



**Municipality of Anchorage**  
Mayor Dave Bronson

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Office of the Municipal Manager

Paul Schneider  
Vice Chair, EaglExit

November 4, 2022

Delivered Electronically: [schneiderp@gci.net](mailto:schneiderp@gci.net)  
RE: Chugiak-Eagle River Detachment and Incorporation;  
Response to EaglExit Meeting and Questions

Mr. Schneider,

Thank you for meeting with me and other senior members of the Municipality of Anchorage (MOA) again to discuss the potential detachment and incorporation of the Chugiak-Eagle River areas from the MOA (herein referred to as “detachment and incorporation”). This letter is to recap our June 21, 2022 meeting<sup>1</sup>, as well provide the EaglExit group (herein referred to as “petitioners”) with additional information the MOA recommends be contemplated when considering detachment and incorporation, address many of your questions, and fulfill any State of Alaska regulations related to consultation with officials of the Municipality.

The MOA has provided in-depth information to the petitioners as to topics that should be considered, planned for, as well as potential fiscal impacts to detachment and incorporation. Topics covered in the June 21, 2022 meeting included:

- **Bond Debt Liability**
- **Police and Fire**
- **State of Alaska PERS Liability of existing Eagle River employees**
  - **Number of Current Employees in Eagle River:**
    - Parks & Recreation: 14 year round employees, 25 seasonal
    - Eagle River Library: 8 full time employees
    - Eagle River Street Maintenance: 4 full time employees
- **Anchorage School District**
  - School sites owned by Eklutna Inc. include<sup>2</sup>:
    - Chugiak High School
    - Gruening Middle School
    - Birchwood ABC
    - Eagle River Elementary School
- **North Anchorage Land Agreement (NALA) explanation and related issues**
  - Landfill/SWS operations on NALA land
- **Anchorage Wastewater & Water Utilities**
- **Parks & Recreation and Road Service areas**

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<sup>1</sup> Notes from 6/21/2022 meeting are attached outlining who was in attendance and the topics covered.

<sup>2</sup> <https://www.alaskastar.com/2015-10-07/eklutna-steers-development>



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- **Animal Control**
- **Landuse and Code Enforcement**
- **Law, HR, OMB, Finance, Purchasing, Real Estate, Property Appraisal, Risk Management, Safety, Office of Emergency Management**
- **MOA operating budget is approximately \$550 million annually (does not include ASD)**
- **MOA utilities and enterprise budgets are separate from the operating budget and are approximately \$153 million annually**

Information on the MOA Operating and Enterprise/Utility Budgets, as well as Capital Budgets can be found on the Office of Management and Budget website at <https://www.muni.org/Departments/budget/Pages/default.aspx>. This website has a significant amount of budget related information, which should assist you to answer all your budget related questions. Additionally, the budget documents show the current organizational structure, which outlines all MOA departments and their respective budgets. As I indicated in my June 14, 2022 email<sup>3</sup>, the MOA has fulfilled our role in this process, which was to consult with the petitioner. We discussed current municipal operations, potential fiscal impacts, and the MOA shared insight as far as potential challenges and topics that should be considered relating to detachment and incorporation.

I indicated previously, the MOA will not be expending additional staff time, or resources, to research the detachment and incorporation effort at this time, nor do I view the MOA's role as being responsible to provide a transition plan for the petitioner. The MOA views a transition plan at this stage, as the responsibility of the petitioner. However, as I learn more information that would be relevant to your petition, which may be useful to you as you contemplate detachment and incorporation, I am happy to share that information with you.

In addition to the previous attachments, please find three attachments from the MOA Chief Fiscal Officer (CFO) regarding potential cost impacts of detachment and incorporation. The first attachment from the CFO is a letter dated June 22, 2022<sup>4</sup> in which the CFO separated the potential fiscal impact of detachment and incorporation into two questions: 1. What would be the fiscal note on previously owed bond debt due from Chugiak-Eagle River residents? 2. How would the tax liability change for Anchorage residents (if at all)? The second attachment from the CFO, is a Rate Sheet<sup>5</sup> that was provided by Masterson Advisors, LLC to the MOA. The CFO has provided exhibits A – I<sup>6</sup> as

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<sup>3</sup> June 14, 2022 Email chain between Amy Demboski and Paul Schneider.

<sup>4</sup> Letter dated June 22, 2022 from Travis Frisk, CFO, Ross Risvold Public Finance Manager, Jessie Wei, Municipal Debt Officer, Kayla MacEwen, Municipal Advisor, Masterson Advisor, LLC, Steve Kantor, Municipal Advisor, Masterson Advisor, LLC.

<sup>5</sup> Masterson Advisors, LLC, Municipal Financial Products - Rate Sheet; rates as of 7/1/2022.

<sup>6</sup> Exhibit A: Summary of Outstanding Debt, Exhibit B: ER Refunding all outstanding debt, Exhibit C: ER & MOA



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backup documentation supporting their analysis and projections. Lastly, I was able to locate a 2007 study, *Fiscal Effects of Eagle River Detachment*<sup>7</sup>, which I have attached here as well.

Once again, thank you for meeting with the MOA to discuss municipal operations, history, and items to consider if a detachment and incorporation were to occur in Chugiak-Eagle River. I hope you find the information in our meeting, and the information included with this letter to be helpful

Respectfully,

Amy Demboski  
Municipal Manager

cc: Blair Christensen, Acting Municipal Attorney  
Debbie Ossiander, Chugiak-Eagle River Advisory Board, Chair  
Jamie Allard, Anchorage Assembly Member, District 2  
Kevin Cross, Anchorage Assembly Member, District 2

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Issuance of Debt to Defeasance of All Outstanding Debt Due to ER Exit, **Exhibit D:** ER & Anc Bowl Assessed and Taxable Value/Average Mill Rate/Expected Revenue, **Exhibit E:** Existing GO GP and Schools Bond Debt Service from 2023 through Maturity; **Exhibit F:** Bond Debt Service: MOA Issuance of Det to Defeasance of All Outstanding Debt Due to Eagle River Exit Rates as of June 14, 2022; **Exhibit G:** Bond Debt Service Issuance of Debt to Defeasance of All Outstanding Debt through Anchorage Rates as of June 14, 2022, **Exhibit H:** Increase in Debt Service for MOA ("the 88%"), **Exhibit I:** Calculation for \$400K Home Regarding Eagle Exit Debt Retirement

<sup>7</sup> Fiscal Effect of Eagle River Detachment, 2007 Study