. While there are sometimes user fees, residents in these areas currently pay no municipal taxes for use of these facilities and services.

If annexed, residents in these areas would enjoy the following municipal services and facilities:

- Use of the facilities and services they already use, including education, school bus, streets, dock etcetera.
- The library would extend services to all resident and businesses if they are not covered by current practices.
- Residents and businesses would be eligible for platting and land use assistance.
- There would be coordinated assistance between the City Department of Public Works and the State of Alaska DOT in snow removal and road maintenance.
- Raven's View Subdivision road would become a City street and receive City road maintenance.
- The City of Dillingham would provide law enforcement services in these areas, including routine patrols from the Police Department.
- Elders in this area would be able to participate in transportation and home delivery services offered by the Senior Center.
- Eventually, a fire station would be built out Lake Road and a pumper truck purchased, but this would be beyond the timeframe of this study (3-5 years).

To help pay for services already being receiving both at home (outside current city boundaries) and while in Dillingham for school, work and other purposes, as well as additional services after annexation, the following taxes could be extended to these areas: 5 mill property tax (a new service area would be created), 6% general sales tax, 10% bed tax, 10% liquor tax, and a 6% gaming tax. This analysis assumes these rates are in effect, however, the City Council could choose to not levy a tax or use a different rate if an annexation petition is prepared.

Revenues

Local, State and federal revenue to the City of Dillingham will increase as a result of annexation. Annual local tax revenue would increase an estimated \$109,646 from the following sources: \$14,606 from property tax and \$3,207 from personal property tax (both at 5 mill and assuming that half the properties have restricted deeds and are not taxed), and \$82,540 from sales tax and \$8,925 from lodging tax (from Crystal Creek Lodge and gravel and rock sales).

Te estimated increase in State revenue due to annexation would be \$275 from added shared fisheries tax revenue. Increased annual federal funding is estimated at \$2,057 from a higher Payment In Lieu of Taxes (PILT) payment.

- **The total estimated annual increase in local, State and federal revenue due to annexation would be \$111,978 (Table 2, page 14).**

Expenditures

- **One-time expenses that the City of Dillingham will experience due to annexation will total approximately \$35,000 in order to fund additional city attorney, tax assessor, and community development department work.**

This will include preparing a legal brief to accompany the annexation petition and other legal reviews, entering new territory into the city’s GIS system, and adding about 100 parcels onto the city tax roll.

- **The annual increase to City of Dillingham general operating budget will be an estimated \$68,800 due to annexation.**

This is primarily annual funding for one additional year-round police officer and the lease fee for an additional police vehicle. Other annual expenses will be increases for street maintenance (public works) and community development work.

- **There would be an estimated \$7,865 annual increase in expenses to the Senior Citizens Center Special Revenue Fund.**

This is in order to provide transportation and meal services to an estimated three to five elders living in areas being considered for annexation.

The other added expenditure due to annexation will be a higher Require Minimum Local Contribution (RMLC) for schools. The increase will be a 4-mill equivalent of the Full True Value (FTV) of new territory within the City.

- **The estimated Full True Value of new territory is approximately \$4.3 million, which yields a 4-mill equivalent of \$16,917.**

This will be the increased RMLC due for schools that would begin two-three years after annexation.

- **Ignoring one-time expenses, and assuming the higher RMLC has completely “kicked-in” this analysis suggests that annual revenue to the City of Dillingham as a result of annexation will generally exceed annual expenses by approximately \$18,395 (Table below) if areas A+B or all areas are annexed.**
- **By contrast, if Area A is annexed (without area B), the annual expenses due to annexation will exceed annual revenues by approximately \$54,030.**

SUMMARY "SNAPSHOT" OF ESTIMATED ANNUAL OPERATING REVENUES AND EXPENSES DUE TO ANNEXATION			
	Annexation Options		
	OPTION A incremental revenue from Lake Road - Wood River Area	OPTION A+B incremental revenue from Snake Lake Road Area	OPTION A+B+C incremental revenue from Snake Lake- Muklung River Area
Additional Annual Revenue	\$34,662	\$111,977	\$111,977
Additional Annual Expenses	\$76,665	\$76,665	\$76,665
Additional RLMC for schools	\$12,027	\$16,917	\$16,917(1)
TOTALS	(\$54,030)	\$18,395	\$18,395
<i>(1) An estimate for assessed property in this area was not obtained. Any private tax-accessible property in this area, it will increase the RLMC for schools by 4 mills of the assessed value.</i>			
<i>Source: Sheinberg Associates July 2003</i>			

Voting

The Dillingham City Council has six council members and a mayor, all elected at large and all representing the entire community. There is no municipal government in the areas being investigated for annexation.

Areas annexed will become part of the City of Dillingham. If all areas are annexed, it will increase Dillingham's population by up to 54 people, or by 2%. No changes to the election process or election districts are anticipated as a result of annexation.

Criteria State Local Boundary Commission used to review Annexation Petitions

The City of Dillingham's annexation objectives address many of the criteria against which the annexation proposal will be reviewed and a sound petition to the LBC can be prepared. However, challenges to meeting the three criteria below are possible:

1. Territory may not be annexed to a city if essential city services can be provided more efficiently and more effectively by another existing city or by an organized borough.
2. The territory to be annexed must be compatible in character with the annexing city.
3. The proposed boundaries of the city must not include entire geographical regions or large unpopulated areas, except when boundaries are justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.130.

If Dillingham proceeds with preparing an annexation petition care must be taken to address these criteria, and to build upon the decision and rationale the LBC used when it approved the City of Aleknagik annexation petition in 1999.

If Dillingham proceeds with an annexation petition and there is not an unusual delay, it will take the City approximately six-ten months to pursue annexation from the time the draft petition is prepared, until it is before the LBC for a hearing and then before either the people for a vote (local action) or the State Legislature for acceptance.

PROJECT PURPOSE

The 1st class City of Dillingham is considering whether or not to annex territory to its City, and whether it should form a Borough. Sheinberg Associates was hired to analyze the implications of such actions for the City of Dillingham, to conduct a fiscal impact analysis, and to present this objective information to the Dillingham City Council and community to assist it in considering these local government actions.

This report presents the results of the annexation analysis.

