

Mayor

Clay Koplin

Council Members

James Burton

Kenneth Jones

Jeff Guard

Melina Meyer

Anne Schaefer

David Allison

James Wiese

City Manager

Alan Lanning

City Clerk

Susan Bourgeois

Deputy Clerk

Tina Hammer

Student Council

Olivia Carroll

**City Council Work Session
August 1, 2018 @ 6:00 pm
Cordova Center Community Rooms
Agenda**

A. Call to order

B. Roll call

Mayor Clay Koplin, Council members James Burton, Kenneth Jones, Jeff Guard, Melina Meyer, Anne Schaefer, David Allison and James Wiese

C. Work Session topics

1. Budget - revenue discussion
2. Borough discussion..... (page 1)

D. Adjournment

CANCELLED

If you have a disability that makes it difficult to attend city-sponsored functions, you may contact 424-6200 for assistance.

Full City Council agendas and packets available online at www.cityofcordova.net



AGENDA ITEM 2
City Council Work Session Date: 8/1/18
CITY COUNCIL COMMUNICATION FORM

FROM: Planning Staff
DATE: 7/11/18
ITEM: Borough Discussion
NEXT STEP: N/A

ORDINANCE RESOLUTION
 MOTION INFORMATION

I. REQUEST OR ISSUE:

The Girdwood Governance Association (GGA) recently reached out to Cordova and other Prince William Sound communities to discuss the feasibility of forming a Prince William Sound borough, which could include Girdwood. Girdwood is currently a part of the Municipality of Anchorage. Attached is a report prepared by GGA, which summarizes their position and goals.

In June, GGA held a meeting in Girdwood with representatives from Cordova, Whittier, Valdez, and other stakeholders to gauge interest in borough formation. There was general consensus that there was interest in exploring the feasibility of borough formation, but unless there were substantial benefits, particularly financial, there would probably not be support. There was also a general attitude that the cities in the future borough area would continue to provide existing services to the maximum extent legally possible, rather than transferring services (i.e., land use and planning, etc.) to the borough government.

The issue of PWS borough formation has been brought up several times in the past, and there are a couple feasibility studies that have been completed, the last of which was 1997. In order to more closely examine the economic impact of borough formation, GGA advertised the attached RFP for a new feasibility study. Until the feasibility study is complete, it is difficult to know the positives or negatives of borough formation for Cordova. Upon completion and review of the feasibility study, City Council should consider how or if they would like to start having a larger conversation with the community about borough formation.



Mission Statement

The goal of Girdwood Governance Association (GGA) is to explore, identify and if feasible advance a viable plan to maximize self-governance for the Girdwood community.

History

A group of Girdwood residents began discussing the challenges Girdwood faces while remaining in the Municipality of Anchorage. Discussions led to asking questions. Those answers led to more questions. The group eventually formally formed and commissioned a research report by an independent consultant to explore the process of becoming a home rule community.

Following is a condensed summary from that report by Kay Brown – ***Strategic Overview and Background Report: Achieving Maximum Self-Governance for Girdwood*** – explaining the process and hurdles.

Overview

Achieving status as a City appears the best way to maximize local self-governance for the community of Girdwood.

Benefits to Girdwood from City Status

City status could enhance local citizens' ability to:

- solve local problems more efficiently,
- adopt appropriate land use and zoning,
- deliver public safety services more effectively,
- achieve desired economic development,
- address the lack of affordable housing,
- improve local transportation service, and
- meet other community needs as they arise.

Preliminary investigation indicates that there is a feasible, although not certain, path forward to achieve City status for Girdwood as part of a new regional borough.

A new regional borough in the Prince William Sound and Turnagain Area appears the most likely option to meet legal and constitutional requirements, **because it can be argued more successfully to be in the best interest of the State of Alaska.** Most of Prince William Sound is in the Unorganized Borough.

The path most likely to be approved by the Local Boundary Commission appears to be:

- 1) Detach Girdwood from Municipality of Anchorage;
- 2) Incorporate Girdwood as a City; and,
- 3) Join new Prince William Sound Borough/Turnagain Borough with other Cities (Whittier, Cordova, Valdez), and unincorporated communities in the Unorganized Borough (Tatitlek, Chenega, Eyak).

(Other communities – eg, Bird, Indian, Hope, Seward – could be included, or not, but if included they also would have to go through the process to detach from an organized borough.)

Achieving a new regional borough will require **articulating win-win solutions and benefits for other communities** and the State of Alaska as well as Girdwood, and a sustained effort to sell those benefits to community and state leaders, the Local Boundary Commission, and voters in the new borough.

