

**ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

January 3, 2018, 12:00 PM.

Assembly Chambers - Municipal Building

Assembly Worksession - No public testimony

I. ROLL CALL

Deputy Mayor Jerry Nankervis called the meeting to order at Noon in the Assembly Chambers.

Assemblymembers Present: Mary Becker, Rob Edwardson, Maria Gladziszewski, Norton Gregory, Loren Jones, Ken Koelsch, Jerry Nankervis, and Beth Weldon.

Assemblymembers Absent: Jesse Kiehl,

Staff present: Rorie Watt, City Manager; Amy Mead, Municipal Attorney, Mila Cosgrove, Deputy City Manager; Laurie Sica, Municipal Clerk; Greg Chaney, Lands & Resources Manager; Rob Steedle, Community Development Director.

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented.

III. APPROVAL OF MINUTES

A. December 4, 2017 Committee of the Whole Meeting

Hearing no objection, the minutes of the December 4, 2017 meeting were approved with a correction to complete the last sentence in the first paragraph on page 2 of 8.

IV. AGENDA TOPICS

A. Annexation

Mr. Watt said the Assembly needed to decide which areas should be included in any annexation petition and the process to be followed. He would like the COW to forward a recommendation from this meeting to the Assembly on its January 22 meeting.

Mr. Nankervis said he would like to look at the areas separately and then decide on a process. Ms. Gladziszewski asked if it is possible to do different processes for different areas. Ms. Mead said it was possible, it increased the public process, and the initial filing needed to be amended regardless.

Mr. Nankervis asked to discuss the areas for annexation first and asked about area A. Ms. Mead said A (Tracy Arm) includes the area already in the existing, pending petition before Local Boundary Commission (LBC). The pending petition could be adjusted to include only that area. Ms. Mead said LBC contacted Ms. Mead and said the petition was filed as an election petition, but recommended a legislative process instead as there are no residents in this area and they felt the legislative process was more appropriate. Whatever process the Assembly chooses, the LBC can amend the process to what it sees is the best fit.

MOTION, by Koelsch, to proceed with including area A in the annexation request. Hearing no

objection, it was so ordered.

Mr. Watt reviewed the areas included in area B (Glass Peninsula/Pack Creek). The deviation in the area beyond the model borough boundary includes the entire watershed area of Pack Creek. All the uses in the area currently relate to Juneau, including tourism and Forest Service activities based out of Juneau.

In Mr. Kiehl's absence, Mr. Nankervis referred to Mr. Kiehl's email referencing a "sliver of land" in this area and asked for clarification regarding Mr. Kiehl's intent. There was no clarification.

Ms. Gladziszewsk said the model borough boundary seemed like a logical boundary and asked about the proposed deviation. Mr. Watt provided a map of the area with more detail and said that this recommendation follows geographic boundaries, which are preferred by LBC, instead of artificial lines.

Mr. Gregory asked if there were any residents in that area. Ms. Gladziszewski said there was a forest service bunkhouse for temporary summer residence only to her knowledge.

MOTION, by Koelsch, to include in the annexation petition area B indicated in red on the NE admiralty island map and on Map 2 as area B, as forwarded by the Lands Committee. Hearing no objection, it was so ordered.

Mr. Watt said that the Lands Committee did not recommend adding area C (area north of Model Borough Boundary and south of Hawk Inlet on Admiralty Island) on map 2. He noted in a memo from Ms. Cosgrove that there is potential for mineral exploration in that area, and the current boundary that encompasses Greens Creek is close to the actual mining operations, and it could be important to include pending future mining development in the area for the mine to not cross borough boundaries. The model borough boundary does not follow geographic features. Ms. Gladziszewski asked if it was possible to redraw the line for area C to make it follow geographic lines.

MOTION, by Gregory, to include area C in the annexation petition.

Ms. Gladziszewski asked to amend the motion to include a modification to provide for a geographic boundary.

Mr. Gregory said he preferred to see the change first.

Hearing no objection, it was to ordered.

Mr. Watt reviewed area D (Funter Bay, North Peninsula of Admiralty Island, Horse and Colt Islands). This is close to the Haines Borough boundary on the west, Glacier Bay Model Borough on the Southwest and the Chatham Model Borough on the south, which may all have interest in that area. The Horse and Colt neighborhood contains several recreational properties and one business, all which have a close nexus with Juneau. There has been significant comment from Funter Bay about potential annexation.

Mr. Edwardson said this area is basically protected area, what is the virtue of CBJ annexation? Mr. Watt said if area D is annexed, the private properties in that area are subject to property tax, zoning, school service (not transportation), in addition to areas that are protected from development in the Admiralty Monument. The state anticipates that all areas will be in a borough eventually and CBJ should include the areas into its borough that make the most sense.

Mr. Edwardson asked if there is any future cost to the city due to annexation - such as how much will it cost CBJ to provide services compared to the gain in any taxes. Mr. Watt said there will be property tax, business sales tax if there are any businesses, planning and zoning development applications, provision of school services, no fire protection and the land is not in the fire service area, but CBJ would respond with emergency services such as ambulance, and some police response, depending

on the level of crime. The argument made is that people residing in these areas use CBJ services now, such as roads, hospitals and airports.

Ms. Weldon asked if the other boroughs mentioned as model boroughs are actively seeking borough status. Mr. Watt said not that he was aware of that and he spoke about the disincentive to borough formation in school funding. CBJ did not anticipate the Petersburg borough filing its annexation when it did, and CBJ's petition was put in a secondary position to that of Petersburg.

