

**PETITION BY THE CITY AND BOROUGH OF JUNEAU  
FOR ANNEXATION OF APPROXIMATELY 1,428 SQUARE MILES USING THE  
LEGISLATIVE REVIEW METHOD (3 AAC 110.200)**

Petitioner, City and Borough of Juneau, respectfully requests that the Alaska Local Boundary Commission approve this petition for annexation pursuant to Article X, Section 12 of the Constitution of the State of Alaska, with any amendments or conditions that, in the determination of the Commission, best fulfill the applicable constitutional, statutory, and regulatory principles and standards relating to borough annexation. (*See*, A.S. 29.06.040(a) and (c)(1), A.S. 44.33.812(a)(3) and (b)(1), and 3 AAC 110.600(b).)

**SECTION 1. NAME OF THE PETITIONER**

The name of the Petitioner is the City and Borough of Juneau (hereinafter “CBJ” or “Petitioner.”)

**SECTION 2. PETITIONER’S REPRESENTATIVE**

The CBJ designates the following individual to serve as its representative in matters concerning this annexation proposal:

Name: Beth Weldon, Mayor  
Address: 155 South Seward Street  
Juneau, AK 99801  
Telephone: (907) 586-5240  
Fax: (907) 586-5385  
Email: [mayor@juneau.org](mailto:mayor@juneau.org); please cc: [city.clerk@juneau.org](mailto:city.clerk@juneau.org)

In the event the primary representative is absent, resigns, or fails to perform the representative’s duties, the Petitioner designates the following individual as its alternative representative:

Name: Duncan Rorie Watt, City Manager  
Address: 155 South Seward Street  
Juneau, AK 99801  
Telephone: (907) 586-5240  
Fax: (907) 586-5385  
Email: [Rorie.Watt@juneau.org](mailto:Rorie.Watt@juneau.org); please cc: [Mila.Cosgrove@juneau.org](mailto:Mila.Cosgrove@juneau.org)

**SECTION 3. NAME AND CLASS OF THE ORGANIZED BOROUGH THAT IS THE  
SUBJECT OF THE PROPOSED ANNEXATION**

The name and class of the borough petitioning for annexation is as follows:

Name: City and Borough of Juneau  
Class: Unified Home Rule Municipality

#### **SECTION 4. GENERAL DESCRIPTION OF THE NATURE OF THE PROPOSED COMMISSION ACTION**

This petition, initiated by the CBJ under the authority of 3 AAC 110.410(a)(4), requests that the Local Boundary Commission authorize under the legislative review method the annexation of area that is more or less generally described as the northern portion of Admiralty Island (excluding Funter Bay), Horse and Colt Island, Glass Peninsula, Seymour Canal, and the Tracy Arm area.<sup>1</sup>

The basis for this petition stems from the State of Alaska Local Boundary Commission's 1997 Model Borough Boundary Study which proposed regions like "*the Mansfield Peninsula, Glass Peninsula, and Seymour Canal areas of Admiralty Island*"<sup>2</sup> be incorporated by the borough.<sup>3</sup>

The CBJ requests that the Local Boundary Commission (hereinafter "LBC" or "Commission") recommend approval of CBJ's petition for annexation subject to the applicable constitutional, statutory, and regulatory principles and standards relating to borough annexation. (*See*, A.S. 29.06.040(a) and (c)(1), A.S. 44.33.812(a)(3) and (b)(1), and 3 AAC 110.160 – 210.)

#### **SECTION 5. GENERAL DESCRIPTION OF AREA PROPOSED FOR ANNEXATION**

The proposed annexation includes portions of the unincorporated territory within the Local Boundary Commission's 1997 Model Borough Boundary for the CBJ as defined by 3 AAC 110.990(9). The southern border of the annexation area "C" has been extended slightly from the model borough boundary to follow the natural watershed of Wheeler Creek. The southern border of proposed annexation area B has been extended slightly to follow the natural watershed of Pack Creek.

The proposed annexation area is divided into 4 areas, more or less generally described as the Tracy Arm area between the existing CBJ boundary and the Petersburg Borough, lands abutting and in Seymour Canal beginning with the Pack Creek watershed and including all lands to the north that drain into Seymour Canal, the Glass Peninsula, Horse and Colt Islands, all of the lands on Admiralty Island to the north of Hawk Inlet, including Mansfield Peninsula, but excluding those lands that lie with the watersheds that drain into Funter Bay, and an area south of the Greens Creek Mine and the existing CBJ boundary that encompasses all lands that drain into Wheeler Creek and lands to the west of the Wheeler Creek basin that drain directly into Chatham Strait.<sup>4</sup>

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<sup>1</sup> See Resolution 2817am, provided as Exhibit F.

<sup>2</sup> 1997 Local Boundary Commission Model Borough Boundary Study revised June 1997, Page 14, attached as Exhibit K.

<sup>3</sup> See Exhibit K. The border of the proposed annexation area "C," has been slightly changed from the model borough boundary, to follow a natural watershed line of Wheeler Creek.

<sup>4</sup> See Exhibit F: Resolution 2817am.