Report Sources

To prepare this report the data sources and individuals listed below provided information:

- Population – 2000 U.S. Census data is used, unless otherwise noted. For state revenues, updated population figures provided by State DCED are used.
- Dillingham financial data – June 2002 City of Dillingham General Purpose Financial Audit by Mikunda, Cottrell & Co.
- Housing units – 2000 US Census data
- State revenues estimates – Alaska DCED estimates
- Federal revenue estimates – Alaska DCED estimates
- Education Aid Impact – Eddie Jeans, Mindy Lobaugh, State Department of Education
- Assessed property values – Audited Financial Statement, City of Dillingham; assessor's data from V.I. Braswell, City Clerk; Steve VanSant-State Assessor; Mike Renfro, Alaska Appraisal Company; Tom Hoseth, Bristol Bay Native Association
- Final report of the LBC concerning the proposed annexation of 24.29 square miles to the City of Aleknagik, October 1999, State DCED
- State of Alaska, Local Boundary Commission, Statement of Decision in the matter of the March 5, 1999 petition of the City of Aleknagik for annexation of approximately 24.29 sq. mi.

Interviews were conducted, or information was provided by the following individuals:

John Fulton, Dillingham City Manager
V.I. Braswell, Dillingham City Clerk
Katy Bagierek, Dillingham Finance Director
Gregg Burton, Dillingham Assistant Finance Director
Alice Ruby, Choggiung Ltd
Mike Renfro, Appraisal Company
Patty Heyano, Aleknagik City Manager
Tom Hoseth, Bristol Bay Native Association
Bill Rolfzen, State Revenue Sharing specialist, State DCED
Dan Bockhorst, Local Boundary Commission staff, State DCED
Mindy Lobaugh, State Department of Education
Steve VanSant, State Assessor
Raybell Smeaton, Bristol Fuels
Ray Burger, State of Alaska, DMLW, Land Use Planner
Arlan De Yong, State of Alaska, DMLW, Municipal Entitlement Manager

1.0 City or Borough Government?

City governments are local, community-based governments and provide city services, such as police, fire/EMS, water, sewer, solid waste, road maintenance, parks and recreation services, land use planning and zoning, and where there is no borough - education. People using city infrastructure and benefiting from city services should support their use through paying city taxes.

Borough governments are to provide regional services and planning efficiently to a population with common interests. The State Constitution requires all of Alaska to be divided into boroughs, either organized or unorganized. Boroughs must provide three services - education, taxation and land use planning and regulation. If a Borough forms in this area, the City of Dillingham School District would dissolve and join with portions of Southwest Region REAA to form a new Borough School District. A borough's zoning and coastal management policies must be followed by all private, city and state landowners; the federal government is exempt but the borough can create pressure for the federal landowner to cooperate and consult.

The question of whether or not to annex new lands to the City of Dillingham and whether or not to form a borough are separate matters and not mutually exclusive options. The City can pursue either annexation, borough formation, or both. The key thing for the City and its residents to consider is the same thing that the State Local Boundary Commission and its staff (Department of Community and Economic Development) will consider --- what are the interests and goals trying to be achieved, and is a city (local government) or regional (borough government) the best way to achieve these goals.

2.0 Annexation Objectives

The City of Dillingham is considering three options for annexing occupied contiguous land to the community. The options include land that is being used for residential, commercial, transportation, recreation, and gravel extraction purposes. The following objectives guide Dillingham's consideration of these annexation alternatives.

- **To remedy inequities faced by Dillingham taxpayers.**

Businesses and residents within the City are subject to property and sales taxes and must follow zoning rules, which unfairly burdens them compared to businesses and residents (current and anticipated) located in the areas proposed for annexation.

- **To protect and enhance Dillingham's tax base in order to provide more reasonable taxes for all who benefit from city government, infrastructure and services.**

The following services and infrastructure provided both to city and non-city residents are paid for in part through property and sales taxes:

- ✓ K-12 public schools
- ✓ Regional emergency medical services
- ✓ Regional emergency fire dispatch services and protection services
- ✓ Police services for those who live or work within city limits

- ✓ Library services
- ✓ Senior center
- ✓ Bathhouse
- ✓ Maintenance of city infrastructure including the Kanakanak Beach launch, Wood River landing-launch,
- Small Boat Harbor, bath house and streets.
- ✓ Museum
- ✓ City landfill
- ✓ City shooting range, ball fields, trails, and other parks and recreation services

- **To reduce the City's exposure to liabilities.**

Dillingham provides emergency medical, fire and police protection along the roaded area outside its corporate boundaries. While there is legal authority to provide extraterritorial services such as emergency medical services, residents and property owners inside the city may be deprived of timely receipt of emergency services because city resources were committed outside the city's boundaries. AS 29.35.020 does not provide extraterritorial authority for police and fire service.

- **To provide services needed by outlying areas and be fairly compensated.**

Residents of areas adjacent to Dillingham sometimes request services from the city, such as fire protection and emergency medical services. Further, City police occasionally assist State Troopers in providing police and public safety services to those outside city limits at no extra cost beyond any regular fees.

- **To enfranchise individuals.**

Residents along portions of Lake Road are part of the greater community served by the City of Dillingham, but because they live on the other side of the City's political boundary, are not allowed a voice in City of Dillingham government. Annexation would allow those individuals to be appointed to City boards and commissions, hold elective office in City government and the School District, and vote in City elections.

- **To promote orderly growth and development and abate threats to public health and safety through planning, platting and zoning, and a capital improvement program.**

There is already urban development along portions of the Lake Road, and more will occur as land and allotments develop over time. Planning, zoning and platting will ensure such growth proceeds in an orderly manner that protects property values and investments and maintains recreations values and uses.

- **To eventually lower fire insurance premiums.**

Eventually a fire station out Lake Road would be built, which would lower fire insurance premiums by about 40% for those within 5 miles of the station.

3.0 Annexation Options Investigated

The City of Dillingham asked that two annexation options be investigated that both include land between Dillingham and Aleknagik. Sheinberg Associates divided one area into two parts to create total of three annexation options under investigation (Figure 1). Dillingham could choose to pursue none, a combination, or all of these annexation options. The options include:

1. West of Aleknagik Lake Road and east to Wood River. This option (yellow colored, Area “A” on Figure 1) will annex land and water from one mile west of Aleknagik-Lake Road to the east bank of the Wood River, from Dillingham’s northern city boundary to the southern Aleknagik city boundary.

