



A History of the First Five Years
of the
Fairbanks North Star Borough

A HISTORY OF THE FIRST FIVE YEARS OF THE

FAIRBANKS NORTH STAR BOROUGH

1964-1968

(Including pertinent pre-1964 information)

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STAFF

Tim Reed, Editor

Roberta Conway

Donna Putnam

Polly Walter

Professor George M. Winford, Adviser

BEFORE THE BOROUGH

1963

INTRODUCTION: BEFORE THE BOROUGH

In 1963, the Alaska State Legislature passed the Mandatory Borough Act. In doing so, the Legislature fulfilled a constitutional provision that called for the division of the state into boroughs. The intent of the Act, according to one report, was to provide residents with an "areawide local government for a natural community."

The Act stated that certain communities had until the beginning of 1964 to form their own borough governments. If they had not done so by that time, the state would do it for them. The areas directed to incorporate were Palmer, Wasilla and Talkeétna; Anchorage; Seward and Kenai Cook Inlet election districts; and old Fairbanks election districts. The Act also included provisions which allowed for the formation of additional boroughs at later dates.

In Fairbanks, the concept of borough government was not met with overwhelming enthusiasm. Residents of the area were suspicious of borough government for a variety of reasons. They thought that their sound economic base would be interrupted when residents of outlying areas were brought together, they feared an onslaught of bureaucracy and many just resented being told what to do.

Governor William Egan called the formation of boroughs the "common sense approach" in an effort to localize government. He believed that with more government there could be more specialization in attempts to satisfy community needs. The local city council and the Chamber of Commerce both endorsed the establishment of the borough.

In late February, Fairbanks and the outlying communities elected to form their own borough rather than wait for the state to do so. A contest among school children was held to determine the name of the new borough. Eleven students chose the name North Star Borough and

they shared the \$25 prize.

After this action, a lot of debate occurred, but not much else. Opponents of the concept were concerned with increased taxation, the overhead of running a new government and many other problems. Progress was stalled.

Finally, in September, the voters defeated a proposition which would have established a second class borough with the powers of taxation, education, planning and zoning and flood control. They seemed unaware that there would be a borough government whether they approved or not.

The following month, another election to decide the status of that borough was held. There were also elections to choose the first borough officials. Many of the people running for office did so on the platform that, if elected, they would do everything possible to dissolve the borough immediately.

This time, residents chose to adopt a second class borough. Jack Schleppegrell was chosen as the first borough chairman. He faced many controversial issues almost immediately, such as the reduction of the borough size. He proposed postponing any definite action on the issues until the permanency of the borough had been determined. The new government was far from being established when it officially came into being on January 1, 1964.

BOROUGH HISTORY

1964

1964 INTRODUCTION

On January 1, 1964, a new and nameless government spanning 23,000 square miles from the Chatanika watershed to Canada and embracing the old 19th Election District was forced into being by the Mandatory Borough Act. It was soon reduced to a more manageable 7,500 square miles, which reduced the population by only 2,200. Of the four boroughs formed under the MBA, Fairbanks was the second largest in population, with Anchorage first. The other boroughs formed under the MBA were Kenai Peninsula and Matanuska-Susitna.

The boroughs were born with three powers--education, taxation and planning and zoning. They could take up to two years to fully assume these functions, although they had to assume responsibility for the formerly state-supported schools immediately. The state, however, had agreed to finance these for another year.

According to the Fairbanks Daily News-Miner, there were three schools of thought about the Borough--that the Assembly should take advantage of the situation as an opportunity for more home rule, that it should go slowly to minimize the tax burden, or that the sooner the Borough was buried, the better. These were the people who, whenever the Borough had problems, said the only solution was to get rid of the Borough.

Although Borough Chairman Jack Schleppegrell predicted that the boroughs formed under the MBA were going to stay, he said there were four main stumbling blocks the boroughs faced--(1) a case against the borough law filed by Fairbanksan Joe Vogler; (2) another case still before the Supreme Court; (3) a possible referendum vote in August on the MBA; and (4) possible legislative action which could have amended or even repealed the MBA.

However, Schleppegrell was right--the Borough was in Fairbanks to stay. Judges ruled the MBA was not in violation of the state constitution, denied a preliminary injunction which would have prevented the organization of the four boroughs, and also ruled to keep the referendum off the ballot.

But what almost guaranteed the life of the boroughs was Attorney General George Hayes' statement that the only way the boroughs formed under the MBA could dissolve would be through direct legislative action or through an initiative measure specifically designed to dissolve them. This meant repealing the act would have no effect on the four boroughs established under it.

1964 was a year of organization. It was also a year of disorganization, with frequent name calling and melodramatic moments between pro- and anti-borough forces, and between Borough and city. However, in spite of everything, the Borough assumed the functions of education and taxation, and began preparing for the assumption of planning and zoning. By the end of the year, people seemed to realize the Borough was not a bad dream that was going to go away, and some even started to see its potential as a positive force.

IN THE BEGINNING . . .

The new Borough's immediate duties were to name the Borough, implement an area-wide assessment program, and to set a timetable for taking over the state-supported schools.

At an informal meeting on January 2, the 11 Assembly members officially took office. The members were Kathleen (Mike) Dalton, George Norton, Bob Wescott, John Gustafson, Ed Prince, Bill Taylor; city

representatives Sylvia Ringstad, Harold Gillam, Stanley Sailors and Art Sexauer; and North Pole representative Terry Miller.

At its first official meeting on January 8, the Borough Assembly elected George Norton of Delta presiding officer and Bill Taylor deputy presiding officer, and voted in the familiar name "North Star Borough," the name of the borough defeated at the polls September 1963.

Schleppegrell wanted to name it "Borough of Fairbanks," saying that putting the well-known geographical designation "Fairbanks" in the name could save money by making it more favorably received by bondsmen.

However, according to the News-Miner, "The Assemblymen favored an aura of romance and speculated that the Fairbanks title might irk some people down the Richardson Highway."

Because of the continuing lack of public support, Schleppegrell asked the Assembly whether the Borough should do nothing, pending possible legislative action on the boroughs, or if it should proceed "without undue haste or delay." A resolution calling for a complete freeze on Borough activity failed 6 to 3, and the Assembly unanimously voted to activate the Borough School Board because it had to assume responsibility immediately for the three formerly state-supported schools--Two Rivers, Moose Creek and Salcha.

At the beginning of the January 22 meeting, Gustafson said, "I maintain all action we have taken so far is invalid." He charged that the voice vote on the first resolution establishing the parliamentary rules was illegal, making all action illegal.

Norton said, "I don't know if this is a move to stymie the operation at the moment or not . . ."

"It is an attempt to show we haven't taken time to establish a good set of rules," said Gillam. "There is a serious doubt if we followed

legal procedure." He urged the Borough to go more slowly.

The challenge was dropped after a parliamentarian ruled the procedure had been correct, and after Schleppegrell asked, "Shall I send the transitional check back?" (Referring to the \$84,390 from the state to help pay for the transition to borough government)

However, although there was still hostility toward the Borough (including some by members of the Assembly), a go-ahead resolution passed 6 to 3, since a no-action stand would have thrown an additional tax burden on the people already paying taxes. If the Borough had done nothing, the non-assessed areas of the Borough would still have been figured into the 3.5 mill local effort required by the state for school support, presenting an estimated \$25 to \$50 million valuation outside the existing tax jurisdictions, according to John Cole, Borough assessor.

At Cole's urging, the Assembly decided to start planning for the assumption of the assessment function by March 1. Also that night, in the first use of the weighted vote, which gave the Fairbanks city representatives a double vote on fundamental area-wide powers, the Assembly tentatively set July 1 as the target date for the assumption of all Borough area schools.

Most people at the public hearing on the assumption of the assessment function favored the Borough taking over the office by February 1 "so that taxes could be equalized throughout the Borough with the aid of the school district funds" (which would be turned over with the assessor's office, since the office had been under the schools before the Borough). The Assembly's resolution establishing March 1 as the takeover date was not mentioned at the hearing.

Cole had told the Assembly the assessor's office could handle the

job of assessing all unassessed areas if the Assembly acted immediately. However, the Borough continued arguing about when it should take over the office.

In February, the Assembly passed a resolution which set March 15 as the date for the Borough's assumption of assessing, but then refused to act on the ordinance which would have made the resolution law.

On March 1, the Assembly decided to postpone taking over assessing and tax collecting until July 1, leaving traditional agencies to assess and collect their own taxes.

One of the problems facing the Borough was that the city was on a calendar fiscal year, while the Borough and the school district were on a July 1-June 30 fiscal year. If the Borough had taken over assessing and tax collecting immediately, problems of tax billing and revenue collections would have left the city with a four-month delay in incoming revenue, since the city revenues were traditionally due in July, while the Borough's would have been due in October.

Then came the issue that really split city and Borough--sales tax.

In a stormy April 9 meeting, the Assembly discussed instituting a 2 percent borough-wide sales tax. Schleppegrell said the transitional grants would run out soon, and the Borough would need money to continue functioning. He said 1 percent would cover the budget and the funds lost from the school district's elimination of the personal property tax, and 2 percent would cover all costs plus leave a surplus for education.

Many of the city residents opposed the tax. Fairbanks already had a 3 percent city sales tax, and a 2 percent Borough sales tax would create a 5 percent sales tax within the city, with only 2 percent outside the

city. Many advocated a more uniform form of taxation.

Some suggested a real or personal property tax, and others advocated a second class borough income tax, which would have to be approved through state legislation.

However, Schleppegrell said that although the Borough could later institute property or income tax, the time limitation required a more immediate solution to the financial problem.

On May 15, the Borough took its next major step--it decided to assume totally the function of education on July 1.

Borough Attorney George Yeager said the Borough did not have to take over the schools when it imposed the 2 percent sales tax, but that if it didn't, it might be open to challenge in future disbursement of funds.

City Manager Gerald McMahon took a stand against both the sales tax and the assumption of the schools, saying the city and Borough needed to hammer out their differences in a joint session. "You shan't blithely or haremcareem pass on these serious considerations," he said.

At a public hearing on the sales tax, one man reprimanded the Assembly and the chairman for not acting soon enough at the first meeting when the assessor said all taxable property could have been on the rolls by July 1 if the assessing had been done immediately.

