



PLAINTIFF
EXHIBIT NO. 6044
ADMITTED ☐
3AN-21-08869CI
(CASE NUMBER)

REGIONAL AND HISTORICAL SETTING

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I. LOCATION

The Chugiak-Eagle River area is located along the upper portion of Knik Arm, approximately midway between Anchorage and the Palmer-Wasilla area of the Matanuska-Susitna Borough. Chugiak-Eagle River begins approximately ten miles north of the Anchorage metropolitan area and extends northeasterly for fifteen miles where it ends at the municipal boundary at the Knik River.

To the south and west of Chugiak-Eagle River and separating it from Anchorage is the Fort Richardson Military Reservation. To the north and west, the area is bounded by Knik Arm, the northernmost extension of Cook Inlet. To the east lie the Chugach Mountains, most of which are located within Chugach State Park.

Most of the Chugiak-Eagle River area is situated on a relatively narrow lowland, approximately 65 square miles in area, which is wedged between the Chugach Mountains and Knik Arm. The lowland has forested undulating terrain that is bisected by four significant stream systems which drain the area from the mountains to the inlet. These streams are the Eklutna River, Peters Creek, Fire Creek and Eagle River.

The Chugiak-Eagle River area is within the much larger Municipality of Anchorage, a home-rule municipality. The Municipality covers an area more than 1,950 square miles and had a population of slightly more than 230,000 people in 1990. The vast majority of the Municipality's population resides in the Anchorage Bowl.

Although it is part of the Municipality, Chugiak-Eagle River has remained a distinct settlement area due to the open space created by the military reservation separating it from Anchorage. It has also remained separate from the sprawling growth of the Palmer-Wasilla area to the north in the nearby Matanuska-Susitna Borough. This separation is due to the pinching of the lowland area between the Chugach Mountains, Knik Arm and the floodplains of the Knik and Matanuska Rivers.

The principal community is Eagle River, located at the southern end of the area. Other more rural residential areas include Eagle River Valley, South Fork, Chugiak, Birchwood, Peters Creek and Eklutna.

The Glenn Highway and the Alaska Railroad traverse the length of the area, some 15 miles, connecting Anchorage to the south with the Matanuska-Susitna Borough to the north.

The Chugiak-Eagle River area's natural features, lineal configuration, and location within the Upper Cook Inlet region have been major factors affecting its settlement history. These geographic factors will continue to exert a major influence on community settlement patterns, along with more recent land ownership and institutional factors.

II. HISTORY

The history of settlement in Chugiak-Eagle River during the past century has been heavily influenced by non-local entities, principally the federal government. The federal government brought the first permanent settlement to the area with the construction and operation of the Alaska Railroad. Subsequently, it improved access by constructing the first highway through the area, and by funding later highway upgrades.

The federal government influenced the location and pattern of settlement through its homesteading and homesite land disposal programs. It also withdrew land from settlement pending resolution of long-standing Native land claims issues.

For much of the past seventy-five years, the federal government influenced the economy of the area; first with the Alaska Railroad and, later, with establishment of the two major military installations. Its influence continued with further development of transportation, communication, and land management functions in the Anchorage area.

The federal government began sharing its influence over the area following Statehood, a little more than thirty years ago. In turn, the State created the borough form of government. The Greater Anchorage Area Borough later unified with the City of Anchorage to form the current municipal government.

With the active support and encouragement of the federal, State and local governments, private companies helped create new economic growth and settlement in Alaska. Major oil companies and related satellite industries have highlighted new economic growth in recent years. Anchorage was the primary beneficiary of this growth, with Chugiak-Eagle River attracting a smaller share.

Aside from government and private entities, Native corporations are influencing settlement in the Chugiak-Eagle River area. Eklutna, Inc., the local Native village corporation, has now displaced the federal government as the largest land owner in the area.

Over the years, a transition has occurred among various entities having an influence over the settlement of Chugiak-Eagle River. They have gradually changed from rather distant non-local entities to locally-based entities. During this period, the desire of local residents for local self-determination in the affairs of the community has remained strong. An awareness of Chugiak-Eagle River's past development enables a better understanding of the community, and of the factors which will influence its future.

Less than one hundred years ago, there was no development or permanent settlement along the eastern side of Knik Arm, including the Chugiak-Eagle River area. Only a small number of Tanaina Athabascans inhabited the upper Cook Inlet area, along with a handful of prospectors, fur traders and missionaries.