This area is being considered for annexation in order to include within the City boundary all the currently populated residential and commercial areas of the defacto community; the areas expected to experience increased development and demand for city services due to the presence of existing infrastructure (roads); planned paving of the Aleknagik Lake Road; land subdivision and disposals; increased development and recreation in the area due in land disposals and planned bridge installation across the Wood River connecting the north and south shore of Lake Aleknagik; and to include the Wood River, a growing fishery harvest area important to Dillingham residents and the economy. Bringing these areas into the City will assist in achieving orderly and planned growth and development, and will help achieve tax equity in that all who use services and infrastructure in the City of Dillingham will then be contributing to their upkeep.

2. Snake Lake Road to Nunavaugaluk Lake. This option (orange colored Area “B” on Figure 1) would add a ¼ mile corridor on either side of 9-mile Snake Lake Road to and including the public (State) landing and Crystal Creek Lodge. It also would include quarries and private land along this road. The reasons for considering annexation for this area are identical to those for option “A” above – for this reason it is recommended that these two areas be considered together.

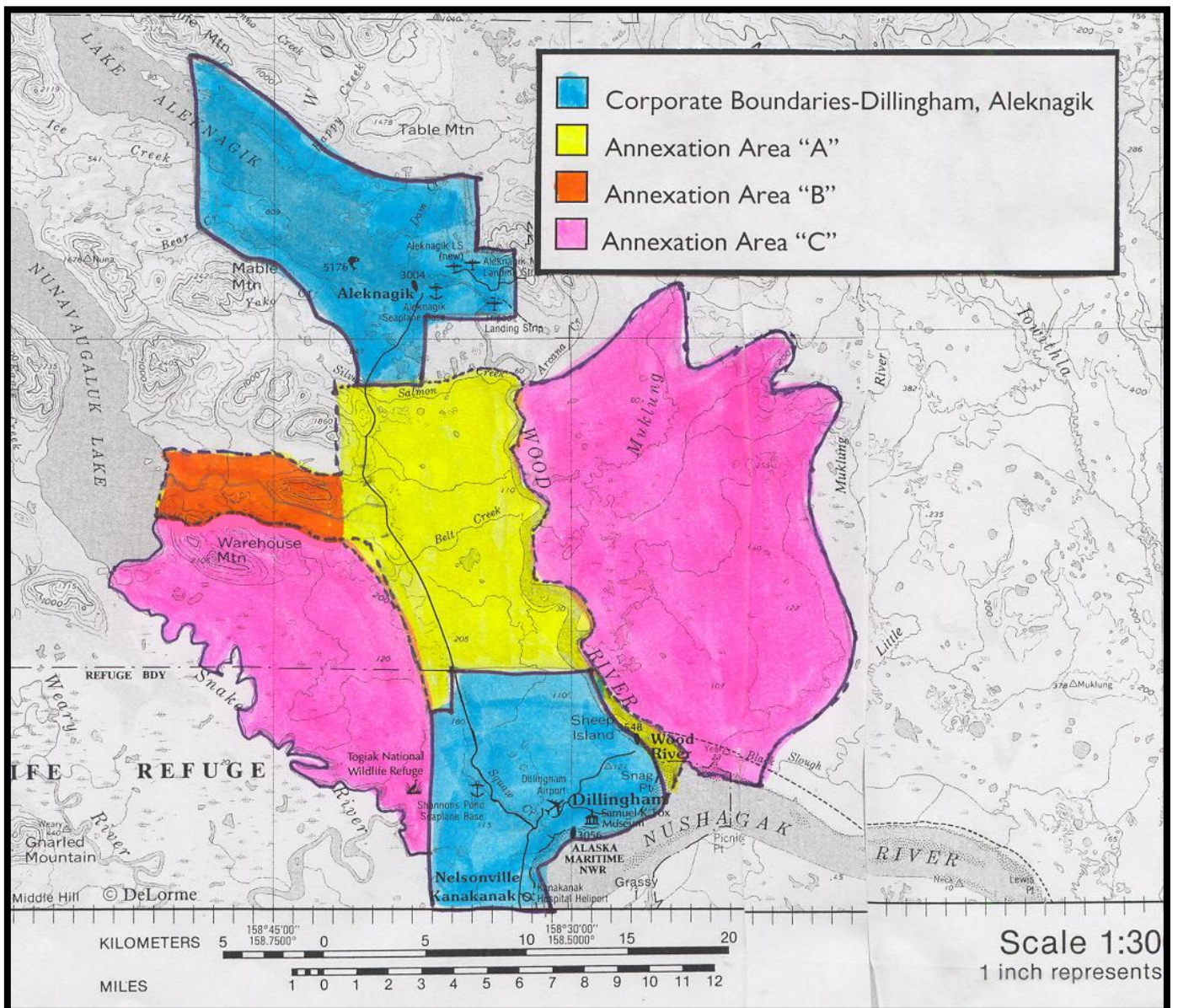
3. Snake River-Little Muklung River area. This option is the land and water from Snake River and the southeast shore of Nunavaugaluk Lake on the west, to the Little Muklung River on the east (pink colored Area “C” on Figure 1). This broadens annexation area “A” and “B” to include subsistence and sport fishing and recreation areas used by Dillingham residents; State land close to Dillingham that is designated for remote settlement; and the watersheds where development activities can have downstream impacts on the land and water within the (expanded) City. The watershed areas are important because the downstream effects of development and harvest activities can impact the need for the City to provide police, fire, emergency medical, hazardous waste, and recreation services as well as affect the economic potential of and fish harvest from these areas – important contributors to the local economy.

TABLE 1 - POPULATION AND RESIDENTIAL CHARACTERISTICS

	Dillingham	Areas Beings Considered for Annexation	Totals if annexed
Population (2000 census)	2,446	54	2,500
Total Dwelling Units (DU)	1,000	42	1,042
<i>Occupied DU</i>	884	19	903
<i>Seasonally occupied DU</i>	39	20	59
<i>Vacant DU</i>	77	3	80

Source: 2000 U.S. Census, data compiled by Sheinberg Associates

FIGURE 1 - Annexation Options Investigated



4.0 Community Planning and Development

The Dillingham City Council emphasizes that both annexation and borough formation options are primarily being considered for planning and community development purposes. While any action must be fiscally responsible and sustainable, it is planning issues and actions that drive these deliberations.