The territory proposed for annexation covers approximately 1428 square miles, more or less, as explained below in four different annexation areas. Of the 1428 square miles, approximately 509 square miles are salt water and 77 square miles are glaciated.<sup>5</sup>

### **Annexation Area A**

*Area A is a triangular region on the mainland between CBJ's southern boundary and the Petersburg Borough northern boundary. All the property in this region is federal property – one company does have mining rights within this area.*

Total Area = 521 sq. miles  
Land = 489 sq. miles  
Water = 32 sq. miles  
Glacier/Icefield = 77 sq. miles of the land

### **Annexation Area B**

*Area B includes Pack Creek, Oliver's Inlet, and the Glass Peninsula: areas on Admiralty Island where Juneau-based tours, commercial fishing, guided hunts, and recreational activities are common. Area B is all federally owned property, with the exception of Oliver Inlet State Marine Park, with some tribal leases present.*

Total Area = 594 sq. miles  
Land = 282 sq. miles  
Water = 312 sq. miles  
Glacier/Icefield = 0 sq. miles

### **Annexation Area C**

*Area C is south of the Greens Creek Mine and encompasses all lands that drain into Wheeler Creek and lands to the west of the Wheeler Creek basin that drain directly into Chatham Strait. It contains private properties. At present, there is no significant economic or recreational activity there, though the potential exists for mineral exploration as an extension of current mining activity within existing CBJ boundaries.*

Total Area = 119 sq. miles  
Land = 74 sq. miles  
Water = 45 sq. miles  
Glacier/Icefield = 0 sq. miles

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<sup>5</sup> One reason for the difference in the proposed annexation area square footage from the Local Boundary Commission's 1997 Model Borough Boundary Report of about 2,400 square miles to the borough's recent calculations of 1,428 square miles is the 2011 Petersburg Borough Incorporation, which annexed property to Petersburg that was originally included in the CBJ's model borough boundaries.

## **Annexation Area D (Excluding Funter Bay Area)**

*Area D is the northern portion of Admiralty Island, as well as Horse and Colt Islands. Horse and Colt Islands contain private properties and business activity and some state owned land. Mansfield Peninsula contains private property and mining property, some state and native corporation own land, but the majority of the property is USFS owned land. Excluded from Area D is the Funter Bay Area.*

Total Area = 194 sq. miles  
Land = 74 sq. miles  
Water = 120 sq. miles  
Glacier/Icefield = 0 sq. miles

Funter Bay was excluded due to the unique historical nature of the community. Funter Bay is home to many private properties, as well as to the Funter Bay State Marine Park (As 41.21.304(14), and is accessible by one State-owned dock and Funter Bay Seaplane Base. The boundary of Area D was drawn to exclude the entire Funter Bay watershed, and was delineated by using the top of Green Mountain and Mount Robert Barron.<sup>6</sup>

### *Owners in the proposed annexation areas:*

As of 2017, the CBJ's population is approximately 32,269.<sup>7</sup> There are an estimated 230 unique<sup>8</sup> property owners in the proposed annexation areas, 213 of whom are identified as individuals. Of these 213 individuals who own property within the CBJ's proposed annexation areas, the vast majority of these property owners reside in the CBJ full-time, are registered to vote in Juneau, and have already been included in the CBJ's population count:<sup>9</sup>

- Of the individual property owners identified as registered to vote in Alaska, only six list their addresses as full-time in the unorganized borough proposed annexation areas (two on Colt Island, one in Area C, and three on Horse Island).<sup>10</sup>
- There are another four individuals registered to vote in Alaska who list their full time addresses as outside the CBJ and outside the proposed annexation areas: three of these individuals are registered to vote in the Anchorage region (including Girdwood, Eagle River, and JBER), with one person registered to vote in Gustavus.
- Of the individuals not registered to vote in Alaska or who could not be conclusively determined by the Division of Elections, addresses were identified

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<sup>6</sup> It is not clear to the CBJ where the Funter Bay Marine Park boundaries are. It appears that a portion of the Funter Bay Marine Park at the Kittens Islands and Naked Island could be part of the proposed annexation area D, while the majority will not be as it is part of the excluded area.

<sup>7</sup> 2017 DCCED Certified Population, taken from the Alaska Community Database, available online at: <https://dcra-cdo-dcced.opendata.arcgis.com/#data>.

<sup>8</sup> These are several individuals and businesses who own more than one piece of property.

<sup>9</sup> Voter registration information was obtained by the State of Alaska Division of Elections.

<sup>10</sup> These individuals vote in Alaska House District 33 or 35.

through public search engines, seven of whom live in Juneau, four who live in other parts of Alaska (two in Anchorage or Eagle River, one each in Fairbanks and Whittier), and eighteen of whom live outside Alaska.<sup>11</sup> The majority of non-voters are not Alaska residents.<sup>12</sup>

None of the individuals who own property in the proposed annexation areas are registered to vote or reside in Angoon, Hoonah, Petersburg, or Haines, the communities that are close to the proposed annexation areas.

