

**Exhibit E.**  
**Supporting Brief**

This supporting brief explains how the proposed annexation serves the best interests of the state, and satisfies each constitutional, statutory, and regulatory standard relevant to the proposed annexation.

The Introduction Section of this Petition presents historical background and an overview of the justification for the proposed annexation. Sections 5, 6, 11, 12, and 15, Exhibit D, and Appendices A and B present additional justification. Those Sections, Appendices and Exhibit are incorporated into this brief by reference.

A. *Per 3 AAC 110.090(a), does the territory proposed for annexation exhibit a reasonable need for city government?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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As the Introduction documents, the areas immediately adjacent to the City have experienced significant growth over the past several decades. Much of the proposed annexation territory is already urbanized. The remaining vacant areas are likely to be developed in the near future. Growth has been a mix of both residential and commercial development that is similar in character and density to the neighboring city development.

The City has already extended water and sewer services, by request, to numerous properties in the territory. As cited in Section 6, the City already provides law enforcement services on an as-needed basis to the territory. Additionally, residents of the territory

regularly use and rely on numerous city services and facilities, including city parks, the city library, and animal control. By this use pattern, the territory's residents acknowledge a reasonable need for city government. In effect, the City is already responding to the territory's manifest need for city services, but without official jurisdiction and thus without opportunity for territory residents to participate in local government decisions. All this is de facto evidence of the territory's need for city government, to be formalized through annexation.

Annexation would enhance the City's ability to deliver city services uniformly and more efficiently. The Soldotna Police Department, for example, would regularly patrol these areas rather than passing through them in responding to emergencies.

The application of building, plumbing, electrical, and fire codes appropriate for an urbanizing area would ensure that new construction protects the health, safety and welfare of people using these structures and facilities. These codes would also apply to the expansion of existing structures.

The condition and quality of roads relates to general welfare. In most of the proposed annexation territory, roads are unpaved. Of the 5.8 miles of road in the annexation territory, less than one mile (0.8) is paved.

B. *In accordance with 3 AAC 110.090(b), can essential municipal services [determined under 3 AAC 110.970] be provided more efficiently and more effectively by the city than by:*

- Another existing city;

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The territory is adjacent to the City of Soldotna. The only other city near the territory is the City of Kenai, but most of the territory is distant from Kenai. At its closest point, the territory is approximately one-mile distant from the City of Kenai. Thus, the City of Kenai is not well located to provide essential city services to the territory.

The City of Soldotna already provides several essential city services within the territory. All the territory is within the City of Soldotna’s sewer and water service area, except the southern tip of Area 2 – Skyview.<sup>27</sup> Otherwise, Soldotna has exclusive authority to provide sewer and water services in the territory.

In summary, Soldotna is best positioned to provide all these essential municipal services within the territory more efficiently and effectively than any other existing city.

- *Or by an organized borough, on an areawide or non-areawide basis,*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The territory is in the Kenai Peninsula Borough organized borough. The Borough does not exercise police powers in its jurisdiction. Instead, the Alaska State Troopers serve the territory.

The Borough does not provide sewer and water services, and only limited health, safety, building and land use codes. With annexation, the City will be able to provide all these city-level services more efficiently and effectively than the Borough.

<sup>27</sup> Maps of the City of Soldotna’s legal water and sewer service areas, are included in Exhibit A-4.

Additionally, the City will relieve the Alaska State Troopers of its obligation to provide police services to an urbanizing area.

- *Or through an existing borough service area established in accordance with Article X, Section 5 of Alaska’s Constitution?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The Kenai Peninsula Borough Road Service Area currently provides road maintenance services within the annexation territory. The Borough assesses a mill rate of 1.40 to properties within the Road Service Area. The City’s transition plan proposes to provide the same level of service or better within the territory. The City will provide road maintenance services (0.5 mills will be paid on property inside city limits without any additional assessment specific for road services), resulting in a net reduction of 0.9 mills for property owners within the annexation territory.

Service levels in the territory proposed for annexation and existing City are similar in terms of road construction standards and right-of-way maintenance.

The City does plow snow, as a policy, whenever there is 3-inches of snow accumulation. According to conversations with Borough staff, the current Borough policy is to call for snow removal at 6-inches of accumulated snow (unless the snow is wet and heavy, then they will call for plows at 4-inches of accumulation). This will result in improved level of snow removal, when the City takes over maintenance of roads currently being maintained by the Borough in the territory proposed for annexation.

