

# Local Boundary Commission Statement of Decision

## Members

*Lynn Chrystal*  
Chair  
At Large

*John Harrington*  
Member  
First Judicial District

*Bob Harcharek*  
Vice Chair  
Second Judicial District

*Darroll Hargraves*  
Member  
Third Judicial District

*Lavell Wilson*  
Member  
Fourth Judicial District



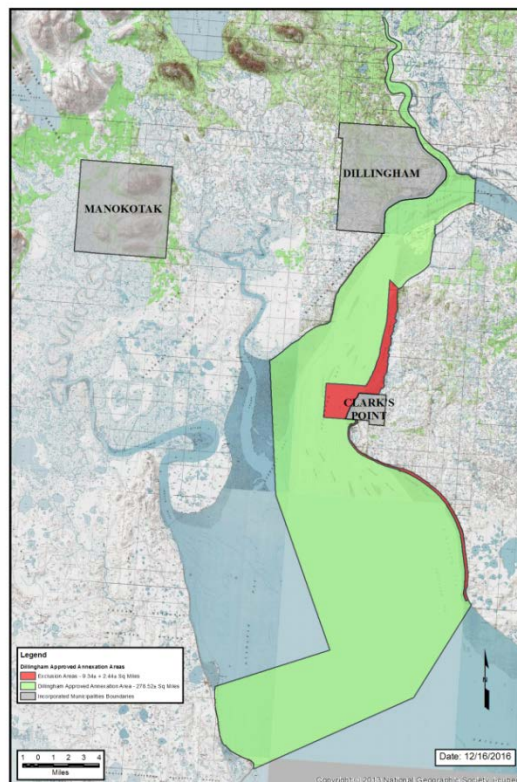
In the matter of the  
City of Dillingham  
Annexation Petition  
of approximately 399  
square miles of land  
and water

## Section I Introduction

On June 12, 2015, the Local Boundary Commission staff accepted the City of Dillingham Legislative Review Annexation Petition of approximately 399 square miles of land and water. The petition was amended in the decisional meeting on December 1, 2016, and the amended boundaries are generally described as the Nushagak Commercial Salmon District and Wood River Sockeye Salmon Special Harvest area, and excluding the Igushik Section and Snake River Sections defined by Alaska Department of Fish and Game districts.

The amended territory also excludes territory generally described as the legal offshore fishing distance for set nets and the corresponding Fish and Game statistical areas along the shore on the east side of Nushagak Bay north and south of Clark's Point totaling approximately  $9.34\pm$  and  $2.44\pm$  square miles respectively.

The amended boundaries with all exclusions consist of approximately  $278.52\pm$  square miles of land and water. The territory is wholly located in the Bristol Bay recording district and the Dillingham Census Area.



Map of Annexation Boundaries as Amended

## **Section II Proceedings**

September 27, 2014: The City of Dillingham held the required pre-submission hearing for legislative review petitions.

January 22, 2015: The City of Dillingham submitted a legislative review petition.

June 12, 2015: The department accepted the City of Dillingham's petition for filing and opened the first public comment period.

September 1, 2015: The City of Manokotak submitted a legislative review petition for annexation to the Local Boundary Commission.

September 25, 2015: Manokotak asked the LBC to postpone the City of Dillingham annexation proceedings to consolidate the petitions so they would proceed on the same schedule.

December 3, 2015: The LBC granted Manokotak's request for consolidation.

December 4, 2015: The City of Manokotak's petition was accepted for filing and a public comment period for the consolidated petitions opened.

February 26, 2016: The public comment period on the consolidated petitions from cities of Dillingham and Manokotak ended.

June 3, 2016: A preliminary report to the LBC regarding the consolidated annexation petitions was released and a second public comment period began.

July 15, 2016: The second public comment period ended.

August 19, 2016: A motion from Ekuk, et al., was submitted to the LBC, and, consequently, an additional public comment period on the preliminary report opened and was extended through September 19, 2016.

October 28, 2016: A final report to the LBC regarding the consolidated annexation petitions was released.