## **SECTION 6. REASONS FOR THE PROPOSED BOUNDARY CHANGE. 3 AAC 110.420(b)(6).**

In 1997, the LBC completed its effort to identify model borough boundaries, which were to be used as a “frame of reference in the evaluation of future petitions” and considered when existing organized boroughs seek to annex unorganized territory.<sup>13</sup>

In creating the model borough boundaries, the LBC recognized that “often separate regions can advance persuasive arguments that large undeveloped areas should be included within their regional government and that the LBC’s task is to determine which potential future regional government the contested area should be properly linked.”<sup>14</sup> The model boundaries for CBJ as identified as far back as 1990 included Horse Island, Colt Island, and the Glass Peninsula, all areas that are being proposed for annexation.<sup>15</sup> In creating ideal boundaries, the LBC was proactively identifying which areas of the unorganized borough fit best with which regions in light of the constitutional, statutory, and regulatory standards the LBC is tasked with applying.<sup>16</sup> The LBC created model boundaries using the constitutional, statutory, and regulatory standards for the creation of Boroughs;<sup>17</sup> land that lies within CBJ’s model boundary has already been identified by the LBC as having met the standards to fit within CBJ’s boundary.<sup>18</sup>

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<sup>11</sup> Addresses were identified through public search engines, see Exhibit B: 1 person in Florida, 2 in North Carolina, 1 in Utah, 1 in Indiana, 1 in Montana, 1 in either Oregon or Arizona, 3 in Oregon, 1 in Arizona, 4 in Washington, 1 in either Oregon or Juneau, 1 in either Idaho or Juneau, and 1 in Colorado.

<sup>12</sup> Two property owners appear to be deceased, with their last known addresses in Juneau. Another 4 individuals appear to not be registered to vote in Alaska and addresses of their residences are unknown.

<sup>13</sup> *Model Borough Boundary Report*, State of Alaska Department of Community and Regional Affairs, Revised 1997, page 2, provided with Exhibit K.

<sup>14</sup> *Model Borough Boundaries Review*, Central Southeast Alaska, August 1990, p. 6, provided as Exhibit FF.

<sup>15</sup> *Id.* at 39.

<sup>16</sup> This Commission has determined that model borough boundaries are “a credible and useful tool in guiding future policy decisions regarding the establishment and alteration of borough governments.” *Unorganized Areas of Alaska that Meet Borough Incorporation Standards, A Report by the Alaska Local Boundary Commission to the Alaska Legislature Pursuant to Chapter 53*, Session Laws of Alaska 2002, February 2003, page 71, provided as Exhibit GG.

<sup>17</sup> Exhibit GG, *Unorganized Areas of Alaska that Meet Borough Incorporation Standards, A Report by the Alaska Local Boundary Commission to the Alaska Legislature Pursuant to Chapter 53, Session Laws of Alaska 2002, February 2003*, pages 63, 65.

<sup>18</sup> *Id.*, at 206-207: “[M]odel borough boundaries are the product of the application of every standard and factor relating to social, culture, and economic characteristics of regions throughout the unorganized borough.” And “The Commission takes the view that the model borough boundaries standard is due great deference in judging regional

The Department of Community and Regional Affairs, in recommending annexation for the part of Admiralty Island that is now part of the CBJ, identified that the social, cultural, and economic ties to Mansfield Peninsula, Horse and Colt Island, Glass Peninsula and eastern half of Seymour Canal are extensive, and that annexing these areas would “satisfy the constitutional instruction that a borough include ‘an area and population with common interests to the maximum degree possible.’”<sup>19</sup> The Department identified that the resident and property owners in those areas had greater ties to Juneau than to a prospective Chatham Borough or any other region.<sup>20</sup> Although the CBJ had not requested to annex these areas in 1990, the department recommended that the CBJ annex these areas and commented that the constitutional standard would be “more fully met” if the area proposed for annexation were expanded.<sup>21</sup> In fact, the Department recommended to the LBC that annexation of the Greens Creek mine area should be contingent upon the inclusion of all areas found to be within the idea boundaries of the CBJ, which they listed as the eastern half of Seymour Canal, the Mansfield Peninsula, Glass Peninsula, Horse Island, Colt Island, and south of Juneau to Hobart Bay.<sup>22</sup>

The CBJ now seeks to expand its boundary and incorporate a portion of the area identified by the LBC as the “unorganized remnant” of the CBJ’s existing organized borough,<sup>23</sup> as well as an area slightly further south on Admiralty Island in Area C necessary to follow natural watersheds. The CBJ believes that the boundary being proposed maximizes local self-government in a way most consistent with the applicable constitutional, statutory, and regulatory requirements.

Additional reasons for annexation:

- Residents of the proposed annexation area use and rely upon some private and public infrastructures provided by, or within, the current CBJ. Annexation would allow equitable taxation from the new areas to support existing and new public services and public infrastructure.
- The areas have traditionally been and currently are used primarily by CBJ resident fisherman, hunters, and recreationalists.<sup>24</sup>
- Annexation will update the CBJ boundaries to reflect the historic and current common interests; social, cultural, and economic ties; natural geography; and will have the resources to provide a stable regional government into the future.<sup>25</sup>

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commonalities. Again, model borough boundaries are derivative of all other standards and factors relating to regional commonalities.”

<sup>19</sup> See Exhibit L: *Report and Recommendation to the Local Boundary Commission Concerning the: 1) Proposed Annexation of the Greens Creek Mine to the City and Borough of Juneau, 2) Ideal Boundaries of the City and Borough of Juneau*, Department of Community and Regional Affairs, June 1990, p. 20 and 26.

<sup>20</sup> *Id.* at pg. 23.

<sup>21</sup> *Id.* at pg. 26.

<sup>22</sup> *Id.* at 27. The Department also specifically stated that “It would be particularly irresponsible if an effort to attempt the full and appropriate extension of CBJ boundaries were deferred because of political pressures imposed by purely parochial interests or recreational property owners wishing to avoid property taxes.” *Id.* at 28.