In summary, the City can provide road services that meet and occasionally exceed those being provided within the territory, and at a lower cost to the taxpaying residents.

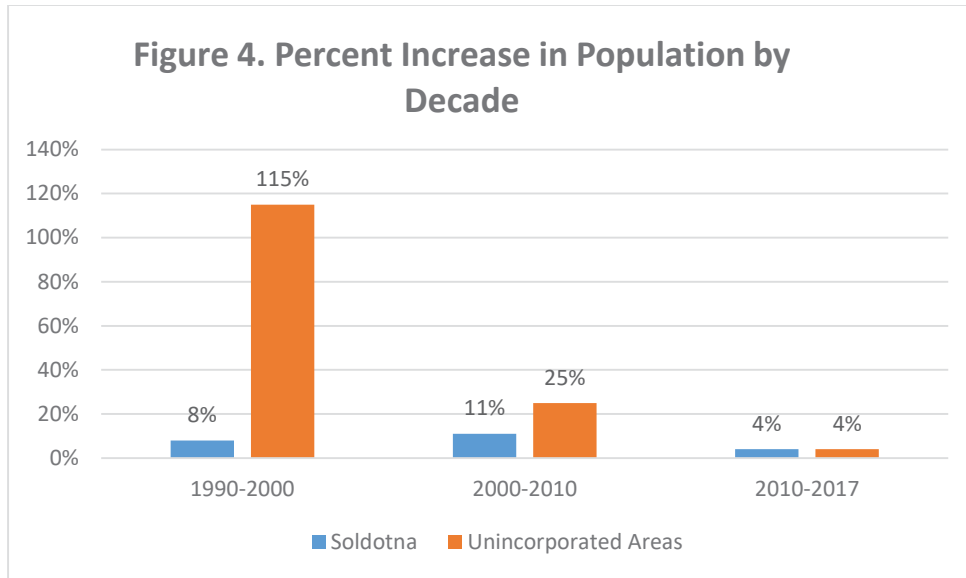
C. *Per 3 AAC 110.100, is the territory compatible in character with the city?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The proposed annexation areas are, for all practical purposes, a fully compatible extension of the City of Soldotna. The territory is more similar in development and ownership patterns, land uses, commercial activity, and overall character to the City than to the rural areas of the Borough. The residents are similar in socioeconomic traits, the transportation systems are integrated as are the K-12 school district attendance boundaries, and the natural environment is continuous with the City.

Population density varies across the territory as it does within the City, but overall population density in the territory is more urban than compared to the lower densities which prevail in the Borough's rural hinterland. Recent development trends are expected to continue, therefore these areas are expected to become increasingly urban in the future.

Soldotna is a retail, entertainment, recreation, education, government, and health care hub. It has been attracting development within and near its boundaries for the past 40 years. Because the City has been limited to its roughly 7 square miles of territory, much of the residential and commercial growth occurring is near but outside the City's boundaries. As shown in Figure 1 on page 7 and in Figure 4 below, the rate of population growth in the City's periphery has greatly exceeded the City's population growth.



*Source: US Census Bureau, American Fact Finder. Unincorporated areas include the adjoining CDP's of Kalifornsky, Ridgeway, Sterling and Funny River.*

The territory encompasses both developed land and vacant land primed for near-term development. Most vacant land is suitable for private commercial and residential development, such as already prevails. Other land is designated for public purposes such as airport lands in Area 1, and the City water reservoir and the Tsalteshi trail system in Area 2.

The existing transportation infrastructure in the territory is similar in character and maintenance needs to the roads within the existing city boundaries. All existing businesses and homes in the territory have access to maintained roads.

The geographic and environmental features of the annexation territory is also similar, and compatible, with the City. The Kenai River flows through the City from east to west, with portions of the City on either side of the river. Lands proposed for annexation are similarly positioned on either side of the river. The David A. Douthit Veterans Memorial Bridge in Soldotna provides access across the river.

The City shares jurisdiction over lands adjacent to the Kenai River with the Kenai Peninsula Borough. The Borough, under Chapter 21.18 Anadromous Water Habitat Protection, regulates lands along the Kenai River, both inside and outside the City. These regulations protect riparian area habitat along the Kenai River and other anadromous streams. The City works with the Borough to administer and enforce both the Borough’s requirements and the City’s own “Kenai River Overlay District.” This District recognizes the Borough’s requirements and provides an additional layer of oversight for projects that are within 100-feet of the Kenai River.