Indigenous to the area for the past several hundred years, the Tanaina lived by subsistence, deriving their livelihood from hunting, fishing and gathering. Their settlements were seasonal as they moved from place to place for hunting and food gathering.

Most settlements were located on the western side of Cook Inlet or on the Kenai Peninsula. However, one small group of Tanaina inhabited the eastern side of Knik Arm. They established a permanent (or winter) settlement at Eklutna, at the north end of Chugiak-Eagle River. During the summer months, the Tanaina moved down Knik Arm to Ship Creek and Fire Island to fish. In the fall, they returned to Eklutna for the winter months and hunted and trapped in the nearby forests and mountain valleys, especially the Eklutna Valley area.

Around the turn of this century, traditional lifestyles of the Tanaina along the east side of Knik Arm began to change as a result of an influx of traders and prospectors. These intruders were looking for routes to recently discovered goldfields elsewhere, or were searching the local area for minerals. The rate of irreversible change, however, began to accelerate after 1915 with the construction of the Alaska Railroad.

The construction of the Alaska Railroad by the federal government was intended to be a key to unlocking the storehouse of wealth in Alaska. From the port of Seward, the railroad was extended to the interior community of Fairbanks. The railroad route ran along the east side of Knik Arm. One of the earliest segments to be built was from Ship Creek north to the Matanuska Valley coal fields. Ship Creek became the hub of activity as a construction camp and supply terminal site. It later became the site of the administrative headquarters and main rail yard; and Anchorage was permanently established as a new community.

With its imposition of rights-of-way and the burning and clearing of land, the construction of the Alaska Railroad seriously disrupted Native lifestyles. However, following completion of railroad construction, little development took place in the Chugiak-Eagle River area. The boom in economic development and population growth caused by construction of the railroad was fairly well confined to Anchorage where goods and services were available, as was land for settlement.

Little growth occurred in Anchorage or Chugiak-Eagle River after completion of the railroad and during the following decade. An exception, however, was Eklutna. In 1924, the U.S. Department of Interior established a home at Eklutna for Native children orphaned by the 1918 influenza epidemic. The home was soon converted to a boarding school called the Eklutna Industrial School, which offered vocational training to high-school age youths from throughout western Alaska. By 1930, enrollment had reached 110 students, making it the largest of the territory's three vocational schools. A post office was established at Eklutna in 1926.

In 1928, an Anchorage entrepreneur obtained a federal license to construct a hydroelectric project in the Eklutna Valley. Completed in 1930, the project included a storage dam at Eklutna Lake, a diversion dam seven miles downstream on the Eklutna River, a 1,900-foot tunnel and an 870-foot penstock to channel the water to the power house located a short distance from Eklutna village. Because of the size of the operation, housing was also constructed at the site for permanent full-time personnel. The power plant operated for more than 25 years and was a major source of electricity for Anchorage.

Throughout this century, Eklutna area Natives strove to retain the land upon which they depended. Like other Alaska Native groups, they sought resolution of their land claims with the federal government. These claims had been recognized by the Organic Act of 1884 and later court

cases. At various times during the first third of this century, the Department of the Interior set aside several hundred thousand acres of land in the upper Cook Inlet area, including Eklutna, pending a permanent resolution of withdrawals for reservations. The establishment of reservations, however, did not receive much support. Although the resolution of Native land claims did not occur until much later, portions of the withdrawn lands were released for other uses.

Aside from activities at Eklutna, very little new development was occurring in the Chugiak-Eagle River area. Hunting, fishing, and berry-picking by local Natives, and by non-Natives from Anchorage, were the main activities.

Much of the land in Chugiak-Eagle River had been open to homesteading since 1919, but few people were attracted to the area. Those who tried found compliance with the residency, clearing and cultivating provisions of the Alaska Homestead Law difficult. The influx of population at Anchorage associated with railroad construction led to a flurry of homesteading activity in the Anchorage area, but not Chugiak-Eagle River. Gradually, however, a small number of homestead filings took place. One of the first was a filing at Lower Fire Lake by a railroad employee in 1924. Typically, filings were made by families who lived and worked in Anchorage and spent portions of their time proving up their claims.

Interest in homesteading in the Chugiak-Eagle River area grew during the 1930's following establishment of the Matanuska Colony and construction of the Palmer Highway through Chugiak-Eagle River, linking Palmer and Anchorage. Initiated as part of President Franklin Roosevelt's New Deal program, the Matanuska Colony was seen as a way to help farmers escape the drought and poverty of the Midwest while, at the same time, helping to establish agriculture in Alaska.

