

September 13, 2000

State of Alaska  
Local Boundary Commission  
550 West 7th Avenue, Suite 1790  
Anchorage, Alaska 99501

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Local Boundary Commission

re: Amended Petition to Incorporate the City of Talkeetna

Following is the petitioners' response to issues raised by the Matanuska-Susitna Borough and private citizens to the proposed incorporation of the City of Talkeetna.

### Budget/Revenues/Taxes

#### 1. Why eliminate the 15% Bed Tax?

Even though the bed tax proposal was non-binding, the petitioners believed that this proposal would interfere and possibly side-track people from the real issue, which is: Should Talkeetna incorporate as a home rule city? If Talkeetna incorporates, then the elected city council might consider this or any other proposal as separate issues.

#### 2. Why should people pay for water/sewer and flood control if they don't live in the townsite area?

They don't and won't. The proposed city of Talkeetna will maintain the existing "user fees" system or establish a "differential tax zone". This means that the existing property tax rates will remain in place and that people living outside of the area serviced by the water/sewer system or the water and flood control area will not pay for it.

The water/sewer system is presently paid for by its users. That means that if something goes wrong with it, those who are hooked up pay for it and it doesn't matter whether the system is administered by the Matanuska-Susitna Borough or the city of Talkeetna. In fact, in our discussion of water sewer issues, the Borough indicated that a rural community such as the city of Talkeetna would have a better chance of receiving state or federal grants to help pay for repairs if something were to go wrong with the system.

**3. Shouldn't all property owners be able to vote on whether or not Talkeetna should incorporate?**

The United States is a democracy which means one person, one vote. As long as you're registered within the proposed boundaries, you're eligible to vote (but just once). If everyone were allowed to vote anywhere they owned property, our system of democracy would be jeopardized.

**4. Why a sales tax?**

The need for improved and more efficient local services comes in large part because of the dramatic increase in the tourism industry. The adage, "Tax your Industry" makes sense in that it will generate the most revenue with the least impact on local residents. In fact, recent projections indicate that a local sales tax might generate enough revenue that property taxes could be reduced.

The proposed sales tax would be limited to a maximum of \$10 on any single transaction and would apply only to non-essential items (the specifics will be determined by a tax code approved by the people elected to serve on the Talkeetna City Council.) In order to assist people on fixed or reduced incomes, exempt items might include such things as groceries, fuel, and medical services.

**5. Will a sales tax generate enough revenue to operate a city?**

Let's take a look at a hypothetical situation using the 4% seasonal sales tax formula. Let's say a certain lodge within the city boundaries operated a 200 room facility. Let's imagine that during the 4 month summer season (120 days) that the lodge averaged 1/2 capacity (100 rooms) and charged \$150 per room.

$$120 \times 100 \times \$150 \times 4\% = \$72,000$$

If you add in food service at this same hypothetical lodge, then seasonal revenues for the lodge approach \$2,500,000 which in turn would generate about \$100,000 in sales tax revenues for the city.

While it is not our intention to single out any particular type of business within the tourist industry, we believe that this formula shows that there is a solid tax base in Talkeetna and it will help generate sufficient revenue for the successful operation of the city.

**6. What will happen to the Property Tax mil rate?**

The property tax mil rate for city services will be determined by the people elected to serve on the Talkeetna City Council. The petitioners expect that initially the mil rate for services assumed by the city of Talkeetna will be the same as they are right now. However, recent revenue projections indicate that a local sales tax might allow the city council to reduce the local mil rate if it so chooses.

**7. Is the Budget realistic?**

The proposed budget is a good faith effort on the part of the petitioners to anticipate the initial needs of a bare-bones, yet efficient, city government. It is a conservative budget, reflecting the petitioners' desire to start simply and to keep the number of city employees to a minimum. A recent review of city budgets of other small Alaska cities (included in the Matanuska-Susitna Borough's comments) indicates that we have probably under-estimated both city income and expenses. However, we believe that the revenues generated by combining existing property tax revenue with either the 4% seasonal or 2% annual sales taxes should be more than adequate to operate the city of Talkeetna.

**8. The budget needs to be clarified.**

We had several meetings with people from the Mat-Su Borough and got input from a cross section of the community before we assembled the most recent proposed operating budget. We don't doubt that it could use some professional expertise, but we believe the basic framework is in place and that mostly it needs some tweeking. We believe that it's the people elected to the city council who should make the final determination about the budget, not the petitioners.

