

same thing as a county. It was asked if the people of Seward had anything to say about annexing other areas. Mr. Buckalew said that the people of Seward were represented by their elected representatives in this matter - ie the City Council. Mr. Jeffrey spoke of ideas brought out at the School Boards Convention recently regarding boroughs in that a borough must be compatible with its surroundings and fulfill its purpose of being a service unit. He continued that if an annexation program failed that possibly long-range, area-wide planning could still be accomplished under a borough. Mr. Jeffrey continued that it might be well to consider the effect on the local schools if an area larger than Seward were taken into the City. He pointed out that the State provides 100% support for non-district schools and that Seward enjoys the attendance of a larger percentage of out of district pupils than any other school in Alaska. These pupils are given 100% State support for education cost except for certain capital expenditures while State support for Seward pupils is 80% and with increased district enrollment through annexation, this would go to the 75% bracket. This could amount to a loss of State support of about \$25000.00 and in addition the bus system for school children now serves <sup>mostly by</sup> out-of-district pupils and is reimbursed by the State. With annexation of a larger area, Seward would be paying for part of this bus service. He concluded that it is not known how the school problems mentioned above may be affected by the borough system, but that as treasurer of the school board for the past two years, he was aware of the complicated nature of the problem. Myr. Petrovich recognized Mr. Fabricious, Supt. of School, who reiterated Mr. Jeffrey's data regarding school financing and went further by indicating that approximately \$140.00 per student less money would be collected from the State for the 47 children at Jesse Lee Home and the 27 children presently coming in from Forest Acres if these areas were annexed. This would amount to about \$10600.00 less revenue per year which the district would have to raise. He discussed the property tax millage that would be necessary to recover this amount of money and pointed out that there would be no property tax revenue from Jesse Lee Home. He continued that the trend of the legislature seems to be more and more of a burden on local people in the matter of education and this is just the opposite of the trend in the other states where through state taxation and support educational opportunities and quality of schools are equalized. He concluded by saying that whenever a district takes in an area which cannot pay its own way, it will be a burden on the present taxpayers. Mr. Jeffrey remarked that the recent anticipated shortage of funds in the bus service for out-of-district pupils had been alleviated and that the School Board had been notified they could expect 100% of bus cost for out-of-district and a certain percentage support on the other pupils. Clmn. Kulin said that he presumed Mr. Fabricious was asking a question about the City's intention regarding Jesse Lee Home and annexation and said further that to the best of his knowledge the City had never proposed to ask the Home to become part of the City.

Myr. Petrovich concurred that only the administration of the State lands was involved here as it relates to providing adequate planning for the entire community. Myr. Petrovich asked for suggestions on how to accomplish this area-wide planning realizing that Forest Acres is part of the community whether the City wants to include them in the City or not, that the planning of community services must make plans to administer services to this area. There being no suggestions he referred back to Mr. Tryck's pending visit to Seward to explain means of community improvement.

Mrs. Joanne Hoogland asked if it were true that any planning would be implemented by revenue bonds. Myr. Petrovich answered that was so by means of 4-7/8% revenue bonds with 1/8% reduction for each five years less pay-off time. He continued that this is only a tentative plan being explored as a basis of a more sound financing of the city. Mrs. Hoogland then asked if it were true that a petition must be presented with 30% of the residents of an area signing to request annexation. Myr. Petrovich replied that this is true. Mr. Bob Muller asked if he had understood Mr. Buckalew to say that if Forest Acres were annexed they would have the City and borough government each over them. Mr. Buckalew replied that it would be either one or the other - not two local taxing units over the same area. Mr. Buckalew asked if there were improvements such as the water system and the schools which would require new bond issues and Myr. Petrovich replied that it appeared so, however, the need now is also to understand a means of financing such a bond issue and it is hoped to arrive at some such plan to be handled through revenue bonds. Mr. Buckalew asked if this included the street improvement plan and the answer was no. Mr. Buckalew said that he thought Seward was pretty close to the limit of bond selling ability now. He questioned Mr. Headrick regarding his understanding from their mutual conference with the bonding attorneys but Mr. Headrick said his understanding was that this applied to the Utilities Department. Mr. Buckalew however felt that on both Utilities and property bonds that the City of Seward would have difficulty in selling additional bonds. Myr. Petrovich concluded that it is not yet known definitely.

Clmn. Walker asked Mr. Buckalew if he could advise if a borough would likely include a natural service area such as Forest Acres appears to be to Seward. Mr. Buckalew replied that the language used by the planners was a "socio-economic unit" whatever that is. The problem of a borough is to provide service and he continued that it does seem to him that Forest Acres would come under the service area of the City. The theory of the thing seems to be to create an area to provide services. Mr. Fabricious asked if anyone knew how school districts and boroughs were going to be coordinated. He said that school people did not know and yet about 50% of the taxation will be for school district