

ITA PRESENTS POINTS AGAINST CONSOLIDATION: Fall 2001

North Pole

• Why should the city of North Pole vote NO?

Dan Bockhorst, of the Local Boundary Commission, had this to say in January:

Mr. Dan Bockhorst, Local government Specialist
Department of Community and Economic Development
Local Boundary Commission
January 31, 2001

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The Residents of the City Must Vote Separately on Their Future

AS 29.06.140 requires an "election in the area to be included in the new municipality to determine whether the voters desire merger or consolidation . . . A voter who is a resident of the area to be included in the proposed municipality may vote." Since the corporate limits of the City is an area proposed to be included in the new Municipality of Fairbanks, the voters of the City should be given the opportunity to control their own destiny. . . . if the LBC approves the consolidation petition – in spite of the serious flaws that have been noted – the voters of the City of Fairbanks must vote first and separately on the consolidation petition before it can even proceed to an area-wide vote. (If it fails in the City of Fairbanks, the petition process could proceed no further.)

(emphasis ours)

However, when all was said and done, he declared that the foregoing state law "didn't apply"!

Instead he has ruled that the city of Fairbanks can be forced into the new municipality by a simple majority vote borough wide. – even if the city precincts all vote NO. In the same way, once the municipality is formed, a simple majority vote could be used to force the city of North Pole into the consolidated municipality, even if the city of North Pole votes NO! Vote NO now to assure the independent future of North Pole!

As a North Pole resident of the FNSB, consider also the following points under Area-Wide and Borough.

Area-Wide Ramifications

• Will consolidation result in cheaper and more efficient government?

The borough issued a report in which they estimate that the Municipality of Fairbanks will have to raise property tax by 2 mills (approximately \$200 in taxes on a \$100,000 home.). This is due in part to the 13 additional employees that will be required! Yes, some would be cut, but many more must be added to combine the two governments. Other costs come in part from increasing city insurance coverages to the higher borough levels, and expanding the borough's equipment replacement program to the City Service Area.

Both the borough and the city report there is presently almost no duplication between the two entities, which is why there are costs, rather than savings, in combining them.

• What will be the transition costs?

The borough predicts that the transition costs will exceed \$5 million, which translates to almost 2 mills in property tax for at least the first year. Since (if it happens) it would have been approved by the voters, it will be exempt from the present tax cap. You are giving them a blank check for the transition, however, as the consolidation petition does not set any limit on transition costs. We are also not convinced that the additional 2 mills will ever be reversed – how often have we ever seen government remove a temporary tax?

• What about the Borough Tax Cap?

When a new mayor and assembly is voted in and the new government is established, the present tax cap could be completely lost. If it only remains "until superseded by action of the Municipality," a new initiative will have to be started. The new assembly will have plenty of time to first raise the level of taxes, and a new

tax cap will have to start from there – there will be no “roll back” of property taxes or other taxes, such as sales taxes, that the new government may have instituted.

City: Consolidation without Representation

– we do not have the right to vote on our future!

• Was this even a legal petition?

When the petitioner, Don Lowell, was obtaining over 4,000 signatures for the consolidation petition, he promised signers that the action would save them two million dollars. We now know, and it has been confirmed by the petitioner, as well as by both the borough and city governments, that there will be no savings – that, instead, consolidation will increase the cost of government. Would the people have signed it in the first place if they had known it would cost so much?

• Will the City Service Area have a charter to protect it?

NO! Gone will be all its protections, including the city tax cap and its provisions which require the government to allow you to vote on any new taxes.

• Do we keep our Permanent Fund?

At this time, there is no guarantee as to what will happen. It is to be decided by the newly elected municipal government.

We have been told that the city will keep its Permanent Fund, but these are the same people who told us we would have a separate vote in the city – and that we would save millions by consolidating!

• Could our taxes double?

Out of an approximately \$21 million budget, only about one third is paid for by property taxes; \$7,049,683 for 2001. As a service area, we will have to tax ourselves to pay for what we are mandated to provide.