There are two planning issues that influence community consideration on annexation interests. First, the land and territory being considered for annexation has been experiencing and is expected to undergo continued residential (subdivisions and individual lots), commercial (mom and pop stores, tourism, recreation, storage), and industrial (gravel) development. Development in these areas should be done to city standards to protect public health, safety and welfare, and in a logical and orderly manner to ensure property values of adjacent properties are maintained. Second, many of the areas being considered for annexation are used by Dillingham residents for subsistence activities, sport and commercial fishing and hunting, and for recreational purposes. Residents and the community thus have a vested interest in ensuring that these uses and activities can continue. The best way to accomplish this is by bringing this territory into the City boundaries so that active land planning and management can take place.

5.0 Local Government Services and Taxes

5.1 Current Dillingham Services and Taxes

The City of Dillingham provides many local government services, including:

- K-12 public schools
- Regional emergency medical services
- Regional emergency fire dispatch services and protection services
- Police services for those who live or work within city limits
- Library services
- Senior center
- Bath house
- Maintenance of city infrastructure including the Wood River landing/city dock, boat harbor, and streets.
- Museum
- City landfill
- City shooting range, ball fields, trails, and other parks and recreation services

To pay for these services, Dillingham's municipal taxes are an 11 mill property tax, a 6% general sales tax, a 10% bed tax, 10% liquor tax and a 6% gaming tax. In FY 2002, \$3,546,754 was generated from local taxes.

5.2 Services and Taxes in Areas Being Considered For Annexation

A. Current Situation. There are approximately 54 residents and 42 dwelling units (source: 2000 census) and dozens of undeveloped privately held parcels in the areas being considered for annexation. Residents from these areas come into Dillingham for work and school and use City streets, library, dock, boat harbor, bath house, landfill and the shooting range. City of Dillingham personnel and volunteers also respond to emergency fire, police and medical requests in these areas. While there are sometimes user fees, residents in these areas currently pay no municipal taxes for use of these facilities and services.

B. Post-Annexation. If annexed, residents in these areas would enjoy the following municipal services and facilities:

- Use of the facilities and services they already use, including education, school bus, streets, dock etcetera.
- The library would extend services to all resident and businesses if they are not covered by current practices.
- Residents and businesses would be eligible for platting and land use assistance.
- There would be coordinated assistance between the City Department of Public Works and the State of Alaska DOT in snow removal and road maintenance.
- Raven's View Subdivision road would become a City street and receive City road maintenance.
- The City of Dillingham would provide law enforcement services in these areas, including routine patrols from the Police Department.
- Elders in this area would be able to participate in transportation and home delivery services offered by the Senior Center.
- Eventually, a fire station would be built out Lake Road and a pumper truck purchased, but this would be beyond the timeframe of this study (3-5 years).

To help pay for services already being receiving both at home (outside current city boundaries) and while in Dillingham for school, work and other purposes¹, as well as additional services after annexation, the following taxes could be extended to these areas: 5 mill property tax (a new service area would be created), 6% general sales tax, 10% bed tax, 10% liquor tax, and a 6% gaming tax.

The fiscal impact analysis (section 6) assumes these tax rates are in effect. However, the City Council could choose to not levy a tax or use a different rate if an annexation petition is prepared.

¹ User fees now being paid for some of the services do not fully pay for the service.

6.0 Fiscal Impact Analysis

6.1 General Government Operating Revenues

This fiscal impact analysis estimates the incremental revenues that will accrue and incremental costs that will result from annexation of territory and people to Dillingham. It assumes that the tax rates listed in section 5.2 are in effect.

Local, State and federal revenue to the City of Dillingham will increase as a result of annexation (Table 2). Annual local tax revenue would increase an estimated \$109,646 from the following sources: \$14,606 from property tax and \$3,207 from personal property tax (both at 5 mill and assuming that half the properties have restricted deeds and are not taxed), and \$82,540 from sales tax and \$8,925 from lodging tax (from Crystal Creek Lodge and gravel and rock sales)².

If State Revenue Sharing (SRS) and Safe Communities (SC) funding were in effect, the estimated increase in State funding due to the added population within City boundaries would have been \$8,176. However, SRS and SC were eliminated in FY 04 by Governor Murkowski, and are not planned for next year at this time. Therefore, the estimated increase in State revenue due to annexation would only be \$275 from added shared fisheries tax revenue. Increased annual federal funding is estimated at \$2,057 from a higher Payment In Lieu of Taxes (PILT) payment.

The total estimated annual increase in local, State and federal revenue due to annexation would be \$111,978 (Table 2).

² Annual fluctuations to sales and lodging tax are to be expected based on varying visitor numbers to Crystal Creek Lodge and varying gravel sales volumes from the area.

Table 2

6.2 General Government Operating Expenditures

This analysis estimates expenditures due to annexation including one-time expenses, annual general government operating expenses, and an annual increase to a special revenue fund. The City of Dillingham FY 02 (year ending June 30, 2002) budget is the fiscal baseline used (as presented in the June 2002 City of Dillingham General Purpose Financial Audit by Mikunda, Cottrell & Co.).

This analysis assumes that the general government operating expenses due to annexation are the same regardless of whether area A, A+B, or A+B+C, is annexed. This is because the general government expenses (police, assessor, community development, streets) will “kick-in” once the added territory along the Aleknagik-Lake Road (Area A) becomes part of the City. The incremental additional territory in Area B or C will not add to these costs.

Table 3 summarizes expected expenses due to annexation.

One-time expenses that the City of Dillingham will experience due to annexation will total approximately \$35,000 in order to fund additional city attorney, tax assessor, and community development department work. This will include preparing a legal brief to accompany the annexation petition and other legal reviews, entering new territory into the city’s GIS system, and adding about 100 parcels onto the city tax roll.

The annual increase to City of Dillingham general operating budget will be an estimated \$68,800 due to annexation. This is primarily annual funding for one additional year-round police officer and the lease fee for an additional police vehicle. Other annual expenses will be increases for street maintenance (public works) and community development work.

There would be an estimated \$7,865 annual increase in expenses to the Senior Citizens Center Special Revenue Fund in order to provide transportation and meal services to an estimated three to five elders living in areas being considered for annexation.

The other added expenditure due to annexation will be a higher Require Minimum Local Contribution (RMLC) for schools. The increase will be a 4-mill equivalent of the Full True Value (FTV) of new territory within the City. The estimated Full True Value of new territory is approximately \$4.3 million, which yields a 4-mill equivalent of \$16,917. This will be the increased RMLC due for schools that would begin two-three years after annexation.³

³ Because the RMLC is based on the FTV on January 1 of the second preceding fiscal year, the higher RMLC will not begin until two to three years after annexation (to get the “extra” year before the higher RMLC is due, the annexation should be approved as close to June 30 as possible, but before July 1).