"This is the price you pay for having members who basically oppose the Borough itself," said the man, who accused the Borough of going too slowly.

One citizen was especially enthusiastic about the sales tax.

"I'm all for a 2 percent tax . . . ," she said. "In fact, I'm for 15 or 20 percent. We need a good foundation in order to have a good Borough.

"We've got the Borough and there's no way we can get rid of it," she added.

At the end of May, there were more misunderstandings over the sales tax--the Assembly passed it 7 to 4, then had to declare it defeated because there wasn't a large enough majority. The Assembly then rescinded its action so that the issue would not be dead. However, the Assembly could not have taken final action on it anyway, because it needed a new public hearing because of a \$20 limit amendment.

The Chamber of Commerce got into the tax issue by recommending a personal property tax and a 1 percent sales tax for the Borough. Members of the chamber, the Borough, the Fairbanks City Council and individuals met on this recommendation. However, the rather heated meeting did not stick to the subject of a 1 percent sales tax. People attacked Schleppegrell's proposed budget and argued over the relative costs of living in the city compared with outside the city. City Mayor Darrell Brewington said he felt the Borough should rescind its action of taking over the schools on July 1, advising the Assembly to wait a year so it wouldn't need the funds as urgently and could wait for funds from a personal property tax.

At the May 29 meeting, Sexauer said, "I'm fully convinced the Borough is moving too fast. We need at least a year's experience before taking over a multi-million dollar business." He then moved to rescind the action of taking over schools by July 1.

Schleppegrell said he had questioned how fast or slow the Borough should have gone, but that since the Borough was going to stay, he felt it should move ahead.

Sexauer said since the law allowed two years for assuming the education function, the Borough should take at least one year, and that

to take over the school function immediately would be "lackadaisical."

"I never passed anything lackadaisical," quipped Ed Prince.

However, other members of the Assembly also questioned taking over schools without adequate funding.

"If you want this Borough," said Gustafson, "the best way to keep it is get into debt; they can't dissolve anything that's in debt."

The Borough again argued over whether the weighted vote should be used. Borough law required the weighted vote for the first legislation deciding the assumption of schools, but it hadn't been used. The rules also said that to rescind, the Assembly must use the same kind of vote as was used to pass the motion.

Taylor said the Assembly would recess for two or three days to settle the question. The recess lasted five minutes, and Taylor said the weighted vote was needed. The vote was 8 to 6 to rescind the takeover.

A 1 percent sales tax motion was introduced at the June 4 meeting, but Gustafson said that the Borough would need the 2 percent to bring the formerly state-supported schools up to Fairbanks city standards.

Gillam was still very much against the 2 percent tax.

"The Borough has not yet shown the need to levy this amount of tax. This shows the immaturity of this Borough, an immaturity that will doubtless last several years.

"This is one of the foulest blows the city of Fairbanks will receive in many years. . . . The effect will be to hurt the area far more than what it attempts to gain."

Fred Pope, who had been appointed to replace Norton when boundary changes cut Delta out of the Borough, argued that the Borough needed a tax base quickly. He said the Borough needed to go ahead and shouldn't have postponed the school takeover.

Although members of the Assembly tried to stop the 2 percent sales tax through amendments, stalling and attempts at destroying it, it passed 8 to 6.

"Well," said one citizen after the meeting, "you've finally done it, you're running people out of Fairbanks."

Then on June 11, the Assembly decided the arguments against taking over the schools weren't as strong as the advantages of the takeover, and voted 8 to 6 to take over the schools by July 15.

At this meeting, Joe Vogler spoke against the Borough and against the hostility the sales tax and school takeover issues had created between city and Borough. He called the Borough a "brainchild of political scientists" that had done nothing but spread "confusion, chaos, splits and hatred.

"There is a kind of animal in tropical rivers called a crocodile that works with both ends. What it doesn't mash with its tail it gobbles up with its teeth. Everyone knows a burro is something you load down, and this burro is being fed to the crocodiles.

"Destroy this monster before it destroys the community. . . . It forces people to buy outside and pits one man against another."

Because of the sales tax, the City Council came back a few days later with a "tit for tat," according to a banner headline in the newspaper. The Council decided to remove all provisions for funding schools from its tax levy ordinance (the city had been paying more than \$1.2 million for schools), saying that once the Assembly assumed the schools, the city's responsibility had ended. Without the city money, the 2 percent tax would not be enough to fund the schools.

The city accused the Borough of first entering into a tax base that didn't belong to them, and then saying it would compromise by reducing

its tax to 1 percent if the city would reduce its tax to 2 percent. McMahon said no offers of compromise would be acceptable.

"I won't get nasty," said Schleppegrell about the city's action, "but I don't think it was the right action. I'm attempting to lessen the urban-rural rift that has arisen, and any arbitrary or vengeful action of the city against the Borough can only widen that rift."

The city issued a policy statement on the sales tax which said that a need for the tax had not been shown, that the takeover of schools should be delayed, and ^{which} accused the sales tax of shifting the tax burden from the rural to urban residents.

Schleppegrell came back by asking for smoother operations between the two governments. He said the city needed a more mature attitude and accused McMahon of being uncooperative and of creating resentment among the city merchants toward the Borough.

McMahon replied that he was glad he was stubborn and uncompromising-- he didn't feel what the Borough was doing was right.

The Chamber of Commerce voted for and then rescinded a motion to seek an injunction against the sales tax if the Borough and city didn't arbitrate their differences. The chamber, the city and the Borough got together to try to work out the differences, and the Borough met a few days later in a meeting which included some shouting but which Schleppegrell said cleared the air. Schleppegrell called an emergency tax meeting to draw up a short ordinance cutting the tax in half.

The banner headline in the July 3 issue of the newspaper proclaimed "1 percent tax ordinance bites dust." Although some Assembly members said reducing the tax would at least be a start toward a compromise, the vote of 9 to 4 was one vote short of the two-thirds majority needed for emergency legislation.

Sailors, assemblyman/city councilman who had previously been in favor of the 2 percent tax, voted for the reduction, saying, "I voted for 1 percent, which is a change of position, in order to get something worked out. The city is in an unfortunate position of relying too heavily on sales tax. The ad valorem doesn't even cover the debt service. The city ought to widen its tax base."

On July 5, the Fairbanks Business Association threatened legal action against the sales tax if something wasn't worked out between Borough and city. On July 6, Schleppegrell tried for an emergency ordinance reducing the tax to 1 1/2 percent, but legal questions led the Assembly to treat it as a regular ordinance, which passed unanimously.

However, it still needed to go to public hearing, and in the meantime the 2 percent sales tax went into effect (at the public hearing on the 1 1/2 percent tax, most were against it).

The City Council voted down a tax cut to 2 1/2 percent. Brewington said the people of Fairbanks had voted for the 3 percent city sales tax, but that the Borough residents didn't have the chance to vote on the 2 percent Borough tax.

On July 22, the FBA filed a complaint in Superior Court against the 2 percent tax, saying that according to state law the Borough had no power to enact a consumer's sales tax except at the time that the Borough incorporated, and that the tax proposal had to be put on the ballot along with the proposal of incorporation. The Court ruled that the Borough sales tax was not in violation of state law.

The Assembly tabled the 1 1/2 percent ordinance, apparently because the Council had done the same thing with its ordinance reducing the city sales tax to 2 1/2 percent.

Chamber of Commerce President Curt Boone pointed to the urgency of solving the tax problem. "Because of the 5 percent sales tax in Fairbanks, two automobiles of merchandise and one truck of furniture came up here from Anchorage over the weekend." Merchants said the sales tax discouraged people from buying merchandise they would have otherwise bought, and that some customers even refused to pay the tax.

Then the fight began between Brewington and Schleppegrell.

Schleppegrell said the Assembly would establish a real property tax levy soon and that once the tax bills had been sent out it would be hard for the Borough to reduce the sales tax because it would mean running a deficit and then putting out a supplementary tax bill to make up the difference.

He accused Brewington of being the cause of the lack of a reduction in the city sales tax.

Brewington, however, said the city had voted in the 3 percent tax and the Borough had then come and put 2 percent on top of that, and that he felt the Borough residents had the right to vote on the tax. He also said he really didn't care to listen to anything Schleppegrell said.

"I take a look at what Schleppegrell said when he was running for office and what he says now, and it sounds like two different men talking."

This difference of opinion was put under the headline "Borough chairman, mayor exchange verbal brickbats."

Brewington said the Borough should lower its tax to 3/4 or 1 percent because if the city were to reduce its tax to 2 1/2 percent, the property tax would increase by about 3 mills.

The Borough passed an ordinance adopting and incorporating the tax rolls of Fairbanks, North Pole and the Fairbanks School District as the Borough tax rolls, and directed the Borough assessor to assess the remaining property for a supplementary tax roll. It then passed a 9 mill ordinance, 8 to 7. Of the 9 mills, 2.1 were for administration, and 6.9 for education. The supplementary tax roll money would be held over for the next year's budget.

In mid-November, the Chamber of Commerce directors passed a resolution which favored the city reducing its sales tax to 2 1/2 percent and the Borough reducing its sales tax to 1 1/2 percent, not as a final solution, but until legislation could be worked out equalizing the sales tax burden in city and rural areas.

Schleppegrell seemed to agree.

"I was motivated by an awareness of declining sales tax revenue under the present high level," said Schleppegrell, who added that for the whole community to be healthy it needed a healthy business community.

On November 17 the city again said the Borough should drop to 1 1/2 percent if it could, but that the city couldn't--again because their budget was so large that if they cut to 2 1/2 percent, the mill levy would rise about 3 mills.

TAX STUDY

Because of all the problems the new government encountered because of finances, the Assembly authorized Schleppegrell to appoint a tax study commission to make suggestions on sources of revenue.

However, in July the members of the commission said they didn't feel

qualified or objective enough for the job and recommended that the Assembly hire an outside firm. Most members felt that each would think of his or her own section's tax problems instead of thinking what would be best for the Borough as a whole.

In mid-November, the Assembly approved hiring the nationally known Peat, Marwick and Mitchell and Company to study Fairbanks' current and potential tax structure. The firm would study all governmental entities within the Borough, including the cities of North Pole and Fairbanks.

