



a variety of recreation activities year-round. In addition, the Visitor Center at the refuge provides programs for all ages throughout the year.

The U.S. Army Corps of Engineers regulates wetland fills in waters of the U.S. The Corps could be a potential partner with the City in implementing some of the recommendations contained in this plan, such as identification of key wetland areas for protection, and potential strategies for preserving wetland areas.

### **Annexation**

The fundamental principle of local government in Alaska is the provision of a maximum of local self-government with a minimum of local governments. This principle explicitly favors city annexation over establishment of new cities or service areas to extend local public services to developing areas near existing cities. Annexation provides a means for a city to address development in adjacent areas that has the potential to impact the health, safety and quality of life in the city or the city's future ability to provide essential public services. Annexation may be initiated by unanimous consent of property owners wishing to be annexed, or more typically through the legislative review process.

Natural features have confined and shaped the city's pattern of growth. The Kenai River, local wetlands, and the natural terrain limits access to the original settlement area, and defines the three transportation corridors (Sterling Highway, Kenai Spur Road, Kalifornsky Beach Road). These factors have contributed to Soldotna becoming the most densely settled mid-sized (2,500 – 5,500 population) city in Alaska (Figure 3-9). Its sister cities on the Kenai Peninsula (Homer, Kenai, and Seward) are two to four times larger in area, and much less densely settled.

Residential development in the unincorporated area outside the City has outpaced residential building inside the City in recent years. Despite growth shifting outside, Soldotna has continued to thrive as

### **The local boundary commission is required to evaluate all annexation petitions to determine they meet such standards as:**

- **Need.** Does the territory proposed for annexation exhibit a reasonable need for city government?
- **Character.** Is the territory compatible in character with the annexing city?
- **Resources.** Does the economy within the proposed expanded boundaries of the city include the human and financial resources necessary to provide essential city services on an efficient, cost-effective level?
- **Population.** Is the population within the proposed expanded boundaries of the city sufficiently large and stable to support the extension of city government?
- **Boundaries.** Do the proposed expanded boundaries of the City include all land and water necessary to provide the development of essential municipal services on an efficient, cost-effective level?
- **Best Interests of the State.** Is the proposed annexation in the best interests of the state?
- **Transition Plan.** Does the annexation petition include a practical plan to extend essential city services, to assume all relevant and appropriate powers, duties, rights, and functions presently exercised by other local governmental entities?
- **Civil and Political Rights.** Does the annexation deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin?

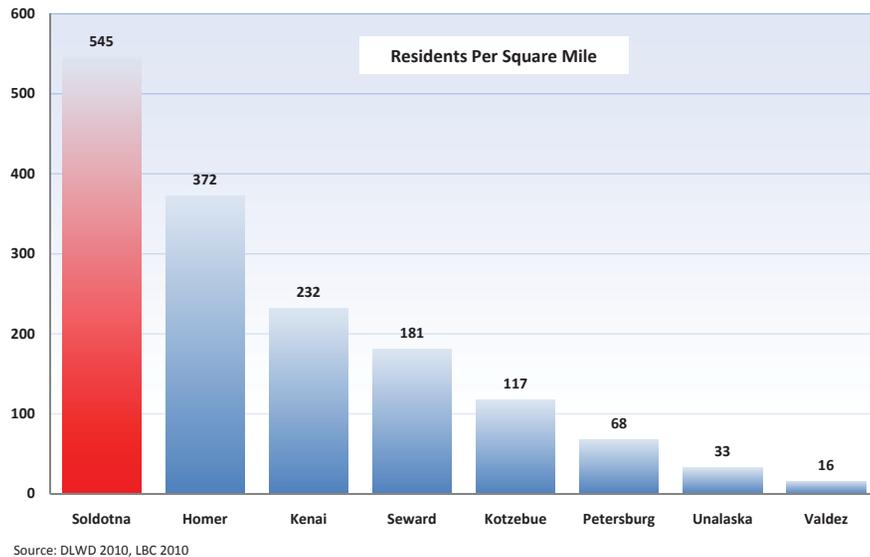


Figure 3-9 - Population Density for Mid-Sized Cities in Alaska

a center for trade and services, and for local government and health care for the Central Peninsula. But looking to the future, Soldotna should continue to identify or create sites for new large-scale retail development. As new residential growth continues to flow outside Soldotna's current boundaries, new retail and service businesses may over time follow their customers to sites outside the City. The City is encouraged to be proactive in taking steps to achieve its economic and development goals.

The KPB and the City of Soldotna are the only local governmental units with authority to levy taxes, appropriate funds, and deliver services in the Soldotna area. The KPB is a second-class borough, with mandatory areawide powers for education, tax assessment and collection, education, and planning, as well as several adopted areawide powers (solid waste disposal, 911 emergency communications, emergency management, and post-secondary education). The KPB maintains three non-areawide service areas in the Soldotna subregion. Central Peninsula Hospital and Central Emergency Services respectively provide hospital and fire/EMS services

in the subregion, including within the City. The KPB Road Service Area maintains local roads outside the City. The KPB does not provide water or sewer, public safety, zoning, building code, library, parks, or animal control services in the region. Soldotna is a first-class city. The City provides local roads as well as numerous services (water and sewer utilities, public safety, zoning, building code, library, parks and campgrounds, and animal control) the KPB does not provide.

As development of nearby areas progresses, and the need becomes evident for such essential services as water and sewer, drainage, and public safety that the KPB does not provide, neighbors will look to the City to meet those needs. Annexation is a tool that enables the City to plan for timely and cost-effective extension of water and sewer, drainage, and other services when needed. In particular, this advance planning helps the City and taxpayers avoid expensive retrofits after development has occurred.