TABLE 3 - ESTIMATES OF INCREASED EXPENDITURES DUE TO ANNEXATION	
1.0 One Time Expenses Due to Annexation	
Attorney	\$15,000
Assessor/Finance	\$10,000
Community Development	\$10,000
<i>Total</i>	\$35,000
2.0 Annual Government Expenses Due to Annexation	
Additional police officer and vehicle	\$62,500
Public Works (streets)	\$1,300
Community Development	\$5,000
<i>Total</i>	\$68,800
<i>The \$68,800 would be a 2.2% increase over FY 02 expenditures of \$3,194,517</i>	
3.0 Senior Center Special Revenue Fund Expenses Due to Annexation	
Community Services (a special revenue fund)	\$7,865
<i>The \$7,865 would be a 1.2% increase over FY 02 expenditures of \$637,730</i>	
4.0 Impact To Required School Funding Due to Annexation	
FY 02 Required Minimum Local Contribution	\$588,839
Estimated Additional Due to Annexation	\$16,917
<i>The \$18,606 would be a 3.2% increase over the FY 02 RMLC of \$588,839, and a 1.5% increase over the total contribution the City made to schools in FY 02 of \$1,255,994</i>	
<i>Source: Sheinberg Associates July 2003</i>	

6.3 Sample City Budgets After Annexation

Ignoring one-time expenses, and assuming the higher RMLC has completely “kicked-in” this analysis suggests that annual revenue to the City of Dillingham as a result of annexation will generally exceed annual expenses by approximately \$18,395 (Table 4) if areas A+B or all areas are annexed. By contrast, if Area A is annexed (without area B), the annual expenses due to annexation will exceed annual revenues by approximately \$54,030.

TABLE 4 - SUMMARY "SNAPSHOT" OF ESTIMATED ANNUAL OPERATING REVENUES AND EXPENSES DUE TO ANNEXATION			
	Annexation Options		
	OPTION A incremental revenue from Lake Road - Wood River Area	OPTION A+B incremental revenue from Snake Lake Road Area	OPTION A+B+C incremental revenue from Snake Lake- Muklung River Area
Additional Annual Revenue	\$34,662	\$111,977	\$111,977
Additional Annual Expenses	\$76,665	\$76,665	\$76,665
Additional RLMC for schools	\$12,027	\$16,917	\$16,917(1)
TOTALS	(\$54,030)	\$18,395	\$18,395
<i>(1) An estimate for assessed property in this area was not obtained. Any private tax-accessible property in this area will increase the RLMC for schools by 4 mills of the assessed value.</i>			
<i>Source: Sheinberg Associates July 2003</i>			

Because some expenses are one-time and the added required payment for education does not begin until the third year after annexation, a three-year summary of revenues and expenses due to annexation is presented in order to consider the longer-term fiscal implications.

If expenses and revenues are held constant so that the only variable is change due to annexation, the year-three general government revenues exceed expenditures by \$43,178 (Table 5), the change to the Senior Citizen Center special revenue fund is an added \$7,865 expense, and the added Required Minimum Local Contribution for education is \$16,917. Together these net the \$18,395 excess of revenue over expenditures (Table 4) due to annexation.

**Table 5 - Three Year Post-Annexation Budget Summary
(assumes revenues and expenditures are constant)**

	Dillingham FY 02 Budget	Year 1 after annexation (A+B or all areas)	Year 2	Year 3
GENERAL GOVERNMENT				
REVENUES				
Taxes	\$3,546,754	\$3,656,033	\$3,656,033	\$3,656,033
State of Alaska	\$781,402	\$781,677	\$781,677	\$781,677
Federal Government	\$7,500	\$9,557	\$9,557	\$9,557
Charges for services	\$376,673	\$376,716	\$376,716	\$376,716
Games and Raffles	\$0	0	0	0
Licenses and Permits	\$14,786	\$15,110	\$15,110	\$15,110
Penalties and interest	\$0	0	0	0
Fines and Forfeitures	\$14,679	\$14,679	\$14,679	\$14,679
Lease and Rental Income	\$0	\$0	\$0	\$0
investment income	\$89,084	\$89,084	\$89,084	\$89,084
Other	\$31,708	\$31,708	\$31,708	\$31,708
<i>Total Revenues</i>	\$4,862,586	\$4,974,564	\$4,974,564	\$4,974,564
EXPENDITURES				
General government	\$868,723	\$908,723	\$873,723	\$873,723
Public Safety	\$1,460,041	\$1,522,541	\$1,522,541	\$1,522,541
Public Works	\$778,676	\$779,976	\$779,976	\$779,976
Community Services	\$87,077	\$87,077	\$87,077	\$87,077
<i>Total Expenditures</i>	\$3,194,517	\$3,298,317	\$3,263,317	\$3,263,317
Excess of rev. over (under) expend.	\$1,668,069	\$1,676,247	\$1,711,247	\$1,711,247
SPECIAL REVENUE FUND				
Senior Citizen Center				
REVENUES	\$515,989	\$515,989	\$515,989	\$515,989
EXPENDITURES	\$637,730	645595	645595	645595
Excess of rev. over (under) expend.	-\$121,741	-\$129,606	-\$129,606	-\$129,606
EDUCATION				
Required Minimum Local Contribution for Education	\$588,839	\$611,160	Estm: \$634,327	Estm: \$655,069
added RMLC due to annexation	\$0	\$0	\$0	\$16,917

Source: Sheinberg Associates, July 2003

6.4 Fiscal Impact Analysis Sources, Assumptions and Methods

The assumptions and methods outlined in this section were used to prepare the estimates of revenues and expenditures due to annexation.

Assessed Property Values

The following assumptions about the locally assessed value of property in the areas being considered for annexation are made to estimate the potential property tax revenue.

In FY 02, the assessed value of residential property in the City of Dillingham was \$93,719,275. For the City's 1,000 dwelling units this yields an assessed value per residential property of \$93,719. This per dwelling assessed value was used to calculate the assessed value and then property taxes from the 41 dwellings in Area A. This total was reduced by 50% to reflect the fact that about half (at least) of the properties in the areas proposed for annexation have restricted deeds and are not tax accessible. For Area B, the Crystal Creek Lodge was valued at \$1,000,000, using the highest category of assessed value that the State Assessor uses for remote lodge complexes such as Crystal Creek (<\$250,000, \$500,000, and \$1,000,000). The combined total of assessed value for Area A and B was also used to calculate Required Minimum Local Contribution for education (See below).