The Assembly felt it needed a professional group from outside the city for an objective study.

"I could probably come up with a solution to our tax problems," said Schleppegrell, "but would all parties accept my solution?"

Assemblyman Urban Raho said, "We're all prejudiced on the issue one way or the other."

THE BOROUGH'S ORGANIZATION

The new Borough's method of operation changed during its first year. It started out in committee form, but in February most Assembly members decided the Borough was too small a governmental body to make committees practical, since each member ended up serving on several committees. However, many of those who opposed the Borough had been using the bottlenecks of committees to reduce the amount of legislation, and they were in favor of keeping the committees.

Dalton, who was in favor of abolishing the committees, said to Norton, "Mr. Norton, you can testify to the frustration and idiocy of the whole operation for five weeks...We have fumbled around, fooled

around, and stumbled, stumbled, stumbled."

Those in favor said the committees spent too much time arguing over the rules of order, while those against the measure complained they didn't have any chance to study its effects.

Taylor asked, "Are we going to change the rules every two weeks?" The change passed 6 to 4.

Earlier that same meeting, several matters had been referred to the committees, but the Assembly "neglected to consider what would become of the resolutions after liquidating the committees," according to the News-Miner.

In a meeting about a week and a half later, there was more disagreement about the procedure used for abolishing the standing committees. The opponents said the resolution had been rammed through.

"It was done under cover so the minority could not consider it," Taylor said. "If we're going to become a shouting session where the loudest gets the floor, you can count me out."

Most Assembly members agreed the rules for introducing and considering resolutions should be tightened. The Assembly amended the rules and established three ways a resolution could be introduced and considered. A resolution could be introduced one meeting, typed up and considered at the next, or it could be given to the clerk to be typed one week before the meeting at which it would be considered. The Assembly also made provisions for emergency ordinances which could be introduced and considered in one meeting, requiring a two-thirds majority for passage.

THE BOROUGH AND ITS MONEY

At its first meeting, the Assembly authorized Schleppegrell to turn in a proposed January 1-June 30 budget and ordered the finance committee to hold hearings promptly. At the January 22 meeting, Dalton, who was pro-borough, needed Gillam, the finance committee chairman, for not reporting Schleppegrell's budget out of committee. However, Gillam protested that he needed to get the rules established, something he felt the whole Assembly had failed to do.

"I am totally ashamed of our actions these last three weeks," said Gillam.

At the end of January, Dalton again complained that the finance committee had not acted on the budget. She said the only committee meeting had been held outside the city on an evening when it was 40 below zero. However, Gillam said he needed the assessing budget before the operating budget could be discussed. Dalton motioned "to yank" it out of committee, but Schleppegrell agreed Gillam needed more time.

On February 27, with little discussion and few revisions, the budget was passed.

In March, Schleppegrell said he had decided not to ask for more money from the state, although he had planned to ask for more to help pay for the transfer of assessing and tax collecting to the Borough.

"The more we rely on the state," said Schleppegrell, "the more authority the state demands. I want the Borough to be a self-sufficient local entity, not hog-tied to state agencies."

At the end of April, the Assembly passed Schleppegrell's proposed 1964-65 budget, with one cut in allocations and one deletion.

At the end of May, the Assembly cut the budget by \$52,290, and then discovered that one of the items cut was the Borough Assembly members' salaries.

Gillam pointed out that the Borough chairman "gave himself" \$1,000 per month and said, "I think if the chairman is worth \$1,000 per month, that the assemblymen are worth at least \$20 per month."

The Assembly decided to re-add \$5,280, but took out provisions for one of the assessor's clerk typists to keep the budget at \$300,000.

MEANWHILE, BACK AT SCHOOL

The only difference in membership of the Fairbanks School District's School Board and the North Star Borough School Board was that Ed Prince, who had been on the District Board, was on the Assembly, and Dr. Henry Storrs was on the Borough Board.

By February, the area boards were planning the transition to the Borough school system. Members of the new Borough Board pulled staggered terms out of a hat.

One of the first problems the board faced was not knowing when the Assembly was going to take over the schools. Among other things, this left the question of whether the Borough Board could begin planning the equalization of salaries, raising the rural school teachers' salaries to the level of teachers in the city of Fairbanks.

At the end of March, the Borough Board adopted a teacher salary plan which kept salaries at the then-current levels. The Board decided if it upgraded the teachers' salaries at the formerly state-supported schools, the funds would have had to come from the Borough--funds the Borough did not have.

The Board's budget, submitted June 23, for the three rural schools was \$923,094.49. Board member Janet Baird urged the Assembly to approve the budget and also the mill levy it was considering because at that time there were only 60 days left before the beginning of school, and the schools needed the money. Superintendent of Schools Dr. Charles Lafferty suggested that the Board ask the state for its appropriation early. In the first part of July, the state agreed to advance the funds to carry the school district over. The district was suffering from the continuing disagreement between the city and the Borough over which would control the schools, and this had delayed appropriation of the school district's money.

The Borough Assembly cut the school budget by \$400,000, including funds for kindergarten. The Board protested the action as too drastic a cut, and the Assembly did put enough back in for kindergarten. Baird pointed out that the cut would have been impossible to implement 45 days before school was to open.

The Assembly decided to put the question of who should fund kindergarten on the October ballot. At that time, Borough residents voted to keep kindergarten and to pay for it with Borough funds.

In the beginning of September, Schleppegrell asked what was being done about "the \$1,375,000 the school district looked into a drawer one day and discovered," -- a \$1.3 million surplus in the school district's bank account.

A few days later, Lafferty said he had been surprised there had been so much confusion and suspicion over the surplus and explained that it had been a custom for the Board to hold extra funds for construction. He said that of the \$16 million in construction completed in the district since the 1930s, only about \$10 million had been bonded.

Lafferty said that this was probably not the best or most efficient way of handling the surplus--he felt the Board should have a regular mill levy for construction and bonds for special projects.

Baird said she also favored a mill levy for construction because "the way we have been doing it, taxpayers become suspicious of the way their money is being spent."

Although the surplus incident raised a suggestion that a special school audit be done, the Assembly decided to at least wait until the annual audit by the school officials was completed. The conflicts which arose during the 1964 school budget preparation were representative of what was to happen every year.

SCHOOL CONSTRUCTION

In the beginning of October, the Board said the Borough needed three schools urgently and requested three bond issues totaling more than \$5 million. One was for a new junior high school, and the other two were for more facilities at Moose Creek and North Pole.

In November, there was more talk about Ryan Junior High School, which had been on the drawing board since 1961. Some Board members felt it might be too small by the time it was finished. Ryan, according to the original plan, would have 51 classrooms and be adjacent to Lathrop High School.

HEALTH AND ZONING

The Assembly started considering taking over planning and zoning after a state sanitarian said there were too many dogs and rats in the

city.

In early November, Regional Sanitarian Bill Green told the Assembly that there were too few sanitarians in Fairbanks and that the area needed its health codes more stringently enforced.

Green said that rats were on the increase in the south part of the city and that a rabies outbreak was possible because of the loose packs of dogs. According to Green, the increase in rats was caused by the open dumping south of Lakeview Trailer Court and incomplete maintenance by the city of the sanitary fill on the South Cushman Street Extension.

Among other things, Green said that some of the health problems could be solved by proper planning and zoning and that the lack of planning was "creating haphazard development for the future protection of private property and business interests. . . .

"A capital improvement program, integrated with the city of Fairbanks, based on sound planning and zoning principles would materially protect these vested interests in the growing community's health and welfare," said Green.

The Assembly seemed to agree that the situation warranted action, but the body could do nothing without voter approval. The Assembly at first decided to seek limited power over health services in the area, and Schleppegrell named an advisory committee on environmental health problems.

However, a few days later, the Assembly decided to postpone the assumption of borough health power and instead authorized Schleppegrell to start planning for the assumption of the planning and zoning function by July 1, 1965.

ELECTIONS

Replacing members on the Assembly, whether through appointment or election, seemed to cause nothing but conflict and confusion in 1964.

When Borough boundaries were changed and Norton needed to be replaced because Delta had been cut out of the Borough, the Assembly faced the question of how to fill rural Assembly member vacancies.

After one appointment was declared illegal because it had been made in executive session, the appointment was finally made in a meeting filled with "multiple recesses, legal squabbles and misunderstandings," according to one source.

In August, the Assembly set the Borough chairman's term at three years. Gillam, who voted against the measure, said, "I realize Borough law is a bunch of nothing anyway, but I want some definitions of some of these terms."

Taylor ruled his comment immaterial, and the Borough established 1965 for the next election of Assembly members, and 1966 for the chairman.

This action lit the fuse. People accused the Borough of suspending elections and of violating state law, which they said prescribed the Borough hold elections at the same time as those held in the largest organized city in the Borough.

Although the Borough did have the authority to set a separate date for its own elections, it did not act in time to do so anyway, and had to have its elections with the city.

As a result of Sailors' voting for the 2 percent sales tax,

which the other members of the City Council opposed, the Council decided that city representatives to the Assembly would be appointed by the Council instead of being elected by the citizens in the area.

This decision reflected the city's attitude that the Assembly representatives should not be free agents elected by the people, but rather appointed to represent the Council's views. Sailors strongly objected to this, saying that the people in the city had as much right to elect their Assembly members as the people in the rural areas.

BOROUGH HISTORY

1965

1965 INTRODUCTION

While 1964 was primarily a year of organization, 1965 was a year devoted to the Assembly settling down and getting on with facing the problems confronting it. In 1965, these problems were primarily the need to clarify the responsibilities of Borough and School Board, school construction, planning and zoning, and the financial structure of the Borough. These four provided plenty of fuel for many clashes in Assembly meetings, and none were totally resolved by the end of the year.

Although many people were still against the Borough assuming too much power, Borough residents voted to take on flood control and dog control powers.

SCHOOL CONSTRUCTION

Relations between the Assembly and the School Board were strained most of the year, with the two biggest conflicts dealing with defining the responsibilities of the Borough and the Board, one in terms of choosing the architect and the other in terms of who should control the money.