*D. Per 3 AAC 110.110, does the economy within the proposed expanded boundaries of the city include the human and financial resources necessary to provide essential city services [see 3 AAC 110.970 below] on an efficient, cost-effective level?*

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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The Petition (Sections 11 and 12) documents that the City possesses the human and financial resources to fund, staff and deliver essential services to the existing City and the annexation areas. The City of Soldotna has a balanced annual operating budget, and healthy fund balance reserves to enable it to continue funding annual (or emergency) capital infrastructure needs.

As documented throughout, the City already provides several essential city services within the territory. Moreover, many residents of the territory freely enjoy numerous city services available within the City’s boundaries. As shown in the Transition Plan, the City has

the capacity to deliver essential city services uniformly within the territory with minimal impact on its existing operational capabilities.

The City has taken a thoughtful and methodical approach to anticipate the service needs of the territory and to ensure the City has the human and financial resources to deliver essential city services efficiently and cost-effectively.

In 2015, the City undertook an expansive study of the fiscal implications of annexing neighboring territories. “Analysis of the Fiscal Effects of Annexation for the City of Soldotna” was completed in May of 2016 by Northern Economics, and is included as Appendix A in this Petition. The analysis concluded that, while individual annexation areas included in this petition vary in their fiscal impacts, the overall effect of the proposed annexation would be substantially positive. Revenues are expected to exceed all operating and capital expenditures for the annexation territory. With annexation, the territory will benefit from a higher level of municipal services with reduced property taxes.

The City is current on its financial obligations and reporting requirements. Its finances are well-managed as reflected in professional awards. The City has again received the Government Finance Officers Association (GFOA) of the United States and Canada’s “Certificate of Achievement for Excellence in Financial Reporting” for its 2018 comprehensive annual financial report (CAFR). This marks the 29<sup>th</sup> time the City has received the award. The City has also been recognized by the GFOA with an award for its Popular Annual Financial Report (Appendix C), which is mailed to every local property owner annually to further describe the City’s financial position to residents.

As outlined in Section 15 and Exhibit D (Transition Plan) of this petition, the City will extend select services to the proposed annexation areas. These include land use planning,



zoning, building and safety codes, road maintenance, law enforcement and animal control. The services that will be provided will complement services already provided to nearby lots within the City. A new water, sewer and wastewater master plan would be completed, to plan for the strategic extension of utility services further into the territory. This is consistent with how the existing water and sewer systems have been provided, where expansions of the utility infrastructure are based on demand and density of new users, as well as existing capacity.

The projected new revenues from sales and property taxes will offset the added expense of delivering city services to a larger area. Most revenue will be from the projected increase in sales tax revenue, with only a minimal amount being raised via property taxes (due to the City's low 0.5 property tax mill rate). It should be noted that the property tax burden will be reduced by 0.9 mills for property owners in the annexation territory.

E. *Per 3 AAC 110.120, is the population within the proposed expanded boundaries of the city sufficiently large and stable to support extending city government?*

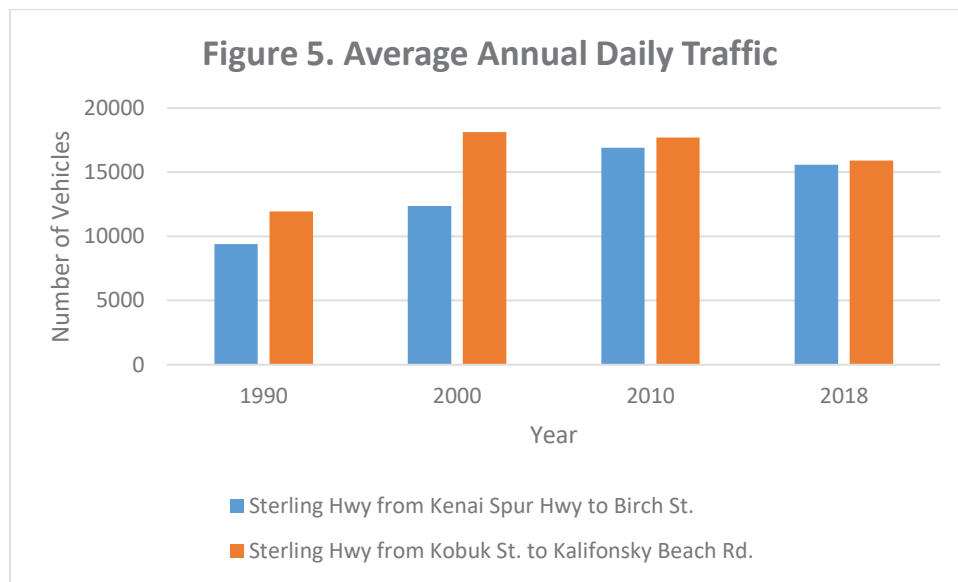
Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Soldotna's estimated population is 4,317 persons. The territory's estimated population 177 persons. The total population within the proposed expanded boundaries therefore equals 4,494.