For personal property the City's assessed value of personal property of \$29,832,255, was divided by the number of dwellings to establish the per dwelling value of personal property of \$29,832. To estimate the amount of personal property tax that could be collected from the areas proposed for annexation, the per dwelling value of personal property was multiplied by the number of dwellings in the areas to be annexed, and reduced by 50% to reflect the number of restricted deeds in the area.

Full and True Value (FTV) of Real and Personal Property

The required local contribution of a city or borough school district to support education is the equivalent of a four mill tax levy on the full and true value (FTV) of the real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Community and Economic Development. To determine the FTV of the areas under consideration for annexation, the ratio between locally assessed value and the State's FTV for Dillingham is applied. The January 2002 Alaska Taxable reports this ratio is 84.24%. For example, the locally assessed value for Dillingham is \$123,551,530, which after applying the ratio yields a FTV estimated of \$144,658,700.

Sales and Lodging Tax

To approximate potential sales tax revenue in areas under consideration for annexation, the 6% sales tax and 10% lodging tax were applied to revenue estimates for the crystal creek Lodge and area gravel quarries. For Crystal Creek, it was assumed that the Lodge's 20 rooms were half full (10 person per week) for a 17 week season, and that each person paid \$6,200 per week (\$1,054,000). For lodging, it was assumed that of the seasonal activity at the lodge, the package price could be divided into 119 days per season with 10 rooms each rented at \$75/day (\$89,250). For gravel sales, the ten year volume of gravel sales of 994,000 cy from Choggiung's main pit outside city limits, was divided by ten to derive a per year average volume for gavel sales. It was

estimated that all other pits in the area contribute about 30% more to the total volume of gravel being sold outside city boundaries (but within areas proposed for annexation). A conservative value of \$3.00 per cy was assigned, to generate an average annual gravel sale estimate (\$19,300).

7.0 Voting

The Dillingham City Council has six council members and a mayor, all elected at large and all representing the entire community. There is no municipal government in the areas being investigated for annexation.

Areas annexed will become part of the City of Dillingham. If all areas are annexed, it will increase Dillingham's population by up to 54 people, or by 2%. No change to the election process or election districts are anticipated as a result of annexation.

These proposed annexations to the city will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin.

8.0 Local Boundary Commission Review and Approval

8.1 Annexation Criteria

If the City of Dillingham proceeds with annexation an annexation petition must be prepared and submitted to the State's appointed Local Boundary Commission (LBC). The LBC will review the petition against the standards at State regulation 3 AAC 110.090-135 (see Appendix A). In brief, the key criteria are:

4. The territory to be annexed must have a reasonable need for city government.
5. Territory may not be annexed to a city if essential city services can be provided more efficiently and more effectively by another existing city or by an organized borough.
6. The territory to be annexed must be compatible in character with the annexing city.
7. The city boundaries after annexation must include the resources necessary to provide essential city services on an efficient, cost-effective level.
8. The population within the proposed post-annexation boundaries must be sufficiently large and stable to support the extension of city government.
9. The proposed post-annexation boundaries must include all areas necessary to provide the full development of essential city services on an efficient, cost effective level.
10. The area proposed for annexation must, with limited exceptions, be contiguous to the existing boundaries of the city to which annexation is proposed.

11. The post-annexation city boundaries must be limited to the developed areas and areas subject to impending development.
12. The proposed boundaries of the city must not include entire geographical regions or large unpopulated areas, except when boundaries are justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.130.
13. The territory proposed for annexation may not overlap the boundaries of an existing organized borough or city unless the petition also addresses and demonstrates satisfaction of detachment standards.
14. There must be a practical plan for the assumption of appropriate powers, assets, and liabilities on the part of the annexing city.
15. The proposed annexation to the city may not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin.
16. Annexations must serve the best interests of the state.

8.2 Analysis of Annexation Proposal's Adherence to Criteria

The City of Dillingham's annexation objectives (section 2.0) address many of the criteria against which the annexation proposal will be reviewed and a sound petition to the LBC can be prepared. However, challenges to meeting criteria 2, 3 and 9 above are possible. If Dillingham proceeds with preparing an annexation petition care must be taken to address the points below.

1. A property owner or the City of Aleknagik could argue that the City of Aleknagik is better able to provide essential city services, per criteria 2 above, for land north of a certain point (the halfway point between the cities of Dillingham and Aleknagik?).
2. Criteria 3 can be tricky to meet. There are several factors that the LBC and its staff use when determining whether "the territory to be annexed is compatible in character with the annexing city." The most common include land use and subdivision platting; salability of land for residential, commercial, or industrial purposes; population density; cause of recent population changes; and suitability of the territory for reasonably anticipated community purposes. The factors used in past LBC reports and recommendations have been quite variable so it can seem somewhat arbitrary – that the LBC and its staff will 'find' a factor to use to prove or disprove its position. This can be a challenging criterion to meet.

LBC and its staff often consider population density in the City and area to be annexed, and these are often dissimilar as annexations are typically, as in this case, in areas *beginning* to experience development pressure and where growth can be reasonably expected in the future. Indeed the point of this annexation petition is that the City wants to promote responsible future

development, rather than waiting until after the population densities are similar and that development has already occurred.

LBC staff recommended against approving all of Aleknagik's annexation petition in 1999 in part because of differences in population density in the area proposed for annexation when compared to the City of Aleknagik. However, the LBC ruled against their staff in this regard and noted in the decision document that:

...he found there to be little difference in the manner in the land is actually set up for prospective and current subdivisions. For instance, numerous Native allotments are poised for sale in the area to be annexed and development activities in the area proposed for annexation are similar to and compatible with land uses existing or proposed within current city boundaries. Therefore he did not anticipate difficulties in City of Aleknagik land use and subdivision planning for both areas.

The topography of the area suggested to him that the area within the existing boundaries of the City of Aleknagik was compatible with that of the area proposed for annexation. Major differences between the areas were evident in terms of population density. However, he did not consider the distinction between population densities to be a fatal flaw in the proposal since there is reasonably anticipated future growth in the area proposed for annexation and it is just as important for us to look at future growth patterns as it is at current population densities.