With the outbreak of the Second World War in 1939, military leaders began to anticipate United States involvement. This led to the establishment of Fort Richardson Military Reservation and, later, Elmendorf Air Force Base. Most of the lands were acquired between 1940 and 1943. The establishment of the military reservation clearly separated the Anchorage and Chugiak-Eagle River areas. However, the army post did provide a market for the small farming and livestock raising activities undertaken by early Eagle River area homesteaders.

The two decades of the 40's and 50's saw rapid rates of population growth. The population of the greater Anchorage area rose from 4,229 in 1939 to 82,736 in 1960, primarily a result of national defense efforts associated with World War II, the Korean War and the Cold War. Large numbers of military personnel were assigned to Anchorage, while high paying jobs associated with military construction projects also attracted large numbers of civilians.

Chugiak-Eagle River's population grew from an estimated few hundred people in 1939 to 2,229 in 1960. During this period, many G.I.'s were exposed to the attractions of the Anchorage and Chugiak-Eagle River areas. After World War II, additional land was made available for homesteading and small five-acre tract homesites. Terms for land ownership were also made more attractive, particularly for ex-military personnel. Homesteading, however, seldom provided enough of a livelihood to support a family. Consequently, most homesteaders commuted to

jobs at Fort Richardson or Anchorage. These land use and job commuting patterns which were established following World War II throughout the Chugiak-Eagle River area have continued up to the present.

Throughout the late 40's and 50's, more families settled in Eagle River and Chugiak. In 1947, families living near present-day Chugiak formed a social club and decided to call their area "Chugiak," a Tanaina word meaning "a place of many places." As Eagle River and Chugiak grew, however, Eklutna declined. In 1945, the Eklutna post office was closed, as was the Eklutna Industrial School, which was eventually relocated to Sitka. Some Eklutna villagers moved to Anchorage where jobs were available. The Eklutna Tanaina land claims were left unresolved.

The Anchorage area continued to grow during the 1960's, with the population of the Chugiak-Eagle River area doubling during this decade. Much of the population growth was related to continued federal government activities, as well as post-1964 earthquake reconstruction. Out of the increase of 43,597 people in the greater Anchorage area during this decade, 3,603 settled in Chugiak-Eagle River.

Eagle River took on the look of a small town as some of the original homesteads were subdivided into small lots served by community wells. Small businesses which had been established during the 1950's to serve the local population and travelers along the Glenn Highway (upgraded Palmer Highway), increased in number. However, Chugiak and other outlying areas to the north and up the mountain valleys remained rural or undeveloped.

As the Chugiak-Eagle River settlements grew, the need for public services also rose. Most community services were provided by local service clubs and organizations. One of the earliest and longest-lasting, for example, was the Chugiak Volunteer Fire Department.

In 1959, Alaska became the 49th state in the Union. Statehood brought two new issues to the area. One was borough government; the other was State land selections.

In considering how local governments should be organized in Alaska, the authors of the State constitution wanted to avoid the overlapping jurisdictions and duplication of services typical of county, township and city governments in many other states. As a result, Article X of the State constitution called for the establishment of boroughs as a form of areawide local government.

According to Article X, the purpose was "to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions." The article further stated that all local government powers would be vested in cities and boroughs. Standards for boroughs "shall include population, geography, transportation, and other factors," and "embrace an area and population with common interests to the maximum degree possible."

In the early years after Statehood, boroughs were slow to form. Many people in cities and rural areas opposed this new form of local government. Consequently, the State Legislature spurred the creation of boroughs with passage of the Mandatory Borough Act of 1963. The

Borough Act mandated the creation of the Greater Anchorage Area Borough. The borough boundaries extended the length of Turnagain and Knik Arms, and eastward to Prince William Sound. It encompassed the City of Anchorage, and small settlements along Turnagain and Knik Arms, including Chugiak-Eagle River.

Three mandatory areawide powers were assigned to boroughs. They were assessment and collection of taxes, planning and zoning, and education. Other areawide powers could be established as decided locally. Many Chugiak-Eagle River residents objected to being included within the new borough. They did not want to assume the tax burden. They also viewed the Greater Anchorage Area Borough as a threat to their independence, something which had attracted them to this outlying area in the first place. Others, however, saw a need for local government to provide needed development regulations, and facilities and services for a growing community.

As time passed and the area continued to grow, the need for local government in the Chugiak-Eagle River area was gradually accepted. Instead, the focus of the controversy changed from whether or not there should be a borough, to establishing one of their own, separate from Anchorage.