<sup>23</sup> *Id.* at pgs.91 – 92.

<sup>24</sup> Of the hunters that utilize the proposed annexation areas, the vast majority of the Alaska resident hunters are residents of the current CBJ. (See Exhibit N: Personal communications with Ryan Scott, Assistant Director of Wildlife Conservation, ADF&G). See the legal brief in Exhibit E for more details.

The CBJ's annexation proposal should be fairly simple and non-controversial. The areas to be annexed have not been sought by other boroughs. Area A was part of a larger area requested by Petersburg in 2012 during their borough annexation and contested by the CBJ; the LBC granted some of the larger area to Petersburg but denied the current Area A. Area A was excluded from the Petersburg Borough because the LBC found that Juneau had tourism and other ties to Tracy Arm.<sup>26</sup> The property in Area A is federally owned, and the area is uninhabited.

## SECTION 7. LEGAL DESCRIPTION AND MAPS

- i. **Exhibit A-1** provides a legal metes and bounds description of the existing CBJ boundaries, including the USGS quad information and dates.
  - ii. **Exhibit A-2** provides a legal metes and bounds description of the annexation area, including the USGS quad information and dates.
  - iii. **Exhibit A-3** provides a legal metes and bounds description of the proposed post-annexation CBJ boundaries, including the USGS quad information and dates.
  - iv. **Exhibit A-4** provides a map showing the existing boundaries of the City and Borough of Juneau, the annexation areas, and the proposed post-annexation CBJ boundaries.
  - v. **Exhibit A-5** provides a map of the existing boundaries of the City and Borough of Juneau and the proposed annexation Area A.
- Exhibit A-6** provides a map of the existing boundaries of the City and Borough of Juneau and the proposed annexation Areas B and C.
- vi. **Exhibit A-7** provides a map of the existing boundaries of the City and Borough of Juneau and the proposed annexation Area D.

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<sup>25</sup> The Juneau Area "Area E" for Sport fishing as recorded by ADF&G includes all of the proposed annexation areas (and additionally some areas within the Petersburg Borough) (See Exhibit S, maps of sport fish harvest areas). Of the sport charter fisherman who utilize "Area E", the vast majority of the businesses, vessels, and guides have listed Juneau and Auke Bay (also part of the CBJ) as the Port of Offloading. (See Exhibit T: ADF&G Sport Charter Fishing 2006-2016 Saltwater Summaries).

<sup>26</sup> *In the matter of the April 6, 2011 Petition to Incorporate a Petersburg borough of approximately 3,365 square miles of land and 982 square miles of water*, Local Boundary Commission Decision, August 22, 2012, page 9. Area A was also excluded from Petersburg Borough to prevent a diagonal line split of Tracy Arm between the CBJ and the proposed Petersburg Borough. DCCED, *Final Report to Local Boundary Commission Regarding the Local Action Petition to Incorporate a Home Rule Borough of Petersburg and Dissolve the Home Rule City of Petersburg*, May 2012, Pg. 6; *DCCED Preliminary Report to the Local Boundary Commission Regarding the Local Action Petition to Incorporate a Home Rule Borough of Petersburg and Dissolve the Home Rule City of Petersburg*, February 27, 2012, at 28. Reports are available on the DCCED website at:

<https://www.commerce.alaska.gov/web/dcra/LocalBoundaryCommission/CurrentandPastPetitions/2011PetersburgBoroughIncorporation.aspx#> .

**SECTION 8. SIZE OF THE AREA PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(8).**

- i. The existing CBJ encompasses 3,248 square miles.
- ii. The proposed annexation area encompasses 1,428 square miles.

The CBJ after the proposed annexation would encompass 4,676 square miles.

The territory proposed for annexation covers approximately 1,428 square miles, more or less, consisting of approximately 919 square miles of land and 509 square miles of salt water. Of the 919 square miles of land, approximately 77 square miles are glaciated.

**SECTION 9. DATA ESTIMATING THE POPULATION OF THE AREA PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(9)**

- i. The estimated population within the current CBJ boundaries is 32,269.<sup>27</sup>
- ii. The estimated population of individual people who own property in the proposed annexation areas is approximately 207.<sup>28</sup> Of the 207, the State Division of Elections reports that there are only 6 people registered to vote in Alaska claiming a primary residence address listed in the proposed annexation areas.<sup>29</sup> There are no known school-aged children in the area proposed for annexation.<sup>30</sup>
- iii. The estimated population of the CBJ after the proposed annexation is 32,275.

**SECTION 10. INFORMATION RELATING TO PUBLIC NOTICE AND SERVICE OF THE PETITION. 3 AAC 110.420(b)(10)**

**Exhibit B** offers information relevant to providing public notice of the annexation proceedings, including details about local media, places for posting notice, places where the petition may be reviewed, and parties who should be given individual notice of the annexation proceedings.

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<sup>27</sup> 2017 DCCED Certified Population, taken from the Alaska Community Database, available online at: <https://dcra-cdo-dcced.opendata.arcgis.com/#data>.

<sup>28</sup> Estimates derived from property ownership as identified by the CBJ Assessor's office using the Borough of Land Management and the Alaska Department of Natural Resources Recorder's Database.

<sup>29</sup> There are an additional 4 individuals with which CBJ was unable to determine their primary residence addresses- they are not registered to vote in Alaska or have common names with which cannot be identified, and do not own property in the CBJ and were not identified using public search engines.