Soldotna has a stable population of long-term residents who remain in or locate to the area for the employment opportunities in health care, government, and the retail, services and oil and gas industries, and for the superior amenities the City offers. As in many Alaskan communities, there are minor population fluctuations related to seasonal workers and

snowbirds, but certainly not on a scale that adversely affects the City’s ability to deliver city governmental services before or after annexation.

Population within the City of Soldotna has been stable and increases on average a modest one percent (1%) per year. This contrasts with the population growth history outside city limits. Growth there has slowed in the last 10 years, but the huge increase in population between 1990 and 2010 (see Figure 1 on page 7 and Figure 4 on page 125) resulted in a significant increase in daily traffic of out-of-city residents travelling into the City to drop off their kids at school, to go to their jobs, to shop, or to attend events at the City’s regional sports complex and parks. Figure 5 below illustrates the increase in vehicle traffic during that same time period at two key locations within city limits. At one intersection the number of vehicles increased by almost 3000, and the other saw an increase of over 6000 vehicle trips.



*Source: Matt Murphy, AK Department of Transportation and Public Facilities, E-mail correspondence July 17, 2019.*

Because the public school system is provided by the Kenai Peninsula Borough, the City is not providing public school enrollment data. Annexation will not affect the student

population or finances of the public school system. Residents who live in the territory proposed for annexation are already within school attendance boundaries for schools which are located in the City of Soldotna (with the exception of Skyview Middle School, which as noted previously, is located in ‘Area 2’ of the territory proposed for annexation).

In sum, historically the City has managed well the demands of growth on its service and fiscal capabilities. The recent analysis of the fiscal effects of annexation cited above demonstrated the City’s ability to extend services to the additional population in territory, which it already serves in many ways.

*F. Per 3 AAC 110.130(a), do the proposed expanded boundaries of the city include all land and water necessary to provide for the development of essential municipal services on an efficient, cost-effective level?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The proposed annexation territory more closely aligns the area served by the City with City boundaries. The annexation area is not extensive and is limited to lands and waters that are critical to the long-term health of the City, and to those areas that require or already benefit from essential City services. The delineation of the proposed annexation territory was guided by thorough study of annexation options to ensure that the expanded city boundaries would be optimal for efficient and cost-effective provision of essential city services.

Section 5 of the Petition, Section 7.1 of Appendix A, and the Fact Sheets (pages 354-362) in Appendix B all provide additional detail regarding the existing land use and ownership

ownership patterns, population characteristics, and the City’s ability to provide cost-effective, efficient services.

G. *Per 3 AAC 110.130(b), is the territory contiguous to the city?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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As Exhibit A-4 shows, the territory proposed for annexation is contiguous to the existing boundaries of the City. The configuration of the territory and of the post-annexation city boundaries is guided by the spatial pattern of land use, settlement patterns, and road development, as well as by the extent of need for city services.

H. *Per 3 AAC 110.130(b), would annexing the territory create enclaves in the city?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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As Exhibit A-4 shows, annexing the territory does not create any enclaves within the City.

I. *Per 3 AAC 110.130(c)(1), will the proposed expanded city promote the limitation of community?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The existing City of Soldotna, whose 4,317 residents live within 7.4 square miles, is one of Alaska’s most densely settled mid-sized cities. This will remain the case after a modest annexation of 177 residents and 2.61 square miles.

Much of the territory is already urbanized and a functional part of the broader Soldotna community. The City seeks boundaries that represent the actual extent of the community and that might well have been adopted earlier. The average person is not aware when they enter or exit Soldotna, as the larger community blends together and can be indistinguishable to residents and visitors. Soldotna’s city limits include only 7.4 square miles of land whereas the average city in Alaska is about 30 square miles.<sup>28</sup> The boundaries proposed by the City are on a scale that is suitable in terms of existing and future growth, development and public safety needs.