**Need for Local Government**

A local resident recently stated, "Our town is facing rapid growth and change. The Mat-Su Borough government in Palmer is not the proper entity to be charged with addressing the issues that arise in our town. It is crucial that residents be given a voice in decisions made about issues as they arise and this is very difficult when decisions are being made 80 miles away. Both the distance and time lag are a problem. So is the fact that the Borough government has a huge area to oversee and is not able to give Talkeetna issues adequate or timely attention. While the Talkeetna

Community Council does its best to bring issues before the community, the council is often informed too late for local concerns to be considered before decisions are made in Palmer. The advisory status of the council is no longer adequate and the town and its people need the local authority of the proposed City of Talkeetna.” (Doug Smith--June 22, 2000)

The need for Talkeetna to incorporate is more apparent today than when this incorporation process began. If you talk with Talkeetna Community Council board members, you will sense their frustration with the amount of time and effort spent researching, digesting, and communicating issues of local concern to the Borough, and the ensuing lack of response from the Borough.

We believe that an incorporated city of Talkeetna will benefit not only city residents, but also all residents of the Matanuska-Susitna Borough. For one thing, the borough assembly won't have to hear Talkeetna residents squabbling about local issues such as traffic congestion in the downtown area, or whether we need to upgrade our trails and parks if we're going to continue to attract thousands of visitors to our town. Distance and time make it extremely difficult for Borough staff and the Borough Assembly to fully inform themselves about issues of concern to Talkeetna.

We were pleased to note that in their comments (7/21/00), the Matanuska-Susitna Borough states, “In concept, the Borough supports the Talkeetna area incorporating as some class of city.” We also appreciate the Borough's concern that “the level of services contemplated by the Petitioners will be equal to or greater than the level or services currently provided by the Borough.” (MSB comments p. 1). We acknowledge that it's important for the city of Talkeetna to maintain or improve the level or services that the City assumes. Our expectations are that this will occur in three main ways: (1) Services provided by the city of Talkeetna will reflect the desires of the residents; (2) A Talkeetna city government will be better informed about local issues; and (3) a Talkeetna city government will be able to respond in a timely manner to local issues thereby improving the level and quality of services.

### Proposed City Services

In their comments, the Borough discusses four area of concern:

- Water and Sewer-- As mentioned earlier, we recognize the need for the City of Talkeetna to assume responsibility for the water and sewer system.

- Solid Waste-- If it's agreeable to the Local Boundary Commission, we concur with the Matanuska-Susitna Borough request, "that the City withdraw the request to assume solid waste authority." However, we would hope that the elected city council could work with the Borough to improve this local service by implementing a more comprehensive recycling program.
- Animal Control-- It is our expectation that the elected city council would "carefully coordinate with the Borough" (MSB comments p. 7) to provide animal control services at the level desired by the citizens of the city of Talkeetna.
- Libraries-- Our discussion with Matanuska-Susitna Borough staff led us to believe that the city of Talkeetna would be able to operate the Talkeetna Public Library in much the same manner as the public libraries in Palmer, Wasilla, and Willow.

### Notification Process

Notification procedures are dictated by law and were followed by the petitioners.

### Other Options

While a Special Use District is currently being researched by the Talkeetna Community Council with the help of the Matanuska-Susitna Borough, (research has been held up since the Borough planning department is understaffed and no planners are available to help gather information), the petitioners do not feel that this would be a reasonable option since Special Use District board members are appointed rather than elected.

### What are the benefits of incorporation?

We agree with people who came to Talkeetna to get away from it all. However, the rapid growth experienced by the Talkeetna community has made it necessary, even crucial, for a responsive local government to now be put in place. While some respondents felt that details were sketchy, the petitioners believe that it is the role of the elected City Council to determine and design the specifics of the city government. Our petition simply initiates a process whereby, if the Local Boundary Commission

deems it viable, the voters of the proposed City area will be allowed to determine whether or not Talkeetna incorporates. The petition provides a framework from which the City Council, responding to the wishes and desires of the citizens, can create an efficient and effective local government.

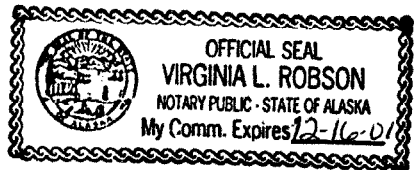
Joe Stage  
Petitioners' Representative

Jordan N. Shultz  
Petitioners' Representative

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 13<sup>th</sup> DAY OF September, 2000.

Virginia L. Robson  
Notary Public



My commission expires: 12-16-01