

The Contribution of Municipal Governments in Alaska – 2000

Municipal governments provide many essential public services to residents, and in doing so, contribute substantially to Alaska's economy. In 2000 (FY00):

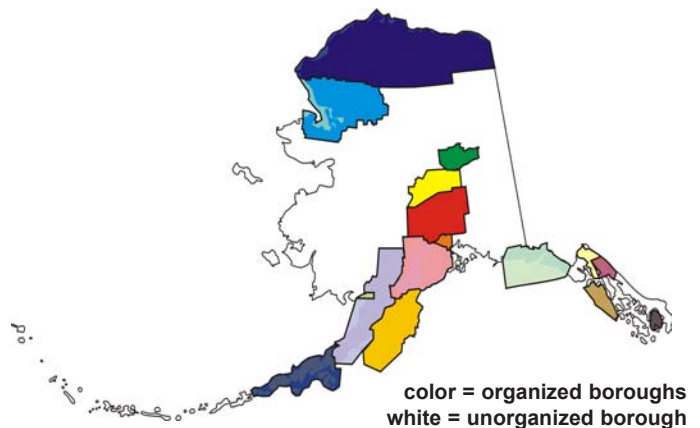
- ✦ Ninety-seven percent (97%) of Alaskans lived in a municipality;
- ✦ Municipalities employed approximately 34,000 Alaskans;
- ✦ Municipalities generated over \$1.5 billion in local revenues; and
- ✦ Municipalities provided over \$2.8 billion in services.

The Municipalities

Alaska has two types of municipal government – cities and organized boroughs. Cities and boroughs are municipal corporations and political subdivisions of the State. In all, **97% of Alaskans live in a municipality.**

A city government generally encompasses a single community. Alaska has 146 city governments. An organized borough is a regional-sized government that may include cities and unincorporated communities within its boundary. There are 16 organized boroughs in Alaska. Forty-nine cities and 104 unincorporated communities are located inside boroughs.

Boroughs in Alaska



Boroughs do not cover the state comprehensively – those regions that remain unincorporated are collectively referred to as the “unorganized borough.” There are 97 cities and 100 unincorporated communities in the unorganized borough. Three percent of Alaskans (20,122 residents) are not served by either a city or borough government.

Services Provided by Municipalities

Education – Eighty-nine percent (89%) of Alaska students (117,697) are served by 34 municipal school districts. The State operates 19 school districts in the unorganized borough, called Regional Education Attendance Areas (REAs). The REAs serve the remaining 11% of students (14,060). The 34 municipalities operate 342 schools; the 19 REAs operate 152 schools.

Although education is supported largely by state and federal dollars, in FY 2000, municipalities contributed over \$244 million locally toward education operations – around 25% of direct education expenditures.

Police – Seventy-one percent (71%) of municipalities provide police services or support a Village Public Safety Officer (VPSO) position. The Alaska State Troopers respond to incidents in communities with no local police presence.

Fire – Eighty-six percent (86%) of municipalities provide fire protection services, primarily through volunteer fire-fighters.

Health Care – Fifty-six percent (56%) of municipalities operate hospitals or health clinics. In all, 15 hospitals and 187 health clinics are municipal-operated.

Water and Sewer – 59% of municipalities provide piped water systems; 60% provide piped sewer systems.

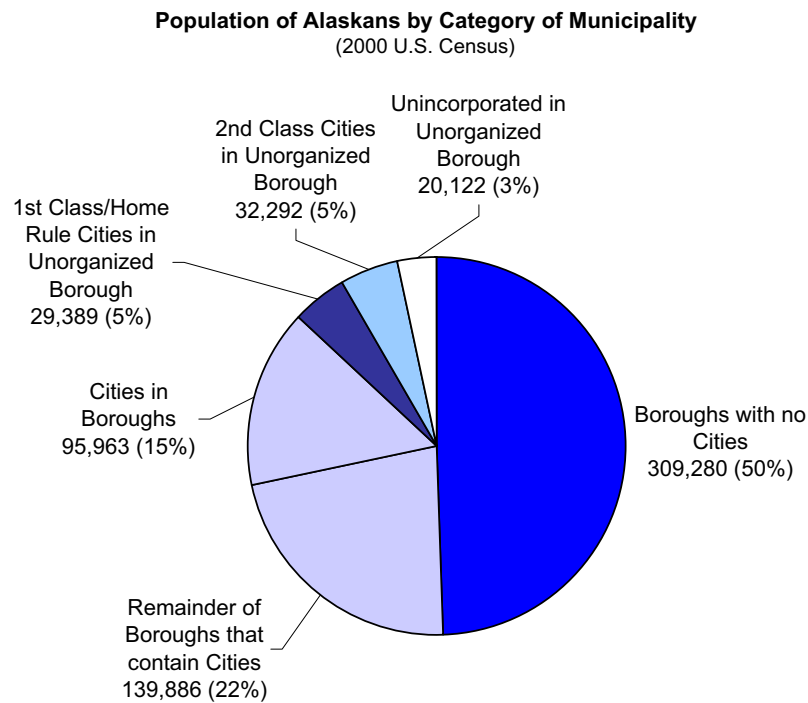
Roads – Seventy-three (73%) of municipalities provide road maintenance. Municipalities maintain over 5,000 road miles and 1,000 miles of ice roads. The State maintains 6,000 road miles; another 1,900 road miles are federally-maintained.