Student overload was also a serious problem in 1965, and it became so critical the Borough had to rent extra classroom space and buy relocatable classrooms to use until more facilities could be built. According to the Citizens Advisory Committee on School Construction, Fairbanks had an overload of more than 870 students, and would have 1,600 more students in the system by 1970, creating a need for at least 95 more classrooms.

"To continue lowering the standard is the only alternative to obtaining more classrooms as quickly as they can be provided," said one school administrator.

Another administrator said, "If I had my choice between a good staff and a good building, I'd take the staff, but you can't hold that good staff without giving them a good building."

In mid-April the Chamber of Commerce passed a resolution urging the Assembly and the Board "to lose no time in placing the question of bond financing for additional school facilities before the people," pointing out that plans for the junior high school went back to 1961, and that even if voters approved the bond issue that year, construction wouldn't be completed until at least 1967.

The Borough reviewed the early plans for the junior high school and decided to start from scratch because the needs in the school district had increased. The original plan called for the junior high school to be added to Lathrop, using the same heating system and cafeteria facilities. However, the School Board recommended construction of a separate building because of the increasing need.

The Assembly finally decided to place a \$5.29 million bond issue before the voters, calling for the construction of a new junior high school, an addition to the North Pole elementary school, and a field-house addition to Lathrop. Federal funding had been granted for extra facilities at Moose Creek.

An editorial in the News-Miner in August said, "It is encouraging to see the construction program approaching the design stage. After a couple of years of Board meetings, studies and advisory committee recommendations, construction of a new junior high school to alleviate serious overcrowded conditions is now in sight."

On October 5, the voters approved the \$5.29 million bond issue.

Because of the serious classroom shortage, extra space had to be rented at North Pole, and the Assembly allocated \$130,000 which the Board had

requested for six relocatable classrooms to be placed next to Main Junior High. However, in August the Assembly discovered the Board had apparently committed almost \$280,000 to the project. This enraged many Assembly members, who charged that the extra \$150,000 had been unauthorized and unappropriated.

Referring to it as the "rampaging School Board," and saying that it was "spending without allocation," Schleppegrell charged that the Board "tends to ignore our (the Borough administration's) existence." According to Schleppegrell, the School Board apparently "doesn't understand they can only spend what they are authorized."

Dalton said, "I became so furious at Dr. Lafferty I left the building to cool off. If I had stayed I would have poked him right in the nose."

Nancy Mendenhall, the only Board member present at the Assembly meeting, said she had forgotten about the \$130,000 limit. Lafferty later said that the Board had originally decided to buy three classrooms, at an estimated cost of \$130,000. However, it later decided to buy six, but did not change the amount requested.

The unauthorized use of funds rekindled the issue of whether the Board and the Borough should have a central treasury--something the Borough wanted and the School Board didn't. The Board felt it was best qualified to run the schools, including the financial part of it.

In February, the Assembly had authorized money for a study of the feasibility of the proposed general treasury management plan. The report said the Borough could save more than \$16,000 a year by combining certain financial and data processing functions of the Borough and School Board. It suggested a centralization for the two "in a manner that will permit separate administration of the respective budgets and assign central accounting responsibilities to the North Star Borough treasurer's office."

On June 3, the Borough approved forming a central treasury office, 9 to 1. Sailors voted against it, saying that the School Board should approve it first, since according to a new state law the central treasury office could be formed only with the Board's consent. However, George Yeager, borough attorney, said the consent could come after the Borough approved the plan.

However, the Board was not in favor of the idea, not even with the relocatable classroom controversy.

An editorial in the News-Miner in September pointed to the need for a closer liaison between the school system and the Borough administration.

"This continued obstinacy is costing the taxpayers plenty. Too much time is being spent on justification of errors and too little time is being spent on looking for ways to cut costs."

The editorial pointed out the Assembly controlled the budget whether the School Board liked it or not. It quoted Pete Aiken, Assembly member who, when the unauthorized spending was brought to the Assembly's attention, said that "it didn't matter whether it was a broom or a building, \$10 or \$10 million--it was the principle of the thing.

"Whether the Assembly is qualified in terms of common sense and leadership is not the issue at hand. The issue is that the Borough Assembly is the elected public body that has been given the final voice on fiscal matters."

The matter was not resolved at the end of the year, and neither was the question of who was in charge of choosing and working with the architect for the new school construction.

In early January, the Board presented the Assembly with a list of proposals aimed at clarifying the responsibilities of the Assembly and

the Board in matters pertaining to education. Had the Assembly adopted this list, most of the responsibilities in determining the needs for physical facilities, selecting and working with the architects, and selecting the equipment for the new facilities would have rested with the Board.

However, the Assembly did not adopt this or any other list clarifying what responsibilities belonged to which group.

Before the Borough was formed, the School District was in charge of hiring and working with the architects. However, in 1965 the state Legislature passed a bill giving the Assembly control of the purse strings, although it didn't clearly define all responsibilities. The section which caused the most confusion was one which said, "The Borough School Board has the responsibility for the design of school buildings subject to approval of the Borough Assembly." The question was raised if this meant the Board hired the architect, had him design the building, and then submitted the design to the Assembly for final approval, or if it meant the Board just selected the architect.

However, the matter wasn't resolved, as was obvious when the Board made recommendations on architects for the three school construction projects in August, and the Assembly modified them, making changes recommended by Schleppegrell.

This resulted in a tumultous joint Assembly/Board meeting which included "members of both elected bodies shouting at one another and hurling charges of favoritism and political shenanagins in the selection of architects," according to the newspaper.

One person claimed the Assembly had the right to veto but not to modify the Board's recommendation, while others sided with the Assembly.

Almost everyone agreed the state law was too hazy. However, the Board also felt that Schleppegrell and the Assembly didn't have good reasons for modifying its selection.

Schleppegrell, however, said that "the Assembly does not have confidence in the School Board's past construction record," and that the people were not getting "enough mileage out of the construction dollar."

Denny Braid, School Board president, was adamant in his claim that it was the School Board's responsibility to name the architect.

"Haven't you ever heard of the word compromise, Denny?" asked Terry Miller, presiding officer.

After endless stalemate, Assemblyman Fred Pope suggested the names of all the architects be placed in a hat and the assignments made by random selection.

Earl Beistline, School Board member, repeatedly stressed that "the important thing is to get schools under way."

The contract for the Moose Creek School was assigned, mainly to meet a deadline for federal funding.

In December, the Assembly and the Board agreed to a working relationship regarding the architect, giving the Borough more responsibility than the Board seemed to want to give up.

PLANNING AND ZONING

Planning and zoning created its share of controversy during 1965, although for awhile it looked as though no one much cared what happened with it.

At the first meeting of the year, Schleppegrell asked for a professional planner to be hired before the start of the next budget period to help

him fulfill the Borough's statutory responsibilities for planning and zoning.

However, Assemblyman Merrill Strickland said the Borough wasn't ready for a planning officer, and claimed that the Borough's development would be restricted by the adoption of building and zoning codes.

Schleppegrell said that without a planner, the Borough's two-year transition period for assuming the function "may run out, . . . and there could very well be chaos."

In mid-March, College area residents asked the Borough to immediately assume planning and zoning. One resident said the area for a number of years had been "exploited--with no protection for our property." They asked for protective residential zoning, as did Musk Ox Subdivision and University Avenue later in the year.

However, at the public hearing on setting May 15 as the date for assuming planning and zoning, many were against it. Assemblyman Howard Alexander repeatedly and sometimes loudly advocated Houston's no-zoning plan, and a Farmer's Loop resident claimed passage would "grind all builder's plans to a dead halt for the summer."

After the public hearing, Dalton moved for adoption, and Gustafson immediately moved to amend it so as to drop zoning and keep only the planning. Dalton said that they had been planning for more than a year and that they couldn't plan forever. She claimed she represented the people and that Gustafson should also. The Assembly voted to assume planning and zoning on May 15.

In June, the Assembly defeated an emergency ordinance for interim planning and zoning. Before the final action was taken Dalton, who had introduced the legislation, said, "I say if you turn it down, you've got no guts." She claimed an emergency existed, although other Assembly

members doubted this.

Most residents who spoke were in favor of the ordinance. One woman said she favored the ordinance because she was afraid of exploitation and a mad rush for prior rights.

The Assembly postponed a resolution authorizing continuing city planning and zoning regulations. Sailors said he didn't think the Borough could do this since it had already legally assumed the power May 15.

In July Gustafson received a letter from a group of University Avenue homeowners urging passage of interim zoning regulations. The letter was also printed in the News-Miner.

Gustafson said he would "support residential development on University Avenue until hell freezes over if that's what they want." He objected to the way the letter was presented to the Assembly and the press at the same time.

On July 8, the Assembly voted to authorize the city to continue its planning and zoning. However, Dalton was concerned that this action wasn't legal, saying that borough-wide functions could not be delegated by resolution.

At one meeting on the comprehensive planning and zoning ordinance being drafted, Bob Wescott asked, "Why do we need this thing anyway?"

A member of the planning commission explained zoning law was merely the machinery to be used by the Borough when zoning was requested by an area.

"It might take years before a comprehensive master plan for the Borough is drawn up, and zoning is the pressure that guides development in an orderly fashion. This ordinance sets up the machinery to achieve this order."

In late August, someone again asked if the city was covered by its zoning ordinance, since the Borough had assumed the function but had not yet passed any zoning plan.

Yeager thought the city's zoning ordinance would stand since "there must be an interim period, . . . you can't just stop cold when one legal entity assumes the functions of another legal entity."

However, he pointed out that only the courts had the final answer, and suggested the Borough either pass an emergency zoning ordinance or a regular ordinance.

Borough Planning Officer Donn Hopkins said he thought that "there is a good chance no property within the Borough is presently protected by planning and zoning, including the city of Fairbanks."

He said he felt that the Assembly could not delegate the planning and zoning function to Fairbanks since the Borough had legally assumed the power, and urged quick passage of a lengthy comprehensive Borough zoning plan for the city.

On September 9, the Assembly advanced an ordinance establishing comprehensive zoning regulations, deciding not to pass any emergency zoning.

In late September, the Assembly's comprehensive planning and zoning ordinance finally neared completion. However, at the public hearing on the ordinance, only three people showed up, and all were there in official capacities.