Overview of process

Should leaders and residents of the region show support, the next steps are:

- Phase 1 – Explore, assess, gain consensus
- Phase 2 – Prepare petition, gather signatures
- Phase 3 – Local Boundary Commission (LBC) process
- Phase 4 – Public vote in Girdwood and other communities in new borough
- Phase 5 – Implementation

Changing local government status and boundaries, and forming a new borough, is a multi-year, very complicated undertaking, with many legal requirements and affected interests.

Defining the new borough - its boundaries, responsibilities, taxation and charter (if Home Rule) - would be negotiated among leaders from all communities in the region. Then, a Petition to the Local Boundary Commission would be finalized and signatures gathered in support of the Petition.

Although many past attempts to form new boroughs and detach from existing boroughs have failed, it appears possible to win acceptance for a well-formulated plan establishing a PWS regional government from area within the Unorganized Borough that is favorable to the interests of the State of Alaska, Cities within the area, individual Alaskans and others including Tribal, Native and Village corporations and entities.

Who decides?

The Local Boundary Commission is the primary decision maker. **Local voters in the area affected, or the Legislature** (via non-objection), approve (or not) decisions of the LBC.

Mandatory Borough powers and duties:

- Taxes (assess and collect)
- Provide primary and secondary education (per DCRA staff, boroughs have to provide education, but how they do it is not well defined. Contracting with other districts appears permissible.)
- Implement planning, platting and land use regulation (outside cities)

Essential services for Borough may include:

- Other services reasonably necessary to meet the governmental needs of the territory and that cannot be provided more efficiently and more effectively in some other manner

Essential services for City may include:

- Levying taxes (in an organized borough, taxes levied by a city are collected by the borough and returned in full to the levying city)
- Levying and collecting taxes (in unorganized borough)
- Providing primary and secondary education (in unorganized borough)
- Public safety protection

- Planning, platting and land use regulation
- Other services reasonably necessary to meet the local governmental needs of the community

What area should be included in a borough?

Model Borough Boundaries – these were devised via legislative project in the 1990s. DCRA staff indicated they are “guidelines,” not mandatory for designation of boundary lines.

Boundaries

The boundaries of a proposed borough must conform generally to natural geography, must be on a regional scale suitable for borough government, and must include all land and water necessary to provide the full development of essential municipal services on an efficient, cost-effective level. Relevant factors include:

- land use and ownership patterns;
- ethnicity and cultures;
- existing and reasonably anticipated transportation patterns and facilities;
- natural geographical features and environmental factors;
- existing and reasonably anticipated industrial, commercial, and resource development within the proposed borough.

When reviewing the boundaries proposed in a petition for borough incorporation, the commission may consider

- model borough boundaries for the area within the proposed borough;
- regional boundaries, including
 - boundaries of existing regional educational attendance areas;
 - federal census area boundaries;
 - boundaries established for regional Native corporations under ANCSA; and
 - boundaries of national forests;
- whether the proposed borough will embrace an area and population with common interests to the maximum degree possible;
- whether the proposed borough promotes maximum local self-government;
- whether the proposed borough promotes a minimum number of local government units; and
- virtually anything else it considers relevant.

Potential Borough Benefits and Costs

It is necessary to articulate and quantify the tangible benefits communities and individuals could receive from being in a borough, as well as potential costs. More information and analysis are needed to craft and refine a proposal that addresses stakeholder interests.

Research pending includes:

Analyze potential Borough revenue base and costs

- What services would new borough provide? What is the cost?
- How would borough services be funded?
 - Identify/quantify value TAPS facilities in borough area not being taxed now
 - Analyze PILT and other community payments
 - Revenue potential of property tax, sales tax, severance tax, bed tax and other taxes
- Analyze how existing communities and others are affected and how? (cash flows, taxes/rates, services, etc.)

- Analyze options for providing education by borough
- Analyze School Foundation Formula (how would funding change due to borough formation?)

Who is affected and how?

- How would individual residents of each community be affected? How would each community's taxes be changed by borough formation? How would individuals and businesses be affected?
- How would the Municipality of Anchorage be affected? Quantify what taxes and lands are lost from detachment, and what services are no longer provided?
- How are federal, state, Native corporation and other private land owners affected by a new borough?
- What services are currently provided by union workers? How are union-jobs affected?
- Who are the organized groups and entities within the borough area who might become involved, and where do they stand?

Potential Borough Benefits

Benefits of a borough for communities in the region could include enhancements to transportation, economic development and public education.