Harbors/Docks – Fifty-three (53%) of municipalities operate a harbor, dock or port.

Solid Waste – Sixty-nine percent (69%) of all municipalities operate a landfill; 48% provide refuse collection.

Municipalities Provide Varying Levels of Service

Municipalities may be categorized based on levels of service provided. Service levels are typically dependent on the local resource base and whether responsibilities for public service are shared with a borough or are shouldered alone.



Boroughs with no Cities – There are 6 boroughs that have no city governments located within them – for example, Anchorage, Juneau and Sitka. These municipalities have a large tax base and consequently provide a wide array of public services. All provide education, police, fire protection, piped water and sewer, and road services. 83% provide landfills, harbors/docks and airports. These boroughs serve 50% of Alaska’s population.

Boroughs that contain Cities – There are 10 boroughs that have cities located inside them – for example, the Matanuska-Susitna, Fairbanks North Star, and Ketchikan Gateway Boroughs. All 10 provide education; 70% provide fire protection; and 60% provide solid waste and road services. Few additional services are provided. Residents that live in cities within these boroughs receive other services as well. These boroughs serve 37% of the state population. (About half of these residents are also served by a city government.)

Cities in Boroughs – There are 49 cities located inside a borough – for example, the cities of Palmer, Fairbanks and Saxman. 78% of these cities provide fire protection; 65% provide piped sewer; 63% piped water; 63% roads; 61% harbors/docks; 49% solid waste; 47% police; and 45% provide health clinics. These cities serve 15% of the population. (These residents are also served by a borough government.)

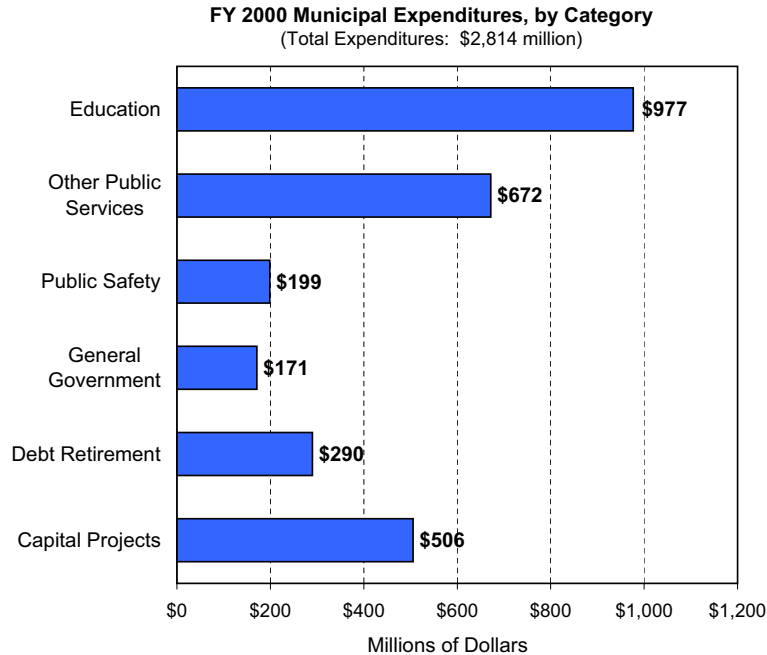
First Class and Home Rule Cities in the Unorganized Borough – There are 18 First Class and Home Rule cities in the unorganized borough – for example, the cities of Valdez, Nenana and Pelican. These cities typically have a large tax base and consequently are able to provide many services. All 18 cities provide education and fire; 94% provide solid waste; 94% harbors/docks; 89% police; 89% piped water and sewer; 78% roads; and 61% provide health clinics. Five percent of Alaskans live in these cities.

Second Class Cities in the Unorganized Borough – There are 79 such cities in the unorganized borough – for example, the cities of Diomed, Nunam Iqua and Port Alexander. Although these cities have limited resources and taxable wealth, they provide a wide array of services – many of which are provided by the private sector in urban areas, such as power, bulk fuel, cable TV and washeterias. 89% of these cities provide fire protection; 78% roads, 75% solid waste; 72% electricity; 65% health clinics; 53% non-piped water; 49% piped water; 52% piped sewer; and 53% provide washeterias. Five percent of the state population lives in these cities.