Existing and historical trends suggest the continued expansion of growth in the Central Kenai Peninsula. Recent growth west of the City along K-Beach Road will likely continue, due to the ease of access from that location to both Kenai, and Soldotna. As the hub of government, health care, and retail trade, greater Soldotna will continue its steady growth and development, and the lands proposed for annexation will accommodate continued future growth and the existing and anticipated needs of residents.

The City’s proposed annexation clearly meets the standard of “limitation of community” as enunciated in *Mobil Oil Corp. v. Local Boundary Commission*, 518 P.2d 92 (1974).

*J. Per 3 AAC 110.130(c)(2), do the proposed expanded boundaries include entire geographical regions or large unpopulated areas?*

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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<sup>28</sup> *City Annexation in Alaska*, Department of Commerce, Community and Economic Development.

As previously noted, the City’s post-annexation boundaries would be smaller in area and higher in population density than most mid-sized Alaska cities. The City’s proposed expanded boundaries clearly do not include entire geographical “regions” as that term is defined in 3 AAC 110.990 (28). Likewise, the proposed expanded boundaries do not include large unpopulated “areas” as that term is defined in 3 AAC 110.990(15).

K. *Per 3 AAC 110.130(d), will the expanded city boundaries overlap the boundaries of an existing organized borough?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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As shown in Exhibit A-4, the expanded city boundaries are wholly within the Kenai Peninsula Borough and do not overlap the boundaries of an existing organized borough.

L. *Per 3 AAC 110.130(d), will the expanded city boundaries overlap an existing city’s boundaries?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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As shown in Exhibit A-4, the expanded city boundaries do not overlap the boundaries of any existing city.

M. *Per 3 AAC 110.135, is annexation to the city in the best interests of the state under AS 29.06.040(a)?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The proposed annexation promotes the constitutional goal of maximum local self-government. The City will provide essential services to the annexation territory that are not currently provided by the Borough. These essential services include:

- law enforcement and a city police force;
- municipal water and sewer service;
- building and fire code plan review, inspections and enforcement;
- animal control;
- parks and recreational facilities and programs; and
- zoning and land use standards.

Correspondingly, residents in the annexation territory will be empowered and become voting citizens of the home rule city whose services they already enjoy and to which they already contribute some revenue (when making purchases inside the City), while remaining voting citizens in the Borough. Self-governance is enhanced through the extension of this benefit.

The annexation of the proposed territory would also relieve the State of Alaska of its responsibility to provide law enforcement services. State Troopers could be reassigned as the City takes on law enforcement duties within the territory. The workload of the State Fire Marshal would also be reduced as the City would assume their plan reviews and inspections of new commercial developments.

N. *Per 3 AAC 110.140, may the territory be annexed to a city by legislative review because at least one of the circumstances of 3 AAC 110.140(1) through (9) exists?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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State law requires that at least one of the nine circumstances specified in 3 AAC 110.140(1) through (9) must apply for a city to annex territory via the legislative review process. At least five of these circumstances apply to the City’s proposed annexation.

**3 AAC 110.140(1):** Two parts of the proposed annexation territory are substantially surrounded by the City’s existing boundaries. Area #1, Funny River West, is bounded on three sides by the City and must be traversed to reach other parts of the City. Area #9, Funny River East, is also bounded on three sides by the City.

**3 AAC 110.140(4):** Based on the City’s annexation and fiscal impact studies, annexation of the territory is the simple, practical way to better harmonize the City’s jurisdiction with the domain of residents and property owners who benefit from city services provided inside and outside its present borders. Annexation will also achieve a uniform level of city taxes and tax-supported city services across this predominately urban area.

The proposed annexation territory receives several benefits without a corresponding tax contribution. City parks, the regional sports complex and campgrounds are all equally available to and commonly used by both city and nonresidents, with no distinction in the ability to access the facilities. These facilities have been built on a scale to accommodate the regional population.



Likewise, the City's library provides services to residents and non-residents alike. As noted in Section 6, as many as 78% of library cardholders are from outside City limits. The City encourages literacy and treats all users alike. The Borough does not directly provide a library or park and recreational type services.

The City provides the road infrastructure for nonresidents to access schools, the hospital, Borough government, the Kenai Peninsula College, post office and many other regional amenities that are located within City limits. Like the parks and recreation facilities, transportation infrastructure must be designed and constructed to a higher level of service due to the large regional population that is immediately outside of the boundary.