According to the borough’s transition plan, this is what the City Service Area would be responsible for:

Category	Sub-Category	Budgeted in 2001
*Police		\$ 5,401,981.00
*Fire		\$ 3,767,327.00
*Parking Authority		\$ 27,500.00
*Building Inspections		\$ 460,575.00
*City Service Area Admin.		
	Accounting	\$?
	Audit	\$?
	Clerk Functions	\$?
	Computer	\$?
	Curbside Trash billing/cust svc	\$?
	Elections	\$ 12,000.00
	Engineering Network	\$?
	5 Member Board of Supervisors	\$?
	Legal	\$?
	Personnel/Labor relations	\$?
	Purchases & bids	\$?
	Treasury & Budget	\$?
*Engineering		\$ 661,713.00
	Vehicle Maintenance	\$?
	Vehicle & Eqpt replacement	\$?
*Street Lights		\$ 64,000.00
*Traffic Signals		\$ 410,000.00
*CSA Public Works		\$ 3,339,530.00
*CSA Property management		\$ 167,450.00
FNA Inebriate Program	Fees	\$?
	Contingencies	\$ 25,000.00
Capital		\$ 246,190.00
Criminal & Civil		\$?
Utilities	Fuel, electric, steam heat	\$ 326,000.00
	Phones	\$ 79,000.00
Insurance		\$ 647,000.00
	Grand Total of those known	\$15,635,266.00

As you can see from the best information we have, provided by the existing borough, this is what the new City Service Area will be mandated to pay, plus all the unknowns, administrative costs and otherwise, that the new Municipality of Fairbanks will

be charging the City Service Area to take over the present city functions.

Conclusion: If the new municipality appropriates the city's permanent fund, it is possible that we would need to more than DOUBLE property taxes just to pay for the mandated services!

It gets worse! In addition to what the City Service Area will have to collect, the borough is already discussing a 2 mil raise in "Municipality of Fairbanks" property taxes (each mill adds \$100 in taxes on a \$100,000 home.)

• What about the city's Bed Tax?

The petition clearly states that all bed tax becomes area-wide revenue, meaning it goes to the general fund of the Municipality to spend as it wishes. The Local Boundary Commission first denied this in their final report, then in an addendum to the final report, had this to say: "the bed tax levy of the Municipality of Fairbanks would be exclusively an 8% areawide levy..." Areawide means it would be handled as a tax on the whole borough, without a separate levy by the City Service Area for their use.

• And city bond debt?

Finally, don't forget that one thing that has yet to be figured into the equation is the mil rate that will increase our property taxes to pay for the Police Station bonds already approved by the voters.

Borough

• Paid fire, and ambulance?

Since the existing city contracts clearly prohibit volunteers, there can be no doubt that the volunteer fire and ambulance services such as presently exist in the outlying areas will no longer be. We will have to pay for such services at the same level of wages and benefits as city fire and ambulance services.

• How about police services?

Although the new municipality might not lose state troopers for at least 6 months to a year, we believe that it would eventually happen. This is the way the state chooses to cut its budget – by passing on more of the costs to the local governments.

In a July 23, 1998 Mike Irwin, Commissioner with the Department of Community and Regional Affairs asked Public Safety Commissioner Ronald Otte about the effect proposed consolidations would

have on Department of Public Safety operations and staffing in the areas consolidated. Commissioner Otte replied that he did not see any changes for the near future. However, we found his final paragraph most telling:

"An issue worthy of consideration is whether the Legislature would cut Department of Public Safety personnel from the consolidated boroughs in an effort to encourage the boroughs to take on areawide police powers. The Legislature used this tactic for several years in the Hillside area of Anchorage creating significant problems for both the Department and the community."

One can only speculate from this that in the near future the outlying areas could well be paying for police protection at the same rate as the city now pays.

• Will Building Permits and Inspections Extend Beyond the Present City Limits?

Alaska State Law 29.06.150(b) states that, "When two or more municipalities consolidate, the newly incorporated municipality succeeds to the rights, powers, duties, assets, and liabilities of the consolidated municipalities."

We can only assume that this means, in part, that any new construction within the proposed municipality would have to conform to the building codes of the city of Fairbanks. We are also assuming that current structures would be "grandfathered in" and exempt, but **there are no guarantees IF, or FOR HOW LONG, that might be so.**

• Contracts?

Again, under the same Alaska State Law 29.06.150(b) ... "the newly incorporated municipality succeeds to the rights, powers, duties, assets, and liabilities of the consolidated municipalities" and that would mean existing contracts from the city would be extended to the new municipality. Not only does Alaska state law say it, but the petition you are being asked to vote on clearly states "The new Municipality will inherit the existing union contracts."

• Must the borough carry the cost of city government?

Since we would legally now be one entity, there is no question that some of the costs of the city would be passed on to borough (or municipality) residents – how much is anyone's guess.

The Interior Taxpayers' Association

urges you to **vote NO** on Consolidation

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