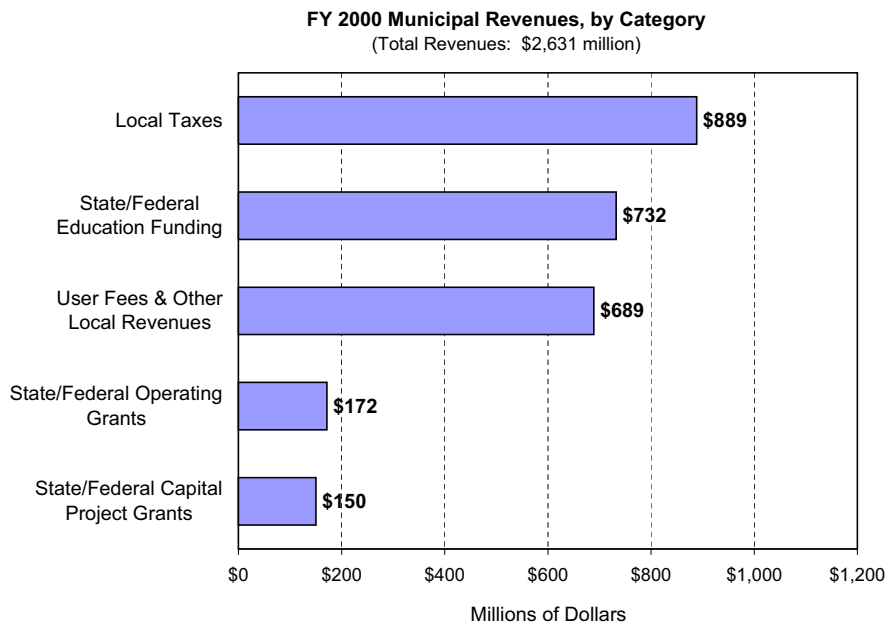
Unincorporated Communities in the Unorganized Borough – Three percent of Alaskans (20,122) live outside of any municipality and are scattered among 100 communities. Nearly half of this population lives on the Alaska, Richardson and Glenn Highways. The largest unincorporated communities in the unorganized borough are Deltana, Tok and Glennallen. Limited services are provided at the local level. Only 14% of these communities have a Village Public Safety Officer (VPSO); 4% have a local State Trooper post. Volunteers provide fire and emergency medical services. The State provides education and libraries through REAAs. Health care in Native villages is funded by the U.S. Indian Health Service, and administered by the regional Native non-profit health corporations. In some communities, Native village councils, non-profit and for-profit organizations provide services for a fee. For example, 60% of unincorporated communities in the unorganized borough have water treatment, 30% have sewage disposal, and 12% have cable TV.

Economic Impact of Municipalities

In FY2000, Alaska municipalities **spent over \$2.8 billion on public services**. Thirty-five percent of these expenditures were for educational operations. Over \$2 billion provided for government services (including education) and nearly \$800 million provided for capital project construction, financing and maintenance.

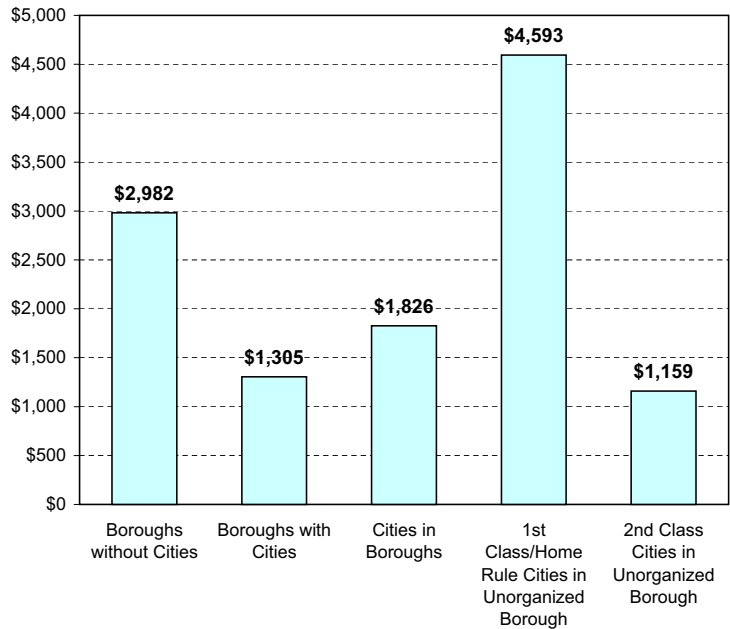


In FY2000, municipalities generated over **\$1.5 billion in local revenues** from taxes, licenses, permits, leases, service charges, user fees, and other local sources. Municipalities also received and administered nearly **\$1.1 billion in federal and state funding** for education, other public services and capital improvements.



First Class and Home Rule Cities in the unorganized borough generated the greatest amount of local revenue per capita, followed by boroughs without cities. Second Class Cities in the unorganized borough generated the least amount of local revenue per capita

**FY 2000 Municipal Local Revenues Per Capita
by Type of Municipality**



In 2000, there were approximately **34,000 local government employees**, including teachers and other school district positions. For comparison, there were approximately 24,000 state employees, 17,000 federal civilian employees, and 17,000 military in Alaska.

Summary

Municipalities play a significant role in the lives of Alaskans - as service providers, as employers, and as builders of major community projects. The economic impact to Alaska of payrolls, contracts, and other municipal expenditures is substantial.

Source: FY2000 audits and Certified Financial Statements submitted by municipalities for State Revenue Sharing program purposes. 2000 populations from the U.S. Census Bureau. Department of Community and Economic Development, Division of Community and Business Development, Research and Analysis Section, October 2002.