<sup>30</sup> The proposed areas are currently within the Chatham REAA; Megan Moody Correspondence Coordinator confirmed on June 10, 2019 that they do not have any correspondence students in the proposed areas. Deborah Johnson with Juneau School district also confirmed that there were no HomeBRIDGE students living in the proposed annexation areas as of October 1, 2018.

## SECTION 11. TAX DATA

i. **The assessed or estimated value of taxable property in the area proposed for annexation** (for any existing municipality for which a change is proposed that currently levies or proposes to levy property taxes).

a. **The estimated value of taxable property in the proposed annexation areas are:**

|                   |                             |
|-------------------|-----------------------------|
| Real property     | \$ 28,136,200 <sup>31</sup> |
| Personal property | \$ 0 <sup>32</sup>          |
| Total:            | \$28,136,200                |

The estimates for taxable property in each area are as follows:

- **AREA A.** One property comprised of three sections of land or 1,920 acres. Considered at the mining rate of \$500 per acre or **\$960,000.**
- **AREA B.** Eight properties all either tribal leases, three federal owned lighthouse properties, or Forest Service properties. **No taxable value evident within Area B.**
- **AREA C.** Approximately 9,760 acres of private land, valued at \$3,119,600. Only one structure is visible in Cube Cove valued at \$150,000. **Total Value \$3,269,600.**
- **AREA D:**
  - **Horse Island.** 68 lots ranging in size from 1.1 to 2 acres. 32 structures are visible. Total value of land and structures estimated at **\$4,110,600.**
  - **Colt Island.** 107 lots ranging in size from 10,000 SF to 18,000 SF. Six commercial use Tracts ranging in size from 3 acres to 57 acres. One large operation visible on Tract D. A Deed of Trust was secured on the property for 14.6 Mil which indicated a base value for the multiple structures and dock. 11 residential structures are visible. Total value of land and structures estimated at **\$17,489,600.**
  - **Mansfield Peninsula (excluding Funter Bay).** Two federal lighthouse properties, one state owned parcel and two Sealaska ANSCA patent grant properties observed. 12 private parcels observed. Total taxable land area 152.15 acres. No structures observed. Total land value estimated at **\$2,306,400.**<sup>33</sup>

b. **The Current value of existing taxable property in the CBJ as of FY18 is:**

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<sup>31</sup> The CBJ Assessor, Robin Potter, has made this conservative estimate based on overall prevailing rates per square foot or acre for similar properties, and by using a median structure value for properties on Shelter Island (within the CBJ) for structures identified through aerial photographs. There is one large commercial property located on Colt Island (owned by Orca Point Lodge owned by Allen Marine Tours), which assessed value was estimated from the Deed of Trust.

<sup>32</sup> The CBJ elects to only tax business personal property and provides for a \$100,000 per merchant personal property exemption. The projection above assumes that merchant personal property within the area would be valued less than the \$100,000 exemption. This is a low estimate. It is likely that there is personal property at the lodge on Colt Island worth more than \$100,000, but the CBJ does not have that estimate at this time.

<sup>33</sup> These are estimated from available information identified by Robin Potter, CBJ Assessor.

|                    |                                             |
|--------------------|---------------------------------------------|
| Real Property:     | <u>\$4,539,463,622</u>                      |
| Personal Property: | <u>\$365,544,374</u>                        |
| <b>Total:</b>      | <u><b>\$4,905,007,996</b></u> <sup>34</sup> |

ii. **Projected taxable sales in the area proposed for annexation** (for any existing municipality for which a change is proposed that currently levies or proposes to levy sales taxes). List any different sales tax rates for other goods or services separately here. Then include them in the total.)

CBJ has the following tax rates:

Sales tax:

|                      |                             |
|----------------------|-----------------------------|
| General Sales Tax    | 5% <sup>35</sup>            |
| Liquor Sales Tax     | additional 3% <sup>36</sup> |
| Marijuana Sales Tax  | additional 3% <sup>37</sup> |
| Hotel-Motel Room Tax | 7% <sup>38</sup>            |

Tobacco Excise Tax:<sup>39</sup>

|                        |                        |
|------------------------|------------------------|
| Cigarettes             | \$3.00/pack            |
| Other tobacco products | 45% of wholesale price |

These tax rates would apply to any sales (of items, services, tours, etc) within the proposed annexation areas. The value of estimated annual sales in the annexation areas that would be subject to CBJ sales taxes is estimated to be \$4,762,025 for FY20.<sup>40</sup> At the current CBJ sales tax levy of 5%, this would generate an estimated \$240,133 annually (excluding anticipated exemptions).<sup>41</sup> It is expected that 60% (or \$144,079) of the sales tax levy would be used for operations and 40% (or \$96,053.20) for general community capital improvements.

The value of the CBJ's taxable sales in FY18 was \$971,400,000, with total sales tax collected of \$48,570,000.

iii. **Taxes currently levied by municipalities within the area proposed for annexation.**

<sup>34</sup> This number does not take into account exempted properties, which in FY19 was an additional \$387,966,799 in Real Property and \$62,708,488 in Personal Property.

<sup>35</sup> CBJ Code 69.05.020(a)

<sup>36</sup> CBJ Code 69.05.020(d)

<sup>37</sup> CBJ Code 69.05.020(e)

<sup>38</sup> CBJ Code 69.07.020.