Ms. Mead said the LBC, on its own accord or by the legislature, may form a borough and its entire purpose is to "borough-ize" the state.

Ms. Weldon said there are several emails from Funter Bay residents that opposed borough formation. There are old state docks there and if CBJ annexed this property, does this become a borough responsibility? Ms. Mead said yes.

Mr. Nankervis asked if the state has a timeline for borough-ization. Ms. Mead said no.

Mr. Jones said that 30 years ago there was significant discussion about LBC initiating boroughs but he does not recall that this has ever happened, and questioned whether that was a real concern. Ms. Mead said this is a different environment, as there has not been a derth of petitions coming to the LBC. The one time LBC initiated boroughs was the Model Borough Boundary establishment.

Ms. Gladziszewski asked if something was happening now that would encourage borough-ization - what likelihood will some other borough scoop this up- if it is going to be in a borough, it should be in Juneau's. Ms. Mead said the reason for this discussion was based on the Petersburg annexation petition. The model borough boundaries provide no guarantee of inclusion of an area into a borough. She had not heard of any recent direction to LBC to borough-ize.

Mr. Jones said the majority of objections come from Funter Bay, Horse and Colt Islands. If the petition is filed and it is granted, what legal recourse does the Assembly have to carve out the areas for specific services such as planning and zoning, and taxation at a different rate - what kind of rules could we set to provide more satisfaction to those residents.

Ms. Mead said as a Home Rule Borough, school, taxation and planning are required. All other services are extra. We are required to charge a certain tax rate areawide, and there are additional service areas that can be added on to the areawide tax rate. Mr. Watt said a borough is required to charge 2.6 mills for schools. He explained the current base rates and additional service area rates.

Mr. Edwardson asked if the petition could annex Funter Bay and create a service area in which the residents of Funter Bay would not be required to pay for the required services, and would only have to pay for the services that they received.

Ms. Gladziszewski reviewed the existing mill rate from the budget book..

Ms. Edwardson referred to a bill that extends emergency services beyond borough boundaries. Ms. Mead said she would return information to the Assembly on that topic.

Mr. Jones said he was looking at ways to not charge for services not provided, but to cover costs such as the dock repair. These seem to be naturally different from other locations and asked if there was a way to "grandfather in" these areas.

Ms. Becker asked about any obligation to inform the residents about what the taxes would be before the request was submitted to LBC. Ms. Mead said there is a public hearing required, the information submitted is put into the application, and there is plenty of opportunity for discussion and then the LBC makes a decision.

Ms. Gladziszewski asked if Shelter Island pays the same base mill tax rate as other property owners

in Juneau and Mr. Watt said yes, the 6.9 mill tax rate. Mr. Watt said he owns property on Shelter Island.

MOTION, by Becker, to include map area D into the annexation petition.

Ms. Weldon asked how many permanent residents are living in Funter Bay. Audience members reported 30 property owners with 2 full time residents.

Mr. Koelsch amended the motion to put all of area D into the annexed area with the exception of Funter Bay. He said this is the area of most concern, and the Assembly can come back to this area later, when we can make it more fair to people who are that far away from the borough now.

Ms. Becker asked if it would be difficult to annex in the future if another borough showed interest. Ms. Mead said it puts CBJ in a secondary position, similar to when the Petersburg borough filed its initial petition. Ms. Mead said that LBC has the final review over borough boundaries.

Ms. Gladziszewski said it might be difficult to draw such a small area and she would rather spend time on fair taxation of remote properties. She objected to the motion.

Mr. Edwardson said he thought there were more than two permanent residents on Horse and Colt, and it may not be fair to them if Funter were left out, so he opposed the motion.

Roll call:

Aye: Nankervis, Weldon, Koelsch

Nay: Becker, Edwardson, Gladziszewski, Gregory, Jones

Motion failed, 3 ayes, 5 nays.

Hearing no objection, the main motion passed.

Ms. Mead spoke about the process - by election, or by legislative review. Both require the same petition, the same public hearing, and everything up to the final LBC decision. If the LBC approves, legislative review requires filing the matter with the legislature, which has 45 days to disapprove or it is effective. The local option requires a vote of the people within the annexing borough and the areas to be annexed and it must be passed by a majority vote of both areas.

The Assembly discussed the issue of voting.

MOTION, Gregory, to include areas A,B, and C in one area for legislative review and area D in a separate area also for legislative review.

Mr. Jones asked if he could determine the number of registered voters in Funter Bay and Horse and Colt Island by the next meeting and Ms. Mead said yes.

Mr. Nankervis objected to the motion and passed the gavel. He did not see the reason to separate the areas if there is legislative review for both.

Mr. Edwardson said he supported the motion as D stood a chance of being more controversial and did not want to stall the process.

Ms. Mead said the LBC could amend the local petition, and forward what it thought was best to the legislature.

Ms. Becker thought it could appear that we had too many reservations regarding D.

Roll call:

Aye: Edwardson, Gregory, Jones, Koelsch

Nay: Becker, Gladziszewski, Nankervis, Weldon

The motion failed, 4 ayes, 4 nays.

MOTION, by Jones to seek legislative review for areas A, B, C, and D in a combined annexation petition to the LBC. Hearing no objection, it was so ordered.

Mr. Watt said that the matter would be returned to the Assembly in the form of a resolution for public hearing at the January 22 regular Assembly meeting.

V. ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at 1:10 p.m.

Submitted by Laurie Sica, Municipal Clerk