Although it seemed as though the public really didn't care very much about the planning and zoning ordinance, at a planning and zoning meeting on October 14, "citizens finally stopped dozing and became alert to the magnitude of a comprehensive planning and zoning ordinance for the North Star Borough," according to the News-Miner. Although

there had been weeks of legal advertising, public hearings and debates, and several newspaper articles on the issue, many citizens expressed amazement that such a law was nearing passage. One citizen urged the Assembly to "slow down on this and take a long look."

On October 28, the Assembly unanimously defeated the comprehensive zoning ordinance after two hours of public testimony and debate.

Those against it said it was a "masterpiece of abstraction," and that "it looks like it was brought from some government service agency back in Detroit."

Other comments were that the Assembly was "working hard at giving away our civil rights," and that "I don't care if they build a bawdy house next to me."

Many wanted to throw the ordinance out and start from scratch.

One member of the Borough planning commission stood up and said, "I'm one of the criminals." She said the commission had hoped for input but that "unfortunatley, no one came to our meetings." She said the commission had felt obligated to pass something by January 1, 1966, (although someone else said that it didn't need to pass THIS by January 1).

In November, the News-Miner printed an editorial calling for planning and zoning, saying the Borough would need it as it grew. It also said that the defeated ordinance might not have been as bad as many thought.

"Evidently a number of persons did not understand and perhaps do not yet realize that the ordinance zoned nothing outside the city except what two petitioning areas requested, but merely established the framework for planning and zoning on an area-wide basis. Within the city, it simply adopted the ordinance the city already has."

In mid-December, the city voted to recommend that the Borough postpone

emergency legislation adopting the existing city zoning codes. It disagreed that the the city would lose planning and zoning functions by January 1, when the Borough's two-year transition period would be over.

The Assembly debated whether to adopt the city's ordinance and also whether an emergency existed. Gillam said he thought the city planning and zoning laws were legally in effect until superseded.

On December 22, the Borough failed to pass an emergency ordinance adopting the city's zoning laws.

"Nobody's going to be subdividing anything in this weather anyway," said Gillam.

BOROUGH POWERS

Although the Borough seemed hesitant to assume its original power of planning and zoning, it did add two more powers in 1965: flood control and dog control.

At the first meeting of the year, Schleppegrell asked the Borough to assume the flood control powers.

The U.S. Army Corps of Engineers had revised the \$35 million Chena River Flood Control project, but before federal funds could be used, flood control needed the support of local government.

"We should give this serious consideration," said Schleppegrell. "We've never had a flood of the proportion of the potential danger."

In April the Borough decided against petitioning for environmental health powers, although many members felt the state wasn't fulfilling its health and sanitation responsibilities in Fairbanks.

"Health knows no political boundaries," said Gillam, who claimed the state wasn't enforcing its health codes.

Gustafson agreed the Borough shouldn't assume the powers, saying he wanted the Borough to "stay away from these functions until the state forces us to do it."

However, at the same meeting, the Borough decided to petition for area-wide dog control power. Schleppegrell said that dog control was a local problem and should be handled by the Borough.

"The cost of dog control is minor compared to the disfigurement of one child or possibly the loss of one life," Schleppegrell said.

Before the October 5 election, the News-Miner published two editorials encouraging people to vote for flood control, which was on the ballot along with the question of dog control.

"It doesn't seem logical that the idea of flood control should require much selling in a potential flood area. We live in an area geologically characterized as the Tanana Flood Plain.

"A hillside resident who voted no would be taking the shortsighted approach. The basic economy of our area--the stores, businesses, offices and service industries that provide our livelihoods--all virtually lie on the Tanana Flood Plain."

On October 5, voters said yes to both dog and flood control powers.

FINANCIAL STRUCTURE

Because of the problems the Borough was having because of taxation, it had commissioned a review of its financial structure in 1964.

"Inequities exist in the current tax programs of the North Star Borough and its political subdivisions," stated the report, which was completed in late April.

"It appears that more emphasis has been placed on sales taxes as a

major source of revenue than on property taxes in both the city of Fairbanks and the North Star Borough. . . . Current trends in the city of Fairbanks are not consistent in this regard with the national average."

The report recommended adopting a uniform borough-wide personal property tax, modifying real property tax ordinances for a more equitable distribution of the tax burden, instituting poll tax and motor vehicle licensing, providing for more strict enforcement of the sales and property taxes, and instituting a more equitable and uniform sales tax.

It also recommended eliminating duplication in local government, and suggested forming large service districts, as small ones tended to be administrators' nightmares.

Although the Assembly agreed with most of the suggestions, it was not able to implement some of them because doing so would require the cooperation of the School Board and the city, neither one of which was on especially good terms with the Borough for most of 1965.

In September, auditors presented the Assembly with a report advising the adoption of a conflict of interest policy where financial contracts were involved, and also advised a general tightening up of procedures, calling for more checks and balances.

The report said that "management has a responsibility for making it easy for employees to be honest," and that employees should not be tempted by sloppy procedures.

It also suggested a comprehensive study of the Borough sales tax accounting, enforcement and collection procedures with a view toward increasing collections due the Borough. It said too many businesses were not filing sales tax returns.

The auditors agreed that the Borough was still in its infancy, and that the transient business operations in Fairbanks made it a very

difficult collection area, but it said the Borough should seriously look at ways of decreasing waste and duplication.

One of the suggestions included ending duplication between city and Borough. In November Schleppegrell wrote the City Council asking for an end to sales tax collection duplication, although he said he realized the city was wary of entering into such an agreement with the Borough considering the deficiencies in the Borough pointed out by the auditors.

In December the News-Miner printed an editorial which said, "We still believe that in the long run a single tax collecting and enforcing agency would be the most economical and efficient. With the Borough handling this function, the city would not lose money--their share would be returned--but simply a burden."

SALES TAX

The Assembly and city were still at odds over the combined 5 percent sales tax within the city during 1965. The House even considered spelling out sales tax powers of cities and boroughs, setting a combined 4 percent ceiling, with the Borough having to lower its tax if the city tax had been in effect first.

However, Schleppegrell claimed it was the city who wasn't cooperating on a settlement to the problem. He pointed out that the Borough offered to reduce its sales tax to 1 percent if the city would reduce its to 2 percent.

"Because this compromise suggestion came from the Borough, statements have been made by the mayor that the Borough can reduce their sales tax and it is our obligation to do so.

"It's true, we can reduce our sales tax, but with the same results and problems arising if the city should reduce theirs." He said it would

mean raising real property tax or reinstating personal property tax.

The City Council decided to put the question of reducing the city sales tax on the October ballot, although the decision to put it there was not unanimous.

When the question of reducing the city sales tax to 2 1/2 percent was introduced to the Council, Sylvia Ringstad said, "Whose idea was this?" She strenuously opposed the amendment, fearing the reduction would raise the mill levy on property tax.

Howard Alexander said, "Every time we mention the sales tax and it gets in the paper, it hurts business." He continued that citizens no sooner got used to the 5 percent sales tax than a governmental body started changing it.

An editorial in the September 21 issue of the News-Miner ridiculed the idea that reducing the sales tax would necessarily raise the property tax.

"The blunt either-or warning overlooks a number of intelligently presented alternatives in the tax study report." Proposed alternatives included reinstatement of personal property tax, better enforcement of the sales tax, and centralized collection. The editorial blamed the city mayor for frightening people into believing that reducing the sales tax would definitely raise the mill levy.

However, on October 5 the city voted no to the reduction, and it seemed as if the 5 percent sales tax was going to stay for awhile.

MILL LEVY

Setting the mill levy proved to be a small crisis in itself. On May 20, the Assembly, meeting until 11:30, failed to arrive at a

mill levy, rejected three of Schleppegrell's proposals for an operating budget, and proposed no alternatives.

The mill levy was still "baffling" the Assembly at the May 24 meeting, and the Assembly's lack of action "miffed" Schleppegrell, according to the News-Miner.

Some members wanted the School Board's unappropriated surplus to reflect on the mill levy as revenue, thus allowing the Assembly to reduce the coming year's levy from 9 to 8. Dalton claimed that not to use the money to decrease the mill levy would be "covering up" for what she termed the school system's "sloppy bookkeeping."

Other members, however, wanted the surplus money applied to bond redemption, saying that a reduction in the mill levy would only be for the coming year, forcing the Assembly to drastically raise the levy the following year.

"We're going to be a drunken sailor today and a depressed area next year," warned Urban Raho.

Because Schleppegrell threatened to keep calling meetings every other night until a mill levy was adopted, the Assembly set the levy at 10 on May 25, and promised not to raise it for a few years.

However, on June 3, "North Star Borough Assembly members debated lustily, recessed frequently, . . . and reduced the mill levy slightly."

In a meeting also devoted to the budget, the Assembly lowered the mill levy from 10 to 9.9. Of the unappropriated surplus, approximately \$71,500 was used as revenue, almost \$200,000 was used to repay federal planning funds, and \$300,000 was added to the contingency fund.

BOROUGH HISTORY

1966

1966 INTRODUCTION

Compared with the two previous years, 1966 was rather mild, although by no means inactive. Much-needed school construction was begun, with more planned, and although the Borough rejected a proposal to assume recreational powers, it did assume, with voter approval, hospital and library powers.

By the end of the year, the Chena River Flood Control Project was in the survey stage, and health and sanitation projects such as a hospital, dumps, junk yards and possible ice fog control were being contemplated.

The Borough also elected Harold Gillam as its second Borough chairman. Gillam said he hoped to improve the relationship between city and Borough, and said he thought serving on the Borough Assembly since its beginning and on the City Council for three years would help. He also said he would not have the problems Schleppegrell had as the "charter chairman" of a mandatory Borough which most people did not want.

THE NAME HAS BEEN CHANGED . . .

The North Star Borough's name was costing it \$120,000 in extra interest on more than \$1 million worth of bonds, according to Bob Dupere, Borough financial adviser.

"Investors don't know what 'North Star' is," said Dupere. "'Fairbanks' has come to have a good name over the years. Names mean a great deal when trying to sell something."

The Assembly adopted the name "Fairbanks North Star Borough" in June.