<sup>39</sup> CBJ Code 69.08.020. The excise tax is paid by wholesalers, and is rolled into the sales price, which is subject to the general sales tax.

<sup>40</sup> This was estimated by Clinton Singletary, CBJ Sales Tax Administrator.

<sup>41</sup> This estimate is for general sales tax. Any liquor or marijuana sales or tobacco would also be taxed accordingly but are not anticipated by the CBJ.

There are no taxes collected currently in the areas proposed for annexation. There are no municipalities in the proposed annexation areas.

iv. **Property taxes to be levied in the proposed annexation areas.**

The following property taxes will be collected in the areas proposed for annexation: <sup>42</sup>

Area wide property tax (FY19):

|                   |                   |
|-------------------|-------------------|
| General Operating | 6.70 mills        |
| Debt Service      | <u>1.30 mills</u> |
| Total             | 8.0 mills         |

v. **Any other taxes.**

There are no other known taxes that will be in place in the proposed annexed areas after annexation.

**SECTION 12. BUDGET INFORMATION. 3 AAC 110.420(b)(13)(B).**

**Exhibit C** presents projected revenue, operating expenditures, and capital expenditures for the CBJ, for one full fiscal year beyond the reasonably anticipated date to complete any transition set out in 3 AAC 110.900.

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<sup>42</sup> The CBJ also currently assesses the following property taxes in service areas, the proposed annexation areas are not part of these service areas, and these additional taxes will not be applied.

Service area property taxes (FY19):

|                     |            |
|---------------------|------------|
| Roaded Service Area | 2.30 mills |
| Fire Service Area   | 0.36 mills |

**SECTION 13. EXISTING LONG-TERM MUNICIPAL DEBT**

The following is a summary of the current bonded indebtedness of the CBJ as of June 30, 2018, and debt service for the FY19:

**General Obligation Bonds**

| Bond Issue                                  | Balance<br>June 30, 2018 | Annual<br>Payment   | State Reimb. ** |                    | Date of<br>Maturity |
|---------------------------------------------|--------------------------|---------------------|-----------------|--------------------|---------------------|
|                                             |                          |                     | Rate            | Amount             |                     |
| 2003 CIP Bonds                              | 62,000                   | 10,000              | -               | -                  | 2023                |
| 2006A TMHS (OTC) Bonds                      | 349,000                  | 50,000              | 70%             | 35,000             | 2021                |
| 2008C Pool (OTC) Bonds                      | 516,000                  | 68,000              | 26.21%          | 17,823             | 2023                |
| 2009 III Pool & DZ Covered Play Area Bonds  | 2,800,000                | 1,360,000           | 26.21-70%       | 413,400            | 2019                |
| 2010 II Pool & Gastineau Elementary Bonds   | 9,560,000                | 640,000             | 70%             | 448,000            | 2025                |
| 2011 II Gastineau Elementary Bonds          | 1,830,000                | 590,000             | 70%             | 413,000            | 2021                |
| 2012 II GO Sch (Refund 03A)                 | 1,920,000                | 1,920,000           | 60-70%          | 1,330,000          | 2019                |
| 2012 III Auke Bay Reno & Adair/Kennedy Turf | 6,070,000                | 1,125,000           | 70%             | 787,500            | 2023                |
| 2012 III GO (Refund 03B)                    | 4,915,000                | 700,000             |                 |                    | 2023                |
| 2013 I GO CIP Projects Bonds                | 2,130,000                | 100,000             |                 |                    | 2033                |
| 2013 III GO Auke Bay Sch Bonds              | 4,745,000                | 720,000             | 70%             | 504,000            | 2023                |
| 2014 III CIP GO Projects Bonds              | 10,020,000               | 420,000             |                 |                    | 2033                |
| 2015 II GO (Refund 05A TMHS Sch Bonds)      | 1,315,000                | 640,000             | 70%             | 448,000            | 2020                |
| 2016 III/IV CIP GO Projects Bonds           | 2,420,000                | 225,000             |                 |                    | 2026                |
| 2016 III/IV GO (Refund 06B TMHS Sch Bonds)  | 14,340,000               | 3,355,000           | 70%             | 2,348,500          | 2021                |
| 2018 GO (Refund 08A&B TMHS Sch Bonds)       | 5,060,000                | 952,500             | 70%             | 666,800            | 2023                |
| <b>Totals</b>                               | <b>\$ 68,052,000</b>     | <b>\$12,875,500</b> |                 | <b>\$7,412,023</b> |                     |
| Less State Reimb **                         |                          | (7,412,023)         |                 |                    |                     |
| Debt Svc, Less Reimb                        |                          | <b>\$5,463,477</b>  |                 |                    |                     |

**Revenue Bonds**

| Bond Issue                   | Balance<br>June 30, 2018 | Annual<br>Payment   |  |  | Date of<br>Maturity |
|------------------------------|--------------------------|---------------------|--|--|---------------------|
| 2007 Harbor Revenue Bonds    | -                        | -                   |  |  | 2032                |
| 2013 I Hospital Refunding    | 19,795,000               | 820,000             |  |  | 2035                |
| 2014 I Seawalk CIP           | 5,465,000                | 165,000             |  |  | 2039                |
| 2015 II Harbor (Refund 2007) | 7,925,000                | 380,000             |  |  | 2033                |
| 2015 II Port Expansion Bonds | 18,150,000               | 785,000             |  |  | 2034                |
|                              | <b>\$ 51,335,000</b>     | <b>\$ 2,150,000</b> |  |  |                     |

\*\* Reimbursements from the Alaska Department of Education and Early Development under the State’s School Construction Bond Debt Reimbursement Program.