The Alaska Statehood Act also allowed the State to select 103 million acres from the federal domain. The Statehood Act gave Alaska twenty-five years, until 1984, to make most of its selections. The entitlement lands could be retained by the State, transferred to local governments, or made available to the private sector. The State proceeded to do all three.

The selection and conveyance of land was a slow process. By 1972, the State had selected only 25.7 million acres of its entitlement under the Statehood Act. In Chugiak-Eagle River, thousands of acres of federal land were selected by the State. However, only a portion of the acreage had actually been conveyed to the State by 1972. Much of the conveyed acreage had, in turn, been reconveyed to the Greater Anchorage Area Borough (for example, lands now making up Beach Lake and Edmonds Lake Regional Parks), or made available to the private sector.

Most State-selected lands in the area had gone through the process far enough to be tentatively approved for conveyance. Based upon having tentative approval, (the State had the right to manage the land even though it did not yet hold title), many lands were placed into different management units or made available for public use. Significant to Chugiak-Eagle River were the tentatively approved land selections utilized for Eagle River and Birchwood Elementary Schools and Chugiak High School, as well as for Chugach State Park. (The latter was created by the State Legislature in 1970.) Before the State land selections and conveyances were completed, however, another major statewide event further complicated the process, with direct implications for Chugiak-Eagle River.

The 1968 discovery of the huge Prudhoe Bay oil reservoir under State lands on the North Slope was one of the major catalysts for change in Alaska in this century. In turn, it led to several other events that directly affected the degree and rate of change in Anchorage and Chugiak-Eagle River. These included the resolution of Native claims through passage of the

Alaska Native Claims Settlement Act in 1971; a pipeline construction-related population boom; followed by high levels of State spending on a wide range of programs and projects which, in turn, fueled further population growth. The era of new oil wealth also led to public spending policies and practices that proved detrimental to the State and the community when oil prices dropped after a few short years.

In 1971, Congress passed the Alaska Native Claims Settlement Act (ANCSA.) Spurred by the need to establish a pipeline corridor from the North Slope to Valdez, this legislation addressed longstanding Native land claims issues. The Act led to the creation of Native regional and village profit-making corporations. Two of these were the Cook Inlet Regional Native Corporation (CIRI), primarily made up of Tanaina Athabascans from the Cook Inlet Region; and the Eklutna Village Corporation, made up of Eklutna Tanaina. Each Native corporation received a land and cash entitlement. Most significant to the Chugiak-Eagle River area was the Eklutna Village Corporation (Eklutna, Inc.), which received a total land entitlement of 133,000 acres.

Under the terms of ANCSA, most vacant land in the Chugiak-Eagle River area has or will come under Eklutna, Inc. ownership, including the tentatively approved State land selections. (A provision of ANCSA gave Native selections priority over State selections for unconveyed land.) CIRI received subsurface rights to all lands received by Eklutna, Inc. Under terms of the Act, local governments located within village selection areas were also eligible to receive up to 1,280 acres of village corporation lands for needed community expansion.

As a result of ANCSA, most vacant land in Chugiak-Eagle River is owned or managed by Eklutna, Inc. and, to a lesser degree, by the State and local governments. Because of overlapping and conflicting land claims among CIRI, Eklutna, Inc., and the federal, State and local governments, several land agreements have been negotiated among the affected parties over the past twenty years. The future pattern of development in Chugiak-Eagle River will be greatly influenced by these new arrangements of land ownership and management. (The substance of these agreements is further reviewed in the Community Overview chapter.)

As noted previously, the 1970's witnessed many changes in the Chugiak-Eagle River area. Besides dramatic changes in vacant land ownership, there was much subdividing of previously homesteaded tracts. Most new development took place in Eagle River and Eagle River Valley, where suitable land was more attractive because of the availability of community water supplies and a limited-capacity sewerage disposal system.

The increased demand for subdivisions and new homes was caused by the rapid population growth associated with construction of the Trans-Alaska oil pipeline and, later, by State spending practices. People were attracted to the Chugiak-Eagle River area for reasons associated with its natural beauty, small town ambience, and/or lower cost housing. With the growing population came more local-serving commercial development and employment opportunities. A new four-lane freeway was extended in phases through the area, replacing the Old Glenn Highway as the major highway link between Anchorage and Matanuska-Susitna Valley communities. The new growth led to further discussion and debate about the need for more and better public facilities and services, and the means for achieving more local self-determination in local government.