3. Criteria (9) states that the proposed boundaries must not include geographical regions or large unpopulated areas. Again, there is some latitude in how this is interpreted, especially in rural areas of Alaska. A general purpose of this criterion is to prevent a city from including areas within their boundaries that the State believes are best managed by a regional borough government. LBC staff is often concerned that allowing "large unpopulated geographic areas" to be annexed into a city creates disincentives to borough creation.

This is another reason the LBC staff recommended against most of the Aleknagik annexation in 1999. Again though, the LBC disagreed with staff and approved the full 25 sq. mile annexation, including what could be considered large unpopulated geographic regions. The Commission concluded that while much of the territory is unpopulated, other annexation standards justified annexation. Their rationale is important for Dillingham to understand and build upon, and follows (from Aleknagik annexation decision):

3 AAC 110.130(d) specifies that an area may be annexed to a city provided, in part, that the proposed city boundaries do not include entire geographical regions or large unpopulated areas, except when justified by other annexation standards. The terms "entire geographical regions" and "large unpopulated areas" are subjective and should be considered in the context of other city governments in Alaska. Although Aleknagik is one of the less populous city governments in the state, it is larger than the average size of the cities in Alaska. The average size of the jurisdictional area of the 145 cities in Alaska is 27.1 square miles. If

annexation occurs, the City's new boundaries would encompass 44.19 square miles, 63% greater than the average of all cities.

Of course, the Commission recognizes that the jurisdictional needs of each city in Alaska are unique and must be considered on a case by case basis. Nonetheless, the statistical comparisons are helpful in applying the terms "entire geographical regions" and "large unpopulated areas."

The Commission noted that much of the territory in the current proposal is uninhabited. According to the Petitioner, only eight persons reside in the 24.29 square miles proposed for annexation on a year-round basis. Commissioner Walters noted that the Commission's regulations permit the Commission to approve annexation of expansive, sparsely inhabited areas in spite of these considerations if the Commission finds that annexation is still appropriate if the large, unpopulated areas should be annexed on the basis of other annexation standards. Those standards are satisfied since the area proposed for annexation includes City-owned lands and facilities that are essential to the community, require city services, or are otherwise properly included within the jurisdiction of the City. Examples include: the City owned campsites at Bear Bay and Happy Creek and the City-owned dumpsites [both within the area to be annexed].

Commissioner Walters stated that he had concluded that the standard was satisfied by the Commission. Commissioner Waring noted that when the Commission addressed the petition for incorporation of the City of Gustavus, consideration was given to amending the area proposed for incorporation to include an area immediately west of the area originally proposed area for incorporation. Such would have included a resort hotel development and wildlife habitat within the City's boundaries. Ultimately, the Commission voted to amend the incorporation petition to include the additional area.

He indicated that he had concluded that the standard was satisfied by the areas to the north and south of the existing boundaries, but that the more remote areas to the west of the boundaries did not satisfy the standard. He suggested that consistent application of the standards would favor a relatively strict interpretation of the standard.

Several Commission members stressed that while much of the area proposed for annexation is uninhabited, there was significant privately owned property in the area, rendering the area particularly subject to residential or commercial development.

In sum, the Commission concludes that while much of the territory is unpopulated, other annexation standards justify annexation. Therefore, the Commission concludes that the standard set out in 3 AAC 110.130(d) is met.

8.3 Annexation Petition – The Submission and Review Process

If there is not an unusual delay, it will take the City of Dillingham approximately six-ten months to pursue annexation from the time the draft petition is prepared, until it is before the LBC for a hearing and then before either the people for a vote (local action) or the State Legislature for acceptance. Key steps and timing are depicted below.

STEP		MONTH												
		1	2	3	4	5	6	7	8	9	10			
1	Dillingham prepares a draft petition to the LBC addressing the regulations at 3 AAC 110.090-150. (State DCED has a form to ensure all requirements are addressed)	█												
2	Dillingham City Council holds a public hearing on the annexation proposal. (There are specific public notice, meeting recording and public hearing procedures.)		█											
3	Submit the petition for annexation to the LBC.			█										
4	Comment period to LBC in support of or in opposition of Dillingham's petition.				█	█	█							
5	City of Dillingham files a response to LBC on comments that are submitted on the petition.						█							
6	DCED issues a preliminary report and recommendation on the petition. Comment period for on report/ recommendations.							█	█					
7	DCED prepares final report and recommendation.									█	█			
8	LBC conducts hearing.										█	█		
9	LBC written decision issued.											█	█	
10	If LBC approves petition, Federal voting rights clearance process initiated.												█	█
11	Local vote is held, OR, LBC recommendation is submitted to State Legislature within 10 days of session opening for action within 45 days.													█

APPENDIX A

STATE REGULATIONS GOVERNING MUNICIPAL ANNEXATIONS

ARTICLE 3. STANDARDS FOR ANNEXATION TO CITIES.

Section

- 90. Needs of the territory
- 100. Character
- 110. Resources
- 120. Population
- 130. Boundaries
- 135. Best interests of state
- 140. Legislative review
- 150. Local action

3 AAC 110.090. NEEDS OF THE TERRITORY. (a) The territory must exhibit a reasonable need for city government. In this regard, the commission may consider relevant factors, including

(1) existing or reasonably anticipated social or economic conditions, including the extent to which residential and commercial growth of the community has occurred or is reasonably expected to occur beyond the existing boundaries of the city;

(2) existing or reasonably anticipated health, safety, and general welfare conditions;

(3) existing or reasonably anticipated economic development;

(4) adequacy of existing services;

(5) extraterritorial powers of the city to which the territory is proposed to be annexed and extraterritorial powers of nearby municipalities; and

(6) whether residents or property owners within the territory receive, or may be reasonably expected to receive, directly or indirectly, the benefit of services and facilities provided by the annexing city.

(b) Territory may not be annexed to a city if essential city services can be provided more efficiently and more effectively by another existing city or by an organized borough on an areawide basis or non-areawide basis, or through an existing borough service area.

(Eff. 7/31/92, Register 123; am 5/19/02, Register 162); Authority: Art. X, sec. 12, Ak Const.; AS 29.06.040; AS 44.33.812

3 AAC 110.100. CHARACTER. The territory must be compatible in character with the annexing city. In this regard, the commission may consider relevant factors, including the

(1) land use and subdivision platting;

(2) salability of land for residential, commercial, or industrial purposes;

(3) population density;

(4) cause of recent population changes; and

(5) suitability of the territory for reasonably anticipated community purposes.