**SECTION 14. MUNICIPAL POWERS AND FUNCTIONS. 3 AAC 110.420(b)(15).**

**A. Current Municipal Powers and Functions in the proposed annexation area**

There are no current municipalities in the proposed annexation area. The proposed annexation areas have no current municipal powers or functions.

## **B. Current Borough Powers and Functions**

CBJ has all the powers and functions of a home rule municipality under AS 29.35.010 *et seq.* as liberally construed and only as limited by AS 29.10.200.<sup>43</sup>

General government services within the CBJ are divided into the following three taxing areas:

### **i. Areawide Services:**

Listed below are currently provided functions exercised by the CBJ:

Borough Administration, Education, Economic Development, Land Use Planning, Platting, and Regulation, Capital Improvement Projects, Watershed Management, Harbors and Ports, Libraries, Hospital Services, 911 Emergency Dispatch, Emergency Medical Services, Disaster Planning, Search and Rescue Support,<sup>44</sup> Engineering, Building Inspection and Enforcement, Elections

### **ii. Roaded Service:** Parks and Recreation, Police, Streets construction and maintenance, air pollution control, public transportation, parking garage<sup>45</sup>

### **iii. Fire Service:** Fire<sup>46</sup>

## **C. Post-Annexation Services and Functions**

Services available to the post-annexation areas will include all the listed Area wide Services. CBJ anticipates the following services will be utilized in the proposed area: Emergency Medical Services;<sup>47</sup> Building Inspection and Enforcement as appropriate depending on the structure being developed;<sup>48</sup> and Community Development. At present, there is no need for

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<sup>43</sup> AS 29.35.410.

<sup>44</sup> Capital City Fire & Rescue provides emergency response within the CBJ. The CBJ Juneau Police Department and CCFR assist with search and rescue to the extent that an incident occurs on the road system and they are available, but Search and Rescue is the responsibility of the State (on land) and the USCG on waterways.

<sup>45</sup> The Roaded Service Area boundary was adopted in Ordinance Serial 88-25, on May 31, 1988, and codified at CBJ Code 01.30.320.

<sup>46</sup> The Fire Service Area was adopted on March 7, 1994 in Ordinance Serial 94-11 and codified at CBJ Code 01.30.100.

<sup>47</sup> There is no anticipated change to the services already provided by Capital City Fire & Rescue (CCFR). CCFR will provide emergency medical services to the annexation areas, but with the private air medical companies, CCFR advises that requests for air rescue for emergency response will likely remain very low.

<sup>48</sup> The Building Code for the CBJ generally applies to new construction, remodels, and some maintenance. (CBJ Code 19.01.101.2) Any commercial building or primary residential building proposed for the annexation areas would be subject to the building code requirements and permitting. Cabins outside of the urban service area (as defined in the Comprehensive Plan to include Mendenhall Valley, Lemon Creek, downtown Juneau, Auke Bay, Douglas and Thane) are generally exempt from most of the building code; building permit applications are required, but no fee

educational services as there are no known school-age children in the proposed annexation areas. Should such a need develop, the CBJ would provide that service to the proposed annexation area, through either homeschool services or public schools as required under Alaska law. The CBJ will also extend the following mandatory areawide powers to the annexation areas: assessment and collection of taxes, and land use regulation.<sup>49</sup>

#### **D. Alternative Service Providers**

There will be no change to the Alternative Service Providers. Currently, the State provides Alaska State Trooper services in the area proposed for annexation for both police investigation and search and rescue. This would remain in the proposed annexation area. The U.S. Department of Homeland Security, Customs and Border Protection (located in Juneau), will continue oversight of the area for that agency's purposes. The U.S. Coast Guard provides some medical response service coverage currently and search and rescue jurisdiction in marine waters. Post-annexation, the Coast Guard will maintain search and rescue jurisdiction in marine waters, and may continue to provide transportation services to the CBJ's Emergency Medical Services team on an as-needed basis. The U.S. Forest Service provides wildland fire services in their boundaries, which would continue. There are currently no other services provided in the annexation area.

### **SECTION 15. TRANSITION PLAN**

The Transition Plan required by 3 AAC 110.900 is attached as **Exhibit D**.

The Transition Plan presents a practical plan demonstrating the intent and capability of the CBJ to:

1. Extend essential services to the annexation area within the shortest practicable time after incorporation;
2. Assume within the annexation area all relevant and appropriate powers, duties, rights, and functions.

The plan complies with the provisions of AS 29.05.130, AS 29.05.140, and 3 AAC 110.900.

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shall be charged or permit issued. (CBJ Code 19.01.105.2.9). The code defines cabins as "a structure which is inhabited only occasionally for noncommercial hunting, fishing, or other recreational purposes, is without available public utility services, and is located outside of the urban service area." (CBJ Code 19.01.202).

<sup>49</sup> AS 29.35.150-29.35-180.