SCHOOL CONSTRUCTION

The North Star Borough faced a critical classroom shortage in September, despite new school construction projects under way--three resulting from the \$5.29 million bond issue approved October 1965, and another being built with federal funds. Lafferty reported the most pressing need was for elementary school rooms and vocational education shops.

Some Assembly members suggested double-shifting at some levels to curb the problem, while others proposed leasing space for 14 additional classrooms. Although Schleppegrell said short-term leases were impossible because of remodeling costs, and that additional construction seemed out of the question, some rooms were rented for additional, although not adequate, space, and another school construction bond issue was prepared.

In 1965, the Assembly had approved construction of a 22-room school at North Pole. However, because of the six-room school which was to be completed in mid-August at Moose Creek, the Assembly voted in February to reduce the number of classrooms from 22 to 16. Because of this, the architectural firm stopped all work on the school, saying their planning would have to start all over again.

Janet Baird, School Board president, charged that by changing the number of rooms the Assembly was in effect redesigning the school, and added that the design of the schools "properly originates with the School Board."

However, as was the cause for argument in 1965, Schleppegrell said the final responsibility for contractual arrangements and construction was with the Assembly.

The preliminary plans were later accepted, and they included a 22-room school with a six-room wing that could be deducted if the project exceeded

its budget of \$1.6 million.

In October, the Assembly presented voters with a \$2.5 million bond proposal for additional school construction. The three general obligation bond propositions, in order of priority, were a six-room vocational addition to Lathrop High School costing \$500,000; an eight-room addition and library at Barnette Elementary School for \$425,000; and a 22-room elementary school for \$1.6 million.

An administration building was later added to this proposition, increasing the cost to \$3 million. The bond proposal was worded so that all propositions would be approved or disapproved together.

The bond proposal passed by 43 votes. However, the election was declared illegal because advance advertising requirements had not been met. Notice of a bond issue election needed to be published at least once a week for three consecutive weeks in a newspaper of general circulation in the municipal area, with the first notice published at least 20 days before the election.

Borough officials had placed notices in two publications, but they were not printed in consecutive weeks. The problem became known the day before the election.

A new \$2.8 million school bond ordinance was proposed. This listed projects separately on the ballot, but was similar to the past bond issue.

The new one included a \$470,000 addition to Barnette School; a \$550,000 vocational education addition to Lathrop; and a \$1.8 million, 22-room elementary school.

An administration building was later added to the \$2.8 million bond proposal, making a new total of \$3.17 million.

A new election for these bond issues was scheduled to be held after February 1967.

PLANNING AND ZONING

The Borough's power of planning and zoning continued to be unpopular with many and misunderstood by most. However, the Assembly unanimously voted for an ordinance adopting the city planning and zoning regulations for the interim until an area-wide ordinance was approved.

HOSPITAL AND LIBRARY POWERS

The Borough's assumption of hospital and library powers was approved by the voters in a special election June 21.

However, in October a \$5.5 million bond proposal for a 120-bed hospital was defeated at the polls.

Gillam said the vote was not so much against having a hospital as a demand for more solid information before approving such an expensive program.

Because it was part of the election that included the \$3 million school construction bond proposal, the hospital election was declared illegal because of failure to comply with advertising requirements.

DOG CONTROL

The Borough officially took over dog control powers from the city in October, and in November turned down a proposal to give it back to the city.

Gillam said, "Enforcing dog control requires two separate departments--

one for the city and one for the Borough." He indicated that another ordinance to give control back to the city would be forthcoming and claimed it would provide better service to the public.

The Borough also replaced the old dog control ordinance. The new one defined "dog control officer" and had a new section on "harboring annoying dogs," which said a person could not keep any dog causing annoyance. Any private citizen could apprehend a loose dog in a humane way and then immediately notify a dog control officer.

JUNK YARDS

In September, the Assembly passed an ordinance requiring annual permits and eight-foot fences for junk yards.

The ordinance defined a junk yard as "the use of more than 200 square feet of area of any lot or parcel of ground for dismantling or wrecking of autos or other vehicles or machinery for storage or keeping of parts or equipment resulting from such dismantling or wrecking . . ."

An editorial in the News-Miner stated that the ordinance not only defined authentic junk yards but also yards of junk. It said some people who stored a lot of junk in their yards were maintaining a junk yard, and the energy they saved by not disposing of the junk could be used to construct an eight-foot fence.

The ordinance required present and planned junk yards to "be completely obscured from view of any traveled or occupied location within 500 feet."

A \$50 fine or a maximum of 60 days in jail were the penalties for noncompliance.

MERGING OF CITY AND BOROUGH

One of the last items of the year was the Alaska Municipal League's proposal that the Borough and the city merge and dissolve one municipality into the other, or consolidate and dissolve the two into a new municipality.

Gillam said this legislation had less promise in a rural area, but showed great promise for metropolitan areas like Anchorage.

"For the amount of people we have, we have too much government," said Fairbanks Mayor H. A. "Red" Boucher.

BOROUGH HISTORY

1967

1967 INTRODUCTION

Both controversy and the Chena River overflowed in 1967. The biggest conflict concerned designing the proposed physical education complex and assigning the contract for Ryan Junior High School. Although the conflict ended in a court case, by summer the issue was settled and construction was begun on Ryan.

Because of the August flood, the need for a new hospital greatly increased. Although all proposals for funding it were either rejected or not feasible, the new hospital was a little closer to being a reality by the end of the year because citizens were forming committees to plan and raise money for it.

SCHOOL CONSTRUCTION

The Borough Assembly and School Board were at odds during the first half of the year over the proposed physical education complex and Ryan Junior High School. As in past years, the main controversy was over whose responsibility it was to design and assign the contracts for school construction. However, although the School Board was not satisfied with the outcome of the conflict, by summer Ryan was under construction.

Voters had approved a bond proposal for Ryan and the physical education complex in October 1965. Since then, several preliminary designs and construction plans for Ryan had been made, approved and revised, but there was still no school.

In mid-January, the Board submitted plans to the Assembly for the physical education complex. However, the Assembly rejected the plans because it had decided it wanted an enclosed winter sports facility built

with the complex.

Assemblyman Harry Porter said the idea of a winter sports facility had been discussed since the early 1950s, and in 1966 Borough Chairman Harold Gillam had urged the School Board to reduce the amount of gymnasium space in the P.E. complex and use the money saved for winter sports.

Because the Assembly had rejected its plans, the Board decided to look into possible sources of funding for a winter sports facility. However, in February it submitted new plans which did not include such a facility. The Assembly rejected these plans in favor of those drawn up and submitted by Gillam; plans which included a winter sports facility. The Assembly gave these plans to the Board for study, asking it to return them in two weeks.

In mid-April the Board drew up plans which included a winter sports facility and forwarded them to the Assembly. On April 14 the Assembly postponed consideration of the plans after Gillam told the Board and the Assembly he would veto the Board's plans should the Assembly approve them.

On April 28 the Assembly rejected the School Board's plans. Assemblyman Al Seeliger said the Assembly was "going back on our word," referring to the assurances the Assembly had given the Board that it would approve the plans if the Board included a winter sports facility.

Although the Board's plans did include such a facility, Gillam recommended the Assembly reject the plans. He asked the Assembly to authorize the plans he and his drafting department had made up.

However, state law had been clarified by this time and said that the Assembly had the power only to accept or reject plans submitted by the School Board--it did not have the power to make changes in them

or to make its own design.

The School Board decided not to proceed with the junior high school as a separate project. The Board's plans were for Ryan and the complex to be connected, and it did not want Ryan under construction until plans had been finalized for the P.E. complex. On May 3, the Board directed Lee Linck of Alaska Architectural and Engineering to stop work on the final design for Ryan.

However, Gillam directed him to have the final plans ready for bid that week. Although the School Board's plans had been rejected and Gillam had no authorization to proceed with his own, he said, "We are just going to do it," meaning he was going ahead with his own plans.

Ed Niewohner, attorney for the School Board, told the Board that he believed Gillam's orders to Linck were "in direct contravention of a statute that says the School Board is responsible for design criteria of the school buildings." He also believed the school plans and specifications needed to be approved by the state commissioner of education, and recommended the Board write a letter to the commissioner, asking what action he would take if the plans were not submitted for his approval.

Mac Fenton, a School Board member, suggested the Board seek an injunction to keep Gillam and the Assembly from proceeding with their plans to build Ryan and the accompanying complex on the grounds that Linck was making revisions in the plans which should be submitted to the School Board for approval.

When he heard about the possibility of an injunction, Gillam said, "That makes me real mad. I think it indicates that the School Board is not truly concerned with education."

He told Linck that he would assume full responsibility and that Linck should proceed with the plans, saying that Linck was under contract for the Borough and not the School Board. Gillam said he expected the plans to be ready for bid the following week.

On May 8 the Assembly decided not to approve the Board's plans to connect the junior high school and P.E. complex, maintaining that the original plans called for two separate buildings, as in the plans Gillam had drawn up.

On May 10 an advertisement was published in the News-Miner inviting bids for the construction of Ryan Junior High School, and the School Board voted to seek an injunction against Gillam. Ernest Preshner, assistant superintendent of schools, hand-carried a request for the injunction to Juneau.

The Board felt that not only did Gillam have no right to proceed without the approval of the Board and the commissioner of education, but also that his plans for Ryan were not in compliance with state education regulations. According to the Board, state law required that space for a P.E. complex be included in new junior high and high school buildings, which was why the Board had wanted Ryan and the complex built together instead of separately, as in Gillam's plans.

On May 11 Gillam told the Department of Education to "go climb a rope" after he received a telegram threatening him with an injunction if he continued advertising for construction bids for Ryan.

Robert Thomas, acting commissioner of education, told Gillam he had no business advertising bids for school construction, since the department could see nothing in the law which permitted the Borough to proceed with planning and construction independently of the School Board and the state Department of Education. However, Gillam said he

would continue to advertise.

Thomas told Gillam, "We urgently request you to withdraw your solicitation of bids immediately. Failure to do so will leave the Department of Education no alternative but to issue an injunction."

In reply Gillam said, "If the Department of Education wishes to take the responsibility for the delay of this construction, they can go ahead and seek an injunction."