(Eff. 7/31/92, Register 123; am 5/19/02, Register 162); Authority: Art. X, sec. 12, Ak Const.; AS 29.06.040; AS 44.33.812

3 AAC 110.110. RESOURCES. The economy within the proposed boundaries of the city must include the human and financial resources necessary to provide essential city services on an efficient, cost-effective level. In this regard, the commission may consider relevant factors, including the

- (1) reasonably anticipated functions of the city in the territory being annexed;
- (2) reasonably anticipated new expenses of the city that will result from annexation;
- (3) actual income and the reasonably anticipated ability to generate and collect local revenue and income from the territory;
- (4) feasibility and plausibility of those aspects of the city's anticipated operating and capital budgets that would be affected by the annexation through the third full fiscal year of operation after annexation;
- (5) economic base of the city after annexation;
- (6) property valuations in the territory proposed for annexation;
- (7) land use in the territory proposed for annexation;
- (8) existing and reasonably anticipated industrial, commercial, and resource development;
- (9) personal income of residents in the territory and in the city; and
- (10) need for and availability of employable skilled and unskilled persons to serve the city as a result of annexation.

(Eff. 7/31/92, Register 123; am 5/19/02, Register 162); Authority: Art. X, sec. 12, Ak Const.; AS 29.06.040; AS 44.33.812

3 AAC 110.120. POPULATION. The population within the proposed boundaries of the city must be sufficiently large and stable to support the extension of city government. In this regard, the commission may consider relevant factors, including

- (1) total census enumeration;
- (2) duration of residency;
- (3) historical population patterns;
- (4) seasonal population changes; and
- (5) age distributions.

(Eff. 7/31/92, Register 123; am 5/19/02, Register 162); Authority: Art. X, sec. 12, Ak Const.; AS 29.06.040; AS 44.33.812

3 AAC 110.130. BOUNDARIES. (a) The proposed boundaries of the city must include all land and water necessary to provide the full development of essential city services on an efficient, cost-effective level. In this regard, the commission may consider relevant factors, including

- (1) land use and ownership patterns;
- (2) population density;
- (3) existing and reasonably anticipated transportation patterns and facilities;
- (4) natural geographical features and environmental factors; and

(5) extraterritorial powers of cities.

(b) Absent a specific and persuasive showing to the contrary, the commission will presume that territory that is not contiguous to the annexing city, or that would create enclaves in the annexing city, does not include all land and water necessary to allow for the full development of essential city services on an efficient, cost-effective level.

(c) The proposed boundaries of the city must include only that area comprising an existing local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of annexation.

(d) The proposed boundaries of the city may not include entire geographical regions or large unpopulated areas, except if those boundaries are justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.135.

(e) If a petition for annexation to a city describes boundaries overlapping the boundaries of an existing organized borough, the petition for annexation must also address and comply with the standards and procedures for either annexation of the enlarged city to the existing organized borough, or detachment of the enlarged city from the existing organized borough. If a petition for annexation to a city describes boundaries overlapping the boundaries of another existing city, the petition for annexation must also address and comply with the standards and procedures for detachment of territory from a city, merger of cities, or consolidation of cities.

(Eff. 7/31/92, Register 123; am 5/19/02, Register 162); Authority: Art. X, sec. 12, Ak Const.; AS 29.06.040; AS 44.33.812

3 AAC 110.135. BEST INTERESTS OF STATE. In determining whether annexation to a city is in the best interests of the state under AS 29.06.040(a), the commission may consider relevant factors, including whether annexation

- (1) promotes maximum local self-government;
- (2) promotes a minimum number of local government units; and
- (3) will relieve the state government of the responsibility of providing local

services.

(Eff. 5/19/02, Register 162); Authority: Art. X, sec. 12, Ak Const.; AS 29.06.040; AS 44.33.812

3 AAC 110.140. LEGISLATIVE REVIEW. Territory that meets the annexation standards specified in 3 AAC 110.090 - 3 AAC 110.135 may be annexed to a city by the legislative review process if the commission also determines that any one of the following circumstances exists:

(1) the territory is an enclave surrounded by the annexing city;

(2) the health, safety, or general welfare of city residents is or will be endangered by conditions existing or potentially developing in the territory, and annexation will enable the city to regulate or control the detrimental effects of those conditions;

(3) the extension of city services or facilities into the territory is necessary to enable the city to provide adequate services to city residents, and it is impossible or impractical for the city to extend the facilities or services unless the territory is within the boundaries of the city;

(4) residents or property owners within the territory receive, or may be reasonably expected to receive, directly or indirectly, the benefit of city government without commensurate tax contributions, whether these city benefits are rendered or received inside or

outside the territory, and no practical or equitable alternative method is available to offset the cost of providing these benefits;

(5) annexation of the territory will enable the city to plan and control reasonably anticipated growth or development in the territory that otherwise may adversely impact the city;

(6) repealed 5/19/02;

(7) annexation of the territory will promote local self-government with a minimum number of government units;

(8) annexation of the territory will enhance the extent to which the existing city meets the standards for incorporation of cities, as set out in AS 29.05 and 3 AAC 110.005 - 3 AAC 110.042;

(9) the commission determines that specific policies set out in the Constitution of the State of Alaska or AS 29.04, 29.05, or 29.06 are best served through annexation of the territory by the legislative review process.

(Eff. 7/31/92, Register 123; am 5/19/02, Register 162); Authority: Art. X, sec. 12, Ak Const.; AS 29.06.040; AS 44.33.812

3 AAC 110.150. LOCAL ACTION. Territory contiguous to the annexing city, that meets the annexation standards specified in 3 AAC 110.090 - 3 AAC 110.135 and has been approved for local action annexation by the commission, may be annexed to a city by any one of the following actions:

(1) city ordinance if the territory is wholly owned by the annexing city;

(2) city ordinance and a petition signed by all of the voters and property owners of the territory;

(3) approval by a majority of voters residing in the territory voting on the question at an election;

(4) approval by a majority of the aggregate voters who vote on the question within the area proposed for annexation and the annexing city;

(5) approval by a majority of the voters who vote on the question within the annexing city if the territory is uninhabited.

(Eff. 7/31/92, Register 123; am 5/19/02, Register 162); Authority: Art. X, sec. 12, Ak Const.; AS 29.06.040; AS 44.33.812