

Brief:

To: Local Boundary Commission
From: Interior Taxpayers' Association, Inc.
Date: 07/31/2000
Re: "Municipality of Fairbanks" Consolidation Petition

Introduction

We are responding to the Local Boundary Commission's review of the petition for consolidation of the City of Fairbanks and the Fairbanks North Star Borough.

Authority

Our brief is on behalf of the taxpayers of the Interior, including both those inside the city of Fairbanks, as well as those outside the city, but residents of the North Star Borough, including the city of North Pole (who are necessarily affected, even though their city will supposedly be left out of the proposed municipality). Our group has had standing dating from 1987 as a non-profit corporation representing the taxpayers of our area.

Objections

The following are our objections to the proposed consolidation.

- We dispute the "overlapping of services" claimed by the petitioner. The only area of overlap that we can be sure will result in fewer "employees" would be City Councilmen and Borough Assemblymen, and the cost savings there will be very minimal. There are so many things (like snow removal, street maintenance, criminal prosecution, etc) done by the city that are NOT functions of the borough, but which must be overseen, that the executive branch is not likely to lose more than the actual City Mayor. In fact, to run the City as a service area will probably necessitate increased administration. By the same token, the clerks office, finance and public works departments, and the two law departments will probably be combined with no loss of staff, or even an increase (especially during the transition period).
- We dispute the "cost savings" claimed by the petitioner, because of the extremely minimal overlap in services. But even more alarming is the possibility that the new municipal assembly might well choose to "opt-in," to PERA, which would add 8 city bargaining units to the 2 now in the borough. Since all current city contracts specifically preclude volunteers, it is illogical to assume that present borough service area volunteers

would be willing to work for free, when city firefighters, for example, cost in excess of \$100,000 a year in combined salary and benefits. Even with its dense population, the City of Fairbanks finds it hard to cover that cost - how much greater a problem for a service area of a few thousand people! It is unlikely that many will be able to afford fire protection at all.

- The Petitioners' Representative, Don Lowell, in summarizing the impact of consolidation, stated, "the new municipality will honor existing contracts and other obligations until their term expires or is modified by the assembly." He neglected, however, to take into account that all city employee contracts have evergreen clauses. They have no expiration date!
- On behalf of City taxpayers, we object to the loss of revenue for the city ("bed taxes," the City Permanent Fund), and the Techite Pipe proceeds.
 - a) The "bed tax" collected in the new municipality will be area wide and go into the borough coffers - it will not be earmarked for use by the "Urban Service Area. " While much of that money presently goes to tourism related non-profits, some of it is used by the city for city operations (snow removal, road repairs, etc).
 - b) The City's Permanent Fund, regardless of the claims of the petitioner, will go to the new municipality (AS 29.06.150). State law does not provide for any kind of trust fund, nor require that the assets of the City's Permanent Fund be used in any way for the Urban Service Area.
 - c) The proceeds from the Techite Pipe settlement, which are considerable, will also be lost to the "Urban Service Area," by the same law referenced above. [Note: the petition does not even mention this problem.]
- On behalf of North Pole taxpayers, we object to increased taxes in the borough to support City of Fairbanks services, either in the city, or expanded to other parts of a very large and spread out borough (see next paragraph).
- On behalf of Borough taxpayers, we object to the cost of providing "first class city" services to the entire "second class borough." Based on the experiences of Anchorage, we do not believe that the borough will be able to remain a second class municipality with one service area that has first class powers - and are not even sure it is legal by state law. Based on state efforts in the past, we believe that the state troopers will quickly be pulled out of the new municipality, and that DOT will be as well, stopping road service to the area. These two services alone our borough can ill afford, given the large size of our borough and the relatively sparse population in the area outside present city limits.
- On behalf of all taxpayers, we object to the lack of a charter for the new municipality. It is the city charter with its citizen-initiated tax cap that has

kept taxes low in the city, which presently has (and has had for many years) minimal debt. The borough, on the other hand, has much debt and a tax cap that must be renewed every two years. A lot is being asked of city citizens to give up their 40 year old charter for a municipality that cannot even guarantee them a voice in its government (assembly members will be chosen at large).

- We respectfully remind the commission that the new municipality will not include the city of North Pole as a service area. If the purpose of consolidation is to combine governmental units, than we do not understand the reasoning that keeps North Pole as an island in the borough - a home rule city (with charter) - while Fairbanks is forced to become a service area. Considering the life styles in the three areas, it would seem to us that North Pole has more in common with the borough, being much more rural in nature than the City of Fairbanks. We are not saying that North Pole should be forced into consolidation with the borough—just that it makes more sense than forcing a merger of such disparate areas as the present petition attempts to do.
- ITA has done numerous initiatives over the years (exceeding possibly 30) and have been required to collect as many signatures as (and sometimes more than) this group. Usually they were collected in less than 30 days. This petition was drawn up approximately three years ago. It has taken the petitioner over two years to collect a few thousand signatures in a borough of over 80,000 - that in itself is mute testimony to the fact that this issue has not been a popular one with the people. Since the petition was first filed, so many things have changed - budgets, bonded indebtedness, and services. Among the many things not addressed in the outdated petition is the newly bonded police station for the city of Fairbanks. Were we to consolidate, would this police station even go forward, and if it did, who would pay for it, and would the cost be shared by the Urban Service Area alone, or be passed on to the rest of the borough (including North Pole) whose citizens never had the chance to vote on it?

Conclusion

We respectfully request, on behalf of the taxpayers of the Fairbanks North Star Borough and the Cities of Fairbanks, that the petition for consolidation of the two be denied.

Sincerely,

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