November 28-30, 2016: A hearing was held in both Manokotak and Dillingham regarding the annexation petitions.

December 1, 2016: A decisional meeting was held in Anchorage. The commission determined that the annexation boundaries proposed by Dillingham must be altered. The decision to approve the annexation of the amended territory is described in Section III.

## **Section III Findings and Conclusions**

### **Need – 3 AAC 110.090**

The commission noted that the City of Dillingham was not planning on providing new services; rather, the city intends to enhance those services the city currently provides and which may have been cut, reduced, or are in jeopardy of being cut due to lack of funds to support those services. The commission found that the extension of city services or facilities into the territory was necessary to enable the city to provide adequate services to city residents. The commission noted that testimony demonstrated a need for increased city revenue in order to compensate for the services the city provides that are related to the fishing industry.

When Commissioner Hargraves suggested that the City of Dillingham could increase user fees for those using its facilities, Chair Chrystal said it is not up to the LBC to determine what amounts the city must charge for its services.

The chair polled the commission regarding 3 AAC 110.090(a). Three members stated they believe the standard is met: Commissioners Harrington and Wilson, and Chair Chrystal. Commissioners Hargraves and Harcharek stated that they do not believe it is met.

Regarding 3 AAC 110.090(b), the commission also found that no other existing city or organized borough could provide essential municipal services to the territory, as amended by the commission, more efficiently or effectively than the City of Dillingham because there is no other city or an organized borough in place to do this. The commission also found that no borough is likely to form and no existing city is near enough to provide these services. Commissioner Wilson said a borough could be more efficient in terms of service provision, but that was not relevant at this time without any foreseeable borough incorporation petition.

The commission found the territory proposed for annexation, as amended, exhibited a reasonable need for city government and found that the standard in 3 AAC 110.090 is met.

#### **Character – 3 AAC 110.100**

The commission noted that Dillingham is home to a large fishing fleet that uses the city as its base for fishing in the Nushagak District as well as other districts in Bristol Bay. These fishermen and crewmembers come in and out of the Dillingham port during the season. The commission also noted that the City of Dillingham demonstrated in public hearing testimony its reliance on and ties to the fishing industry. For these reasons, the commission found that the character of the territory proposed for annexation is compatible with the City of Dillingham and the standard regarding character found in 3 AAC 110.100 is met.

#### **Resources – 3 AAC 110.110**

The commission noted that the City of Dillingham demonstrated that the city has the human and financial resources and ability to provide essential municipal services to the city and the territory proposed for annexation, as amended, because the city had done so for two years before the previous annexation decision was vacated by the superior court.<sup>1</sup> The commission also noted that the testimony provided evidence of the need for additional revenues and the value of the taxable property (in this case, raw fish) found in the territory proposed for annexation.

Commissioner Hargraves stated for the record that there are no residents in the territory and that he opposes a finding that this standard is met. Commissioner Harrington noted that in order for the commission to be consistent with its previous decision regarding Manokotak, it must find that the community has met this standard.

The commission found that the proposed expanded city has the human and financial resources necessary to provide essential municipal services on an efficient, cost-effective level in the expanded boundaries, as amended, and meets the standard of resources found in 3 AAC 110.110.

#### **Population – 3 AAC 110.120**

The commission noted that population in the City of Dillingham is larger than Manokotak, which they also found to meet the standard regarding population. They noted the City of Dillingham does have a stable and large enough population to support this proposed annexation. The LBC also noted that the successful implementation of the prior annexation approved in 2011 (but vacated by the superior court in 2014) demonstrated that in the past, the city did indeed have the population to support the extension of city government into the expanded boundaries.

Commissioner Hargraves disagreed with this finding by noting again that only fish live in the territory and there is no permanent population as defined by 3 AAC 110.990(10) in the territory

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<sup>1</sup> On December 14, 2011, the commission approved a petition by the City of Dillingham to annex the entire Nushagak Bay. That annexation was in effect for approximately two years before the superior court in Dillingham vacated the annexation on March 27, 2014 (Case No. 3DI-12-22CI).

proposed for annexation. However, the commission found, for the above reasons, that the population within the proposed expanded boundaries of the city is sufficiently large and stable enough to support the extension of city government and that the standard regarding population in 3 AAC 110.120 was met.