**3 AAC 110.140(5):** As noted in Section 6 of the Petition, annexation will enable the City to implement building, health and zoning standards to promote orderly development, the safe occupancy of buildings, and improved building quality. With annexation, the City can ensure new development is built to higher standards, avoiding the need for costly retrofits in the future. Without this consistency, incompatible development, nuisances, and public safety will continue to have adverse effect on the health and well-being of the City.

Annexation will also level the playing field for area businesses who are subject to two different tax rates despite their close proximity, and discourage hollowing out of the City's retail economy and erosion of the City's sales tax base. Businesses within the City currently collect a 3% city sales tax that businesses outside the City do not collect. This puts city businesses at a competitive disadvantage and motivates existing and new businesses to locate outside the City, even as the demand for city-provided services grows. In the long run, this

dynamic will adversely impact the City's economic and fiscal health and stability. For additional discussion, see Sections 6C and 6D of the Petition.

Section 6E of the Petition addresses the negative repercussions of having residential and airport-related land uses near the city airport but outside city limits. The City needs the ability to properly plan for airport uses, including the ability to control incompatible uses and obstructions in areas that are not city-owned but that are adjacent to the airport or within flight paths.

Legal jurisdiction over Area 2 –Skyview will appropriately empower the City to protect its existing assets there (ARC Lake Park and a one-million-gallon water reservoir) from incompatible uses and to plan for any needed future developments there.

**3 AAC 110.140(7):** Annexation will advance the constitutional goal of maximum local self-government, as determined under 3 AAC 110.981(8). As previously documented with regard to 3 AAC 110.090(b), the proposed annexation would extend to an urbanizing area of the Kenai Peninsula Borough needed city services that cannot be provided by another city, nor by the Borough, nor by a borough service area. Further, annexation will endow residents of the territory with voting rights in the local city government upon whose services they rely and which they partly support through sales taxes. Finally, annexation will localize the provision of police services by putting the territory under local governmental jurisdiction.

Annexation will deliver needed city services to an urbanizing area by enlarging the City's jurisdictional boundaries, thereby barring the need for incorporation of a new city or creation of a new borough service area. (See Section M of this Exhibit.)

**3 AAC 110.140(8):** Annexation of the proposed territory will add approximately 2.6 square miles and an estimated 177 residents to the City. The new residents will become entitled to vote in city elections, no new governmental units are created, and the State would be relieved of providing some services. To that extent, the post-annexation City will better fulfill the constitutional goal of maximum local self-government.

*O. Per 3 AAC 110.910, does the proposed annexation deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin.*

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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The proposed annexation will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex or national origin.

The proposed annexation territory will add an estimated 177 residents to the City. Before and after annexation, these residents will be entitled to vote in State, Federal, and Borough areawide elections. If annexed, property owners within the territory would exchange the right to vote on Borough Road Service Area issues for the right to vote in city elections and participate in local city decisions that affect them. They will continue to vote for their Borough representative and areawide issues, but will also be able to run for city office, be appointed to city boards, and have more direct representation in the many local government decisions that affect their property, business or personal lives.

There will be no change in any person's civil or political rights, including voting rights.

*P. Per 3 AAC 110.970(c), are there essential municipal services consisting of those mandatory and discretionary powers and facilities that:*

*(1) Are reasonably necessary to the community;*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Sections A, B, and D of this brief address the reasonable need for essential city services, and identify the powers the City intends to exercise in the territory.

*(2) Promote maximum, local self-government; and*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Section M of this brief addresses how the proposed annexation promotes the constitutional goal of maximum local self-government.

*(3) Cannot be provided more efficiently and more effectively by creating or modifying some other political subdivision of the state.*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Sections B and R of this brief explain why essential municipal services cannot be more efficiently and more effectively provided by creation or modification of some other political subdivision of the state.

*Q. Per 3 AAC 110.981(8), does the proposed annexation promote maximum self-government by extending local government to territory or population of the organized borough where local government needs cannot be met by the borough:*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Section M of this brief addresses how the proposed annexation enables the City to extend to the territory several needed local governmental services that cannot be provided by the Kenai Peninsula Borough or by a borough service area. In this regard, the proposed annexation promotes maximum local self-government.

*R. Per 3 AAC 110.982(7), does the proposed annexation promote a minimum number of local government units by enlarging the boundaries of an existing city, rather than promoting incorporating a new city, or creating a new borough service area?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The proposed annexation promotes a minimum number of local government units. It enlarges the jurisdiction of the existing City of Soldotna, and thereby avoids the incorporation of a new city or creation of a new borough service area. Section M of this

Petition includes additional information on the promotion of the minimum number of local governments.