Dissatisfaction with the borough government had been mounting in the Chugiak-Eagle River area. Many residents felt that planning for new facilities was too often undertaken by borough newcomers in Anchorage who were unfamiliar with the community. This led to a movement to secede from the Greater Anchorage Area Borough and to form a new borough. The major issues of contention focused on local self-determination and cost. Police protection and education facilities and services headed the growing list of expensive community needs, with property taxes in a predominantly residential area being the primary source of revenue.

In 1974, despite projected higher costs and the risk of higher taxes, Chugiak-Eagle River residents voted for independence. The following months were busy organizing a new borough government to be put into operation in mid-1975. In the meantime, remaining Greater Anchorage Area Borough and City of Anchorage residents voted to unify the city and borough governments into a new Municipality of Anchorage.

Not everyone in Chugiak-Eagle River supported the new borough. Shortly after the 1974 election, a lawsuit was filed alleging that creation of the borough had not been undertaken in accordance with State law. Shortly after the areawide unification election in 1975, the Alaska Supreme Court declared that the legislation creating the new Chugiak-Eagle River Borough was unconstitutional. As a result, Chugiak-Eagle River was included in the newly unified Municipality, despite the fact that local residents had never voted on the unification issue. A later attempt to establish a separate borough government for Chugiak-Eagle River failed when the Alaska Local Boundary Commission ruled that the area did not meet the standards for a separate borough. The desire to achieve more local self-determination by secession and establishment of a new local government strained many relations within the area, and with Anchorage. These strains gradually relaxed. However, the desire for more local control over public facilities and services, as well as other governmental decision-making, remained.

Although the establishment of a separate borough for the area failed, a number of gains toward more local control came about. The new Anchorage municipal charter was established to promote a more responsive government, and "to secure maximum local control of local affairs." It called for the establishment of community councils "to afford citizens an opportunity for maximum community involvement and self-determination." Since then, six councils—Birchwood, Eagle River, Chugiak, Eagle River Valley, Eklutna Valley, and South Fork—have been formed and recognized by the Anchorage Assembly.

Another gain for self-determination included in the municipal charter was the provision of most local government services being determined by service area. Some services are areawide, including taxation, education, planning and library services. Most others, however, are only provided as residents in a particular area desire them. Police protection was extended to Chugiak-Eagle River by the Municipality following an election favoring the service in the area shortly after unification. A portion of the area, focusing on Eagle River and lower Eagle River Valley, voted in full fire protection service. Since then, additional services for water and sewer, parks and recreation, and roads have been included for different portions of Chugiak-Eagle River following voter approval.

The rapid growth and change in the Chugiak-Eagle River area through the 1970's led to the development and adoption of the area's first comprehensive plan at the end of the decade. Prepared with the assistance and direction of the area's community councils and its single largest land owner, Eklutna, Inc., the plan outlined future land use patterns and growth management strategies. A key regulatory strategy for directing the area's growth was the implementation of areawide zoning.

Between 1983 and 1986, most of the area underwent phased areawide zoning. This process was initiated in response to problems associated with the issuance of land use permits in the absence of zoning for most of the area. At the time, the entire Municipality was undergoing a very rapid rate of population growth. During five short years, 1980 to 1985, Chugiak-Eagle River's population grew from 14,800 to 25,067 people. With the rapid drop in State spending and economic activity during the following five years, however, the area's growth slowed to a near halt, while metropolitan Anchorage's population actually declined by nearly 30,000 people.

Today, the future economic outlook for the State and Southcentral Alaska appears mixed. The future of Chugiak-Eagle River is clearly linked to that of Anchorage and the State. The role of the federal government in the lives and economy of Chugiak-Eagle River is diminishing, to be replaced by other more recent entities. One trend that has become quite evident is the reduction in government subsidies for capital facilities and service programs. For the community, this means that fiscal self-reliance will become just as important as self-determination.

A greater portion of the costs for public facilities and services will have to be borne locally. To keep costs at a minimum, this will require careful timing, siting and design, based upon thorough and accurate projections of need and use. The establishment of priorities will become more important, as will optimum utilization and efficient use of the facilities. Land use policies and capital facilities programming will be significant determinants of cost, utilization and efficiency.

The Chugiak-Eagle River area has natural and community assets that will continue to attract population growth and economic opportunity. An awareness of those assets and the establishment of means to protect, promote and enhance them will assure Chugiak-Eagle River of a bright future.