Transportation

- Better able to acquire state and federal resources for the marine highway system, infrastructure development and maintenance, and other needs
- Help facilitate regional transportation solutions and development

Economic Development

- Implement elements of the **Prince William Sound Economic Development District's (PWSEDD) vision for improving the PWS's economy.**
 - **Improve regional cohesion** - Despite a number of strengths, the region must address both long-standing and emerging weaknesses, including a small and declining population. Through the planning process, the PWSEDD established 5 strategic foci, including "increased regional cohesion."
 - **Facilitate regional tourism marketing and development** - The PWSEDD's 2016 plan identifies the lack of regional tourism identity and marketing effort, and the drastic reduction in state tourism marketing funding, as weaknesses impeding tourism growth. Regional tourism marketing is identified as an opportunity.
 - The PWSEDD also sees beneficial opportunities to "**create and support regional models that advance education and public services**" and to "**increase regional cohesion and participation in economic development planning and implementation.**" It notes there are "limited connections to serve as the basis for regional collaboration and cohesion."

Public Education

- Appears there could be an opportunity to enhance the quality of public education throughout the area's schools
- Consolidation of school districts and efficiencies are theoretically possible but likely controversial

How to fund and manage public education is one of the biggest issues to be resolved. Boroughs must provide public education throughout the borough. LBC/DCRA staff confirmed that it's permissible for boroughs to contract with other entities to provide education services.

Girdwood's Status

Today Girdwood is a community within the unified Municipality of Anchorage that is governed by an elected, 5-member **Girdwood Board of Supervisors (GBOS)**, which administers activities in the Girdwood Valley Service Area. The GBOS has authority to make recommendations to the Anchorage Mayor and Anchorage Assembly, and to the Anchorage Planning and Zoning Commission on land use matters. The MOA may prescribe rules, procedures and guidelines to be followed by the GBOS in furnishing services and expending funds in its service area. The municipality recognizes the Girdwood Board of Supervisors as the Community Council, ex-officio, for the area. The GBOS functions subject to AMC 27.20; it has authority to address fire prevention and protection, street construction and maintenance, solid waste collection, parks and recreation services, cemetery planning, operations, & maintenance, public safety, and utilities. Although the Girdwood Board of Supervisors (GBOS) essentially acts as the community's City Council, it has limited authority other than sending recommendations to the Anchorage Assembly, Mayor and other municipal entities.

Why would Girdwood want to leave Anchorage?

- Planning and Zoning has not been responsive to the community's unique needs and desires.
- Heritage Land Bank is the owner of record on much of Girdwood real property, especially vacant land. By delaying efforts to make even modest amounts of appropriate land available for private housing development, MOA/HLB is impeding progress on addressing Girdwood's pressing need for affordable housing. "The economic viability of the community will be determined by who controls its lands."
- Girdwood residents ask permission at our community counsel to do something, and then have to ask again to Anchorage leaders. For instance, do we really want to be required to ask the whole population of Anchorage to issue parking tickets in our town, 40 miles away? Shouldn't we get to decide that on our own, upon common consensus?

Questions from Whittier Mayor Daniel Blair:

1. Some Borough's are supported by sales tax and or mil rate. Whittier already has a sales tax and our mil rate is probably smaller than most Alaska communities as private land is so rare in Whittier that using it as a major funding source is an unfair burden to those lucky few individuals that actually own land vs lease land from the ARRC. What if any protections would our community have to lesson the impacts of Borough funding? The possible funding via the pipeline sounds interesting, but the life of the Pipeline seems limited.

[More analysis is needed to identify revenue streams to support borough services and quantify effects on communities and individuals.](#)

2. Am I correct that the borough would plug into the governance equation between state government and City of Whittier (COW) local government? Meaning that the Borough could pass laws that govern the Borough as long as these laws do not conflict with state or federal law. The COW would then be limited to making laws that do not conflict with federal, state, or Borough law / ordinances?

[Yes. Yes. Authorities for Cities within the Borough could be specified in a Home Rule Borough Charter.](#)

3. Planning and Zoning would still remain the purview of the local communities?

[Yes. These authorities can be delegated to Cities in a Home Rule Borough Charter.](#)

4. We (COW) are now considering forming a "Port Authority of Whittier". How would the joining of the Borough impact this?

Unknown

5. Cordova and Girdwood would represent the lion's share of the population within the Prince William Sound Borough. How do communities / villages that have populations under 300 still retain a semblance of autonomy / voice within the PWS Borough?

Relationships can be defined in a Home Rule Borough Charter.

6. Am I correct in assuming that a newly formed Borough would eventually be "zoned" to have the same state House and Senate representation?

No. The State House and State Senate Districts for the region will be determined by the Alaska Redistricting Board following the next decennial census in 2020. Borough lines are one of the factors considered in designating legislative districts.