**SECTION 16. BOROUGH ASSEMBLY COMPOSITION AND APPORTIONMENT.**  
**3 AAC 110.420(b)(17).** *(Both before and after the proposed annexation).*

COMPOSITION AND APPORTIONMENT OF THE ASSEMBLY

This list below presents information about the current composition and apportionment of the CBJ Assembly. No change to the composition and apportionment of the Assembly is anticipated given that the area is basically uninhabited and the vast majority of private landowners primarily are residents who consider Juneau to be their primary residence so their representation is already accounted for. The State Department of Elections identifies six individuals who are registered to vote in Alaska, but have listed their primary residence in the proposed annexation areas (three on Horse Island, 2 on Colt Island, and 1 in Area C). Any residents who live in the proposed annexation areas will be part of CBJ's District 1<sup>50</sup> and will be able to vote by mail in any municipal election.

The City and Borough of Juneau Assembly includes a Mayor and eight members elected at-large. The current elected officials, as follows:

| <u>Assembly Member</u>           | <u>Term Expires</u> | <u>Districts</u> |
|----------------------------------|---------------------|------------------|
| Mayor Beth A. Weldon             | October 2021        |                  |
| Deputy Mayor Maria Gladziszewski | October 2020        | Areawide         |
| Mary Becker                      | October 2019        | District 1       |
| Loren Jones                      | October 2021        | District 1       |
| Rob Edwardson                    | October 2020        | District 2       |
| Carole Triem                     | October 2019        | Areawide         |
| Michelle Hale                    | October 2021        | District 2       |
| Wade Bryson                      | October 2019        | District 2       |
| Alicia Hughes-Skandijs           | October 2019        | District 1       |

**SECTION 17. SUPPORTING BRIEF. 3 AAC 110.420(b)(19).**

A supporting brief providing a more detailed explanation of how the proposed annexation will serve the best interests of the State and satisfy the constitutional, statutory, and regulatory standards relevant to the Commission's decision is attached as **Exhibit E**.

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<sup>50</sup> District 1 includes the CBJ existing areas on Admiralty Island. (CBJ Resolution 26-92). The boundary for District 1 will need to be amended to include the annexed areas after annexation.

**SECTION 18. DOCUMENTATION DEMONSTRATING THAT THE PETITIONER IS AUTHORIZED TO FILE THE PETITION UNDER 3 AAC 110.410. 3 AAC 110.420(b)(20).**

A certified copy of the resolution adopted by the CBJ Assembly to authorize the filing of this petition is provided as **Exhibit F**.

**SECTION 19. AFFIDAVIT OF PETITIONER'S COMPLYING WITH THE REQUIREMENTS OF 3 AAC 110.425(e). 3 AAC 110.425(h).**

An affidavit of the CBJ's representative affirming that the information in the petition is true and accurate to the best of the representative's knowledge, information, and belief, formed after reasonable inquiry, is provided in **Exhibit G**.

**SECTION 20. WRITTEN SUMMARY OR TRANSCRIPT OF THE PRE-SUBMISSION HEARING. 3 AAC 110.425(h).**

The CBJ held several public meetings prior to this petition being drafted that were all noticed in accordance with CBJ Code and the Alaska Public Meetings Act, and were open to the public:

- February 22, 2016 Committee of the Whole: The CBJ Assembly approved a motion to update and move ahead with the petition that had previously been filed for the remaining Tracy Arm area.
- December 3, 2016 Assembly Retreat: There was a discussion by the CBJ Assembly and request that staff bring all options of annexation to current CBJ boundaries to the Lands Committee for review.
- January 30, 2017 Assembly Lands Committee: Unanimously approved forwarding annexation to the Committee of the Whole, with the recommendation of expanding CBJ's annexation application to match the areas identified as A, B, D.<sup>51</sup> There was no public comment.
- August 10, 2017, Committee of the Whole discussed amending the annexation petition, and referred this to a future Committee of the Whole meeting.
- January 3, 2018, the CBJ Committee of the Whole discussed which areas should be included in the annexation petition, and approved moving forward with Areas A, B, C, and D.<sup>52</sup>

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<sup>51</sup> At that time, Area D included Funter Bay, which is not part of this petition.

<sup>52</sup> At that time, Area D included Funter Bay, which is not part of this petition.

- January 22, 2018, Assembly Meeting held a public hearing on the annexation and Resolution 2817, authorizing the filing of an annexation petition to the LBC, to include Areas A, B, C and D. There were public comments received as reflected in the minutes.
- February 12, 2018, Assembly amended the resolution to remove Funter Bay from Area D from the annexation petition to be submitted to the Local Boundary Commission. Public comments were received as reflected in the minutes.

See Exhibit H for copies of the minutes of these public meetings.

**SECTION 21. COPY OF ANY WRITTEN MATERIALS RECEIVED DURING THE HEARING. 3 AAC 110.425(h).**

All public comments and materials received before, during, or after the public meetings are provided in Exhibit I. The majority of these comments reflect concerns with annexing Funter Bay, which is not part of this petition.<sup>53</sup>

**SECTION 22. PETITIONER’S AFFIDAVIT. 3 AAC 110.420(b)(22).**

See Exhibit J.

RESPECTFULLY SUBMITTED this \_\_\_\_\_, 2019.

By: \_\_\_\_\_  
Beth Weldon, Mayor  
Petitioner’s Representative

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<sup>53</sup> Two public comments were received from one owner of undeveloped property on Colt Island. Three public comments were received from property owners on Horse Island. One comment was from a property owner on Mansfield Peninsula. Three comments were received from one property owner in Area C and one comment from a different property owner in Area C.