According to Gillam the final plans for Ryan had already been approved by both the School Board and the Assembly.

However, the School Board claimed it had not seen nor approved the plans that were out for bid. It said the best way out of the whole mess was for the Assembly to approve the Board's previous plans for Ryan and the P.E. complex to be constructed together. The Department of Education had told the Board that it would not approve the plans unless the P.E. complex was included.

On June 5 the state filed suit to stop the Borough from building Ryan. Douglas Baily, assistant attorney general, who filed the injunction in Superior Court, claimed that Gillam and the Borough Assembly were in direct contravention of the law. The injunction asked the Court to keep Gillam from inviting bids on the project and to prohibit the signing of a contract for the job, arguing that the responsibility of the School Board had been pre-empted. It also claimed that Gillam and the Assembly had failed to submit the plans to the commissioner of education as required by law.

Gillam said he might sue the state for interfering in the school construction and claimed he had made no major changes in the plans.

However, Linck had already told the School Board that the "electrical and mechanical systems were changed and the terminals were

different, the foundations and the building exterior were different and the site grade plans were also changed."

The Board had asked Linck how much it would cost to redesign the P.E. complex to include a winter sports facility. Linck reported that it would cost \$62,000 for him to redesign it, and pointed out that the Board already owed him \$179,000 for the previous plans. The Board voted down any design change on the complex at that time, deciding there was not enough money to include a winter sports facility in the complex.

Court action on June 12 cleared the way for construction of the \$2.4 million junior high school. Superior Court Judge Everet Hepp refused to grant the injunction against Gillam and the Assembly.

Borough Attorney Richard Cole said, "This may be one of the few cases in the United States where a school board does not want to build a school and the governmental agency wants to build it."

Niewohner told the School Board that Hepp's decision was based on the belief that there would be no irreparable harm done if the Borough Assembly proceeded to build the school. He added that in the eyes of the law the School Board and Borough Assembly were one legal entity and therefore could not sue each other.

On June 20 Hepp handed down his final decision, saying the state commissioner of education did not have to approve plans for the new school.

On June 30 the Borough Assembly accepted a bid of \$2,135,021 from B & A Toombs and Company for the construction of Ryan.

The Board then faced the problem of determining how much money was available for the construction of the physical education complex.

Bonds in the amount of \$1,290,000 had been approved by the voters in 1965 for the project, but some of the money had already been spent for preliminary work and some was spent by the Assembly for part of the common facilities the P.E. complex would share with Ryan.

The Board considered postponing any action on the complex, but Preshner said if the School Board didn't take action, the Borough Assembly might design and put out a bid for its own version of the complex. The Board became concerned that what happened with Ryan could happen with the complex.

The Board instructed Linck to prepare a schematic drawing and gave him guidelines for designing the enclosed corridor between the complex and Ryan, since the two would not be built as connected buildings as was the School Board's original plan.

Excavation for Ryan was begun in the summer, and the way was clear for designing, assigning the contract, and construction on the P.E. complex.

In other school construction matters, the bond proposal drawn up in 1966 was defeated in March 1967.

HOSPITAL

In 1966, Borough residents had voted to give the Borough hospital powers, and the August 1967 flood and the damage it did to St. Joseph's Memorial Hospital made the need for a new hospital even more urgent. None of the several approaches to financing the hospital which were considered were accepted, although by the end of the year citizens were forming committees to start planning and raising money for a new hospital.

And Fairbanks needed a new hospital. St. Joseph's had been built in 1906, a second wing was added in 1935, and a final wing was built in 1951. In 1967 St. Joseph's had 70 beds, but because of limited space, they often occupied the hallways.

In early August, Gillam said that \$1.4 million in Hill-Harris funds would be available for the hospital project if the state provided \$300,000 in matching funds. The Hill-Harris Fund had been established in the 1940s by the federal government to help build hospitals and other necessary institutions.

On August 7 the Borough Assembly voted to present the voters with a \$5.5 million bond issue for a new hospital, although the Borough still hoped for federal participation. Gillam felt the hospital would definitely pay its own way plus the debt service once it was in full operation.

The August flood left the bottom floors of St. Joseph's unusable, and approximately \$50,000 was immediately needed to get the hospital back into operation. St. Joseph's was under consideration for condemnation because of the costly repairs needed.

The Sisters of Charity of Providence, the Order which ran St. Joseph's, said the Order would not sponsor reconstruction of St. Joseph's but would keep it in operation until a replacement was built.

However, because it would take nearly three years to complete the new hospital, St. Joseph's needed money to be brought up to standard. The Lions, Kiwanis and Rotary clubs united and established the Fairbanks Hospital Rehabilitation Fund. Several thousand dollars were donated to help repair St. Joseph's. Because of this, the Sisters said they would keep the hospital open as long as it was needed, provided they continued to receive community support.

Because of the flood damage, Fairbanks was designated an economically depressed area, which entitled it to receive grants and loans for approved projects under a provision of the Community Facilities Act of the Department of Housing and Urban Development. The hospital project was declared an eligible project.

The \$5.5 million bond for a new hospital which the Borough had decided to put on the October ballot was only to give authorization for the Borough to proceed with an 18-month planning phase. During that time, only those bonds which would provide the money needed for the planning would be offered for sale. If other financing was approved, then the hospital could be built.

Before the election, Fairbanks was given top priority for the uncommitted Hill-Harris funds, which would total \$2.1 million over a three-year period. On October 4, the state Legislature approved \$400,000 in matching funds for hospital construction.

However, the bond was defeated by a ratio of 3 to 2. It seemed that the voters acknowledged a need for a new hospital, but felt the Borough should come up with a better way to fund it. Many did not want so much of the financial burden to be placed on the property owners.

Robert Claus, member of the Real Property Taxpayers Association, said, "I think that the taxpayer thinks the Borough government was not responsible enough to handle the monies of their constituents. This is not a vote against the hospital, it is just that they don't feel the need to build the hospital at all costs."

After the bond was defeated, several other possible funding methods were studied. Dr. Charles T. Morrow, a representative of the Fairbanks Medical and Surgical Clinic, proposed adding more floors to the clinic,

making it a full-service hospital and clinic facility. However, this possibility was not pursued after it was discovered the building was unqualified for Hill-Harris funds because the hallways were too narrow.

Members of the Assembly traveled to Fargo, North Dakota, to solicit funds from the officers of the Lutheran Hospital and Homes Society. According to Presiding Officer Bill Walley, the Lutherans had "unlimited funds."

Two members of the Lutheran group did come to Fairbanks, but only in an advisory capacity. They told the community it should form various committees and start hospital planning from scratch.

Although the community did not receive any money from the Lutherans, the report the group made did serve to inspire the community to organize and raise money on its own.

PLANNING AND ZONING

Planning and zoning continued to be an issue in which the Borough found it could not please all of the people at all, and could seldom please some of the people even some of the time. Although the Borough worked on a comprehensive planning and zoning ordinance, the issue was still not resolved by the end of the year.

In April the Borough accepted the text of the proposed zoning ordinance. The 12-page ordinance outlined a zoning formula which the Assembly could use to zone the entire Borough, although zoning would be implemented only in areas which requested it.

Many citizens seemed to have the attitude that "planning and zoning is all right for the other guy but not for me." Residents outside the city limits felt planning and zoning was okay for areas

within the city, and city residents thought planning and zoning was fine for the rural areas.

Opponents of the ordinance included members of the Real Property Taxpayers Association, and supporters included the Noyes Utility Planning Commission and the College Women's Club.

Many citizens seemed afraid that areas could be zoned and rezoned whether or not the majority of the area residents wanted it.

One property owner contended that "it used to be that 50 percent of the property owners had to agree to a rezoning. What is to stop me from asking that two lots in the Weeks Field area be rezoned to heavy industry?"

A planning and zoning commission member assured the man that "nothing is going to be crammed down anyone's throat; we'll follow democratic procedures, with the Borough Assembly having the final say. They are not interested in zoning where more than half of the people are not interested."

When the Assembly had not passed the zoning ordinance by December 6, members of the planning and zoning commission said they would resign if the proposal was not passed soon. The commission had worked on the ordinance for two years and felt that the Assembly had not properly considered it. The commission also felt the Assembly was unwilling to hold public hearings on the ordinance.

In response, the Assembly said the public hearing it had planned would have had to have been held on December 28, and it felt that public participation would be better if the meeting was changed to a later date.

Don Harding, member of the commission, said that without a comprehensive zoning ordinance, the Borough was in a poor position

to compete for federal funds or assistance.

Although the Borough Assembly met with the City Council on planning and zoning, further action on the ordinance was postponed until January 1968.

MOVING THE BOROUGH OFFICES

In September the Assembly decided to look for a new permanent location for the Borough offices. The offices had been moved from the Cole building to the Main Junior High annex, but they were occupying what had become desperately-needed classroom space.

Assemblyman John Huber asked Superintendent of Schools Dr. Charles Lafferty if he thought that the classroom situation was so critical that the Borough should move all of its office equipment out onto the lawn and put a tarp over it until the new office space was found.

Lafferty replied that "while the classroom space is limited, everybody needs to give a little and cooperate."

In October the Borough moved to a new location in the Lathrop Building on Second Avenue.

THEY NEVER GAVE UP

A petition containing 1,839 signatures was sent to the state attorney general's office in April, calling for an election to dissolve the Borough. Joe Vogler, who submitted the petition, said he could have gotten more signatures, but had not done so because he wanted to get the petition to the Legislature before the session ended.

However, Governor Walter Hickel rejected the petition on the

advice of the attorney general, who ruled the petition was invalid because it did not indicate that a method of repaying the Borough's existing indebtedness had been devised and submitted to the creditors. Hickel told Vogler that if these conditions were met, an election on dissolution could be held.

Later that year, Walley appointed a committee to study the possibility of dissolving the Borough or unifying it with the cities of Fairbanks and North Pole. However, the Assembly rejected such an idea and Gillam called Walley's committee futile because he had not found anyone to assume the bonded indebtedness of the Borough.

BOROUGH HISTORY

1968

1968 INTRODUCTION

During 1968, the concept of Borough government gained more acceptance as residents of the Fairbanks North Star Borough began to realize that the Borough was going to stay and that it could function as an effective layer of government between the state and city levels.