7. Would the funding of the Borough be met by assessing the burden of funding based on population of Borough members?

Population could be the basis for a head tax, for example. All potential revenue sources would be examined as part of the analysis.

8. Would elected Borough members be comprised of locally elected members of each community / village?

Research is needed to determine requirements for structuring the Borough Assembly and election districts.

Request for Proposals: Economic Analysis for Borough Feasibility Study

Girdwood Governance Association

Issued July 2, 2018 – Proposals due by July 12, 2018

The Girdwood Governance Association (GGA) requests proposals from qualified consultants to assess the financial feasibility of creating a borough in the Prince William Sound region of Alaska and associated issues.

Background on GGA: The goal of Girdwood Governance Association is to explore, identify and if feasible advance a viable plan to maximize self-governance for the Girdwood community. The GGA has reached out to leaders in communities throughout the region to begin a dialogue about potential interest in forming a regional PWS-area Borough that includes Girdwood. More research and information are needed to determine whether a borough would be economically viable and desirable to meet stakeholder interests.

Scope of work: The project will assess economic issues related to: 1) borough feasibility; and 2) incorporation of Girdwood as City after detachment from the Municipality of Anchorage.

Part 1 – Borough Economic Feasibility

Tasks:

1. Analyze cost of providing borough services including
 - required services: primary and secondary education; assessment and collection of taxes; planning and land use regulation (outside Cities); elections, administration and communication; and
 - optional services: tourism marketing and development; marine transportation and port enhancements.
 - Evaluate possibility for borough tribal compacts for provision of services by tribes in some communities
2. Analyze potential borough revenue base and estimate revenue potential from
 - PILT and other federal payments
 - State revenue sharing
 - property tax, sales tax, fisheries tax, severance tax, bed tax and other taxes
 - taxation of TAPS facilities in borough area not being taxed now
 - borough formation grant (state)
 - borough land entitlement (state)
3. Create potential taxation scenarios
4. Analyze how existing Cities, communities in Unorganized Borough and others in the region would be affected under taxation scenarios

- How would each community's taxes be changed?
 - How would individuals and businesses be affected?
 - How would Native corporation and other private land owners be affected?
5. Analyze School Foundation Formula – assuming a consolidated borough school district, how would state funding and required local contributions to communities in the borough change due to borough formation?

Part 2 – Girdwood detachment from Anchorage; incorporation as City in new regional borough

Tasks:

1. Analyze how the Municipality of Anchorage would be affected by Girdwood detachment.
 - Quantify tax revenues and lands lost to MOA from detachment
 - Quantify services that would no longer be provided by MOA to Girdwood, and cost savings to MOA
2. What is cost to run new City of Girdwood?
 - Existing services (police, fire, EMS, rescue, snow plowing, road maintenance, cemetery, library, parks & trails, public wood lot, garbage, water/sewer)
 - New services (planning, platting and land use regulation; management of former HLB lands; elections; administration)
 - Contribution to services provided by borough: education; tourism marketing/development; regional transportation enhancements
3. Analyze/quantify potential City revenue base
 - PILT and other federal payments
 - State revenue sharing
 - Bed tax, property tax, sales tax, and other taxes
4. Create potential taxation scenarios
5. Analyze how individuals, businesses, property owners would be affected under tax scenarios, compared to status quo (as part of MOA)
 - How do these possibilities intersect with borough tax scenarios above?

Assumptions:

- The borough would include the Cities of Whittier, Cordova, Valdez, and (after incorporation) Girdwood, and the tribal governments of Tatitlek, Chenega, and Eyak;
- For purposes of this analysis, borough boundary would follow the PWS Model Borough Boundary, with western boundary extended to include Girdwood;
- Cities would continue providing services within their boundaries to the maximum extent legally possible, and would continue their existing tax regimes;

- The borough would continue to pass through the state and federal revenues that currently flow to communities, as well as revenues from taxes levied by Cities.

Project budget:

The project budget is uncertain; funds are currently being raised. Consultants are invited to propose a minimum budget and an expanded budget, with an explanation of what could be accomplished with each.

Specify how the budget is split between Part 1 (borough issues) and Part 2 (Girdwood issues).

RFP timeline:

Call for proposals: July 2, 2018

Proposal due by: 5 pm, July 12, 2018

Interviews & consultant selection: July/August 2018

Contract award start date: to be determined

Project concludes no later than: two months after notice to proceed

To apply:

Proposals and any questions regarding the RFP should be submitted by email to:

Kay Brown, project manager, at kaybrown@alaska.net

Background materials:

If you would like to receive background materials relevant to this project, email Kay Brown, project manager, at kaybrown@alaska.net