Both the KPB and the city levy property and sales taxes. Table 3-1 compares local taxes and services inside and outside the City and shows what changes annexation would bring to properties being annexed. In FY 2010, property owners in both jurisdictions paid the same borough tax levy for areawide services (4.5 mills), Central Emergency Services (2.45 mills), and CPH (.5 mills). The only difference was that non-city property owners paid a 1.4 mill levy to the KPB's Road Service Area, while Soldotna property owners paid a 1.65 mill levy for city roads and other city services, including services not provided by the Borough. The City's property tax levy (1.65 mills) accounted for about one-sixth of the total property tax (9.1 mills) that Soldotna property-owners pay. The net difference in the mill rate between just outside/inside Soldotna was 0.25 mills. This difference amounts to \$50 in property taxes yearly for a home assessed at \$200,000, and \$100 yearly for a home assessed at \$400,000.

The KPB levies a 3% borough-wide sales tax. The City levies an additional 3% sale tax, for a total sales tax of 6% on businesses in the



	Inside Soldotna	Outside Soldotna	Outside Soldotna
	Status Quo		If Annexed
<b>Local Taxes</b>			
Property tax assessment	by KPB	by KPB	No change
Property taxes (FY 2010)			
KPB Areawide	4.50 mills	4.50 mills	No change
KPB Central Emergency Serv.	2.65 mills	2.65 mills	No change
KPB Road Service Area	none	1.40 mills	- 1.40 mills
KPB Central Peninsula Hospital	0.01 mills	0.01 mills	No change
City of Soldotna	.50 mills	none	+ .50 mills
Total	7.66 mills	8.56 mills	7.66 mills
Net change			- 0.90 mills
Sales tax rate	6%	3%	6%
Senior citizen & disabled veteran property tax exemption (\$ of assessed value)	Up to \$150,000 is exempt from city taxes for Seniors, and unlimited for disabled veterans.	Up to \$300,000 is exempt from KPB taxes for seniors, and unlimited for disabled veterans.	
<b>Tax Funded City Services</b>			
Local roads	City Maintenance Department	KPB Road Service Area	City
Public safety	Soldotna Police Department	State Troopers	City
Fire & EMS	KPB Central Emergency Services	KPB Central Emergency Services	No change
City library & parks	City	None	City
Animal control	City	None	City
<b>User-Fee Services</b>			
City water & sewer utility	user fees where served	user fees where served	No change
City airport & campgrounds	user fees	user fees	No change
Solid waste collection/disposal	Private/KPB	Private/KPB	No change
<b>Land Use Regulation</b>			
Subdivision plats	KPB	KPB	No change
Zoning	City	None	City
Building code	City	None	City
<b>Other</b>			
School attendance areas	KPB School District	KPB School District	No change

Table 3-1 - Local Taxes and Services as of March 2015, Inside/Outside City of Soldotna - Status Quo and If Annexed

City. In FY2009, sales tax (\$7.7 million) yielded almost ten times more revenue than the property tax (\$0.8 million). Thus, maintaining a strong sales tax base is vital to the City's ability to fund public services and keep city property taxes low.

In perspective, the situation which Soldotna faces – boundaries with residential and other growth moving into peripheral areas; lack of another local governmental unit existing to provide certain essential public services; lack of city planning jurisdiction over an area which will eventually need city-provided services, with impairment of the City's ability to provide those services cost-effectively in the future; and erosion of the City's principal local revenue source – exemplifies the problems that annexation was intended to remedy.

### **Regional Growth and Development Goals**

**1.** Collaborate with Borough, state and federal agencies on land use and natural resource issues related to the Kenai River, its tributaries, and adjacent wetlands.

- a.* Participate in and support research and restoration initiatives associated with the Kenai River.
- b.* Consider forming an advisory group of regulatory agency staff to assist in reviewing and proposing revisions to the City's Kenai River Overlay District.

**2.** Work with the KPB to address the cost of services provided to residents of unincorporated areas.

**3.** Identify lands which may be needed in the future to provide city or borough services to the larger regional population.

**4.** Evaluate, support, and enhance the mission of regional economic development organizations (such as the Kenai Peninsula Economic Development District and Kenai Peninsula Municipal Conference) with representatives from Soldotna, Kenai, and the Kenai Peninsula Borough to support and promote locally and regionally important industries (oil/gas, commercial fishing, tourism, etc.).

**5.** Explore annexation to promote orderly high-quality development, cost-effective extension of public services, protection of the City's sales tax base, and protection of the natural environment.

- a.* The City should assemble a panel of community and business leaders to evaluate the potential need for annexation and the appropriate areas to be annexed. People appointed to the panel must be impartial, represent a broad spectrum of interests, and be able to grasp the importance of the issue as well as its sensitivity and difficulty. Meetings of this panel should be open to the public and the process should be as open and transparent as possible.
- b.* The City should use a variety of methods to educate City and adjacent residents about the annexation process.

**6.** Work with the DOT&PF on the design, operation and maintenance of the Sterling and Kenai Spur Highway ROWs.

- a.* Investigate the potential for a use and maintenance agreement that allows the City to install and maintain streetscape elements within the highway ROWs.
- b.* Coordinate with the DOT&PF on appropriate signalization or other measures to address public concerns regarding pedestrian safety and traffic congestion at peak periods.
- c.* Continue to work with the DOT&PF on funding for priority transportation improvements in the Soldotna area.