The Borough's relationships with other area governments improved. As each began to accept the other's assigned powers and duties, an air of cooperation developed. Although the Borough Assembly still found itself involved in controversial issues, the flamboyant name calling of past meetings was gone.

In February, the Borough was given one of the best financial ratings in the state. The Borough established new services in 1968, including a summer Head Start pre-school program, and also established a board of library commissioners in an effort to improve local library facilities and services.

Many issues occupied the Borough Assembly's attention during 1968, but three of them were particularly important: planning and zoning, a recreational center, and an election to change the structure of the Borough.

PLANNING AND ZONING

In 1968, the Borough Assembly finally resolved the planning and zoning issue.

The ordinance, which the Borough had worked on since its inception, was borough-wide, zoning only a few specific areas such as Musk Ox Subdivision, while establishing a framework which would allow more zoning if property owners desired it.

A controversial section of the ordinance concerned the downtown core area of Fairbanks. Most of those involved in drafting the ordinance considered it too restrictive. However, a public hearing on proposed amendments, which included the size of signs on buildings and parking regulations, attracted only two people. The public apparently did not share the same degree of concern.

On March 13, in a near unanimous vote, the Assembly approved the amended zoning framework. The only dissenting vote in the 11 to 1 decision was cast by Fred Pope, who later explained that he really favored the ordinance, but had voted no because he thought the Assembly was discussing a different issue.

Assemblyman Bob Bettisworth, voicing the Assembly's feelings, described the ordinance as "a real milestone," and added that "I think we've got something we can really build a town on."

Despite its overwhelming acceptance, the ordinance was not without opponents. Assemblyman John Huber, who had voted in favor of the ordinance, explained he would move for reconsideration in an attempt to put the ordinance on a ballot for voter approval. However, the motion for reconsideration failed because it lacked a second, and the ordinance again passed overwhelmingly at a later meeting.

BIG DIPPER RECREATION PROJECT

One of the most controversial issues the Borough Assembly dealt with in 1968 was the Big Dipper Recreation Project. The Big Dipper, as it came to be known, was a surplus World War II airplane hangar located in Tanacross, about 170 miles southeast of Fairbanks.

During the early months of 1968, there were several unsuccessful

attempts to establish a youth center in Fairbanks. Residents in the neighborhood of the site opposed the idea, stating that such a center would create a nuisance. The effort stalled until Hez Ray, a physical education teacher at Lathrop High School, and a large group of supporters approached the Assembly in March with a proposal to move the hangar to Fairbanks. The Assembly unanimously approved it.

Ray hoped to relocate the hangar and renovate it into a community recreational sports center using mostly volunteer help. Tim Smith, state youth projects director, warned the community that its "enthusiasm must hold out" if the project was to be successful. His concern was echoed by Huber, who called the project "an impossible fairy tale."

A letter of intent outlining the Borough's plan to use the hangar as a public recreational center was sent to the state government in Juneau. Although the hangar was up for bid on the public auction block, state policy was to first cooperate with governmental bodies that could prove they had specific plans for available state property.

A 10-acre plot adjoining the hospital reserve plot on 19th Avenue and Lathrop Street was set aside for the hangar, and an application requesting approval of recreational use was sent to the state Division of Lands.

In April, the state deeded the building to the Borough and charged \$1 for it. The only problem left was to move and rebuild it before the summer ended, and the community began to volunteer help. A local company donated a bus and the Fairbanks Joint Crafts Council sent eight skilled workers to Tanacross to study the situation. Ken Murray, a local insurance salesman, donated insurance for the workers. Local construction companies donated equipment. The chosen site was readied for the structure. The worries about the lack of community support voiced earlier seemed unfounded. When the Borough was given the hangar, Ray took personal leave from his teaching

duties to stop criticism that he was neglecting his teaching duties in favor of his volunteer work.

In June, the Borough, in an emergency ordinance, appropriated \$13,000 from the budgetary reserve to support the project. The ordinance stated that it was necessary to expend funds for architectural services, site preparation and other services. If this was not done, "the Borough will be deprived of the use of the building for another year and it will deteriorate and parts of the building will otherwise be lost and suffer damage." Many Assembly members were dissatisfied with the ordinance because they said it was only a partial show of support. The general consensus of the members was that the Assembly should have completely committed itself to the project. However, funds were limited.

Earlier in the month, it was revealed that Ray had been put on the Borough payroll in a vacant assessor's position.

The controversy over the project began during an Assembly meeting in early September. At that meeting, Gillam approached the body to ask for an additional \$75,000 to help finish the project. In what Bettisworth termed "an extraordinary action for this body," a motion was made to hike the donation to \$130,000--\$90,000 to finish enclosing the building and the remaining \$40,000 to cover monies already spent on the project. When Kathleen (Mike) Dalton, who had proposed the ordinance granting the original \$13,000, asked Gillam how much money had already been spent, Gillam said \$53,000 had gone toward the project. Gillam said that the chairman's legal rights included the right to spend monies from the Assembly's budgetary reserve account. He argued that while he might be legally wrong, he felt he was acting according to the direction of the Assembly to erect the building.

After a heated debate, the Assembly decided to withhold approval of

funds and instead appointed a committee to determine the accurate costs, the construction schedule and possible uses of the Big Dipper. The committee consisted of Dalton, Gillam, Bettisworth, Assemblyman Wally Burnett, Donald Gilmer, Borough planning director, and Walter Peirce, Borough engineer.

The following week a letter to the editor appeared on the front page of the News-Miner. The letter, which was signed by Assembly members Dalton, Bettisworth, Brian Cleworth and Con Miller, reprimanded Gillam for fiscal irresponsibility. They stated they opposed the use of the money on the grounds that it had been spent before being authorized, there were no specific plans for the use of the building and the fact that the Borough had no recreational power. They went on to say that they disapproved of the "devious way that has been taken to use public funds for this project without planning as to its use or funding." They also questioned Ray's position on the Borough payroll.

The letter ended with the recommendation that the approval of funds be withheld until a study had been made to determine the future use of the building.

Four days later, the News-Miner carried an article in which Gillam defended his actions. He admitted that "possibly I did make a mistake by proceeding without waiting for the paperwork to catch up, but I saved the public a good deal of money." He said that he had contracted for expenditures because "the intent of the Borough Assembly to get the building erected had been fully established."

A public hearing on the issue was attended by more than 100 people, and revealed that while most people approved the project, they disapproved of the method in which it had been handled.

On September 27 the Assembly met to vote on the issue. Bettisworth opposed the motion to improve funding, saying that "to authorize any money for this project is to condone an action that was taken illegally." Despite the vocal opposition, the Assembly voted 8 to 3 to proceed with enclosing the hangar, and appropriated \$115,000.

Supporters of the project renewed their request for voluntary aid from the community, and work continued even after the appropriated money had been spent. Volunteer electricians helped light the structure, and an old-fashioned barn raising was held to help raise additional funds, with moose meat donated for the cause. By the time the cold hit Fairbanks, the Big Dipper was able to hold an ice rink, and skating commenced that winter.

RECLASSIFICATION

Despite the Borough's increased acceptance, many Borough residents still considered it a superfluous layer of government. A survey held by the League of Women Voters in February 1968 revealed that 31 percent of those polled still favored abolishing the Borough in their areas.

Opponents of the Borough were given an opportunity to reduce its powers when a bill allowing for the establishment of a new type of Borough government passed the state Legislature.

The bill, proposed by the Real Property Taxpayers Association and supported by local legislators, created a third classification. A third class Borough had only school and taxation powers, and no powers such as fire and police protection and dog control.

In early June, John Gustafson, presiding officer of the Assembly, proposed changing the Fairbanks North Star Borough from second to third class. A week later, the Assembly voted 8 to 1 to put the issue before

the voters. Paperwork slowed the request for an election, but the Local Affairs Agency in Juneau finally approved the request and a public hearing was set.

At the hearing, it became evident that the voters' main concern centered around the possibility that the Borough would not be able to support the flood control program proposed by the Army Corps of Engineers. Despite this concern, the majority of the people who testified at the hearing spoke in favor of reclassification.

In a letter to Governor Walter Hickel a month later, the Army Corps' district engineer, Col. Ernest Harding, confirmed that a third class Borough would not have sufficient area-wide powers to qualify for a flood control project. The federal government required that a local government sponsoring such a project have area-wide powers for planning and zoning.

Proponents of the third class Borough, led by the Real Property Taxpayers Association, argued that flood control would be possible. The Borough, they said, theoretically could set up service districts on a city by city basis, thus ensuring that the Borough retain its flood control powers.

However, in a letter to the governor's office, Attorney General G. Kent Edward ruled there could be no flood control powers associated with a third class borough. Furthermore, the establishment of numerous service districts would not legally qualify the Borough to support flood control.

As the election neared, debate became more widespread. The pages of the News-Miner were filled with editorials and articles concerning the issue. Members of the Chamber of Commerce unanimously passed a resolution supporting the retention of the second class borough and the expenditure of the necessary money and energy to retain it. Barry Jackson, Democratic candidate for state House, termed the third class move "a damper on progress."

The League of Women Voters publicly voiced their support for second class status, as did City Council and Borough Assembly members Tom Miklautsch and Wally Burnett. On the other side, Huber strongly favored the change.

The Chamber of Commerce Aviation Committee also expressed the fear that the lack of planning and zoning powers under a third class borough would jeopardize the expansion of the Fairbanks International Airport. According to the committee, this would seriously hinder the eight-year effort, in which Borough funds had been used, to establish Fairbanks as the refueling stop in Pan American's New York-Tokyo run.

In what Dalton called an unbelievable move, the Borough Assembly voted to ask the state for the right to levy a Borough income tax. She cautioned the Assembly against assuming more powers when it seemed the general sentiment was that they should have less.

In a seemingly anti-climatic election, the voters chose to retain the second class status, with 3,293 against the change, and 2,273 in favor of it. The memory of the 1967 flood and the consequences of a reoccurrence remained fresh in the voters' minds and they chose not to forfeit their chances for protection.

At the same time, a new Borough chairman, John Carlson, was elected.