### **Boundaries – 3 AAC 110.130**

The commission found the proposed boundaries are contiguous and do not create enclaves.

Commissioner Hargraves said that the territory proposed for annexation is a huge area with no permanent residents. Commissioner Harcharek said the annexation was not on a scale suitable for city government.

Commissioner Harrington said the territory proposed for annexation is on a scale suitable for city government consistent with prior commission decisions. Commissioner Hargraves disagreed because there was no need for government over an area with no population and that the area is too large for a small first- or second-class city.

The commission amended Dillingham’s proposed boundaries to be consistent with statistical areas set by the Alaska Department of Fish and Game for the purposes of implementation of a fish tax, and noted that this was also a justification for the size of the area included in the amended boundaries.

Overall, the commission agreed that the original boundaries proposed by Dillingham include an entire geographical region and a large unpopulated area. However, a majority of the commission noted that the boundaries, as amended to exclude the Snake River District, the Igushik District, and the areas excluded on the east side of the bay, will include less than the entire geographical region of the bay, and are justified by the application of the rest of the annexation standards in 3 AAC 110.090 – 3 AAC 110.135.

[Staff requests clarification from the commission regarding its findings under 3 AAC 110.130(c)(1) and (2) and clarification from the commission whether it found that those standards are satisfied by the amended boundaries.]

The commission found that the proposed annexation did not describe boundaries that overlapped any other city or borough because there is none nearby. They noted that Dillingham’s proposed boundaries do overlap the City of Manokotak’s just-approved petition, but that amendment of Dillingham’s petition to exclude the areas included in Manokotak’s petition removes the overlapping area.

The commission further found that the proposed expanded boundaries, as amended, included all land and water necessary to provide the development of essential municipal services on an efficient, cost-effective level.

### **Best Interests of the State – 3 AAC 110.135**

#### **Maximum Local Self-Government**

The commission found that the proposed annexation would expand government to an area in the unorganized borough and outside any city and would bring more territory under an incorporated city, maximizing the self-government of that area. The commission therefore found this annexation promoted maximum local self-government and meets the standard found in 3 AAC 110.981 and 3 AAC 110.135(1).

#### **Minimum Number of Local Government Units**

Because no new governmental units will be created by this proposed annexation, the commission found that the annexation proposed by the City of Dillingham would simply enlarge boundaries of an existing city rather than promote the incorporation of a new city. For this reason, the commission determined that the proposed annexation met the standard promoting a minimum number of local

government units as determined under 3 AAC 110.982 and in accordance with art. X, sec.1, Constitution of the State of Alaska.

### **Relief from State Provision of Local Services**

Commissioner Harcharek stated that he believed the annexation is in the best interests of the state. Chair Chrystal said the annexation will relieve the state of some tasks in the territory. Commissioner Hargraves expressed concern over the possible effect such an annexation could have on the state. The commission noted the importance of healthy fisheries from a statewide perspective as well. After having found that the previous two sections regarding the promotion of maximum local self-government and a minimum number of local government units were met, the commission determined that the annexation, as amended, is in the best interest of the state and that the standards found in 3 AAC 110.135 were satisfied.

### **Legislative Review – 3 AAC 110.140**

The commissioners considered the standards for annexation via legislative review under 3 AAC 110.140 and found that four of the eight listed circumstances were present.

The commission found that the extension of city services or facilities into the territory is necessary to enable the city to provide adequate services to city residents. The commission noted that the testimony demonstrated a need for increased city revenue in order to compensate for the services the city provides that are related to the fishing industry. Subsection (3) of 3 AAC 110.140 is met.

The commission also found that subsection (7) is met because the commission had already determined that the annexation would promote maximum local self-government and a minimum number of local government units.

The commission also noted that the City of Dillingham has already demonstrated its ability to implement this annexation and administer the fish tax during the two years in which the prior annexation was in effect. The commissioners found that this demonstrated that the annexation would enhance the extent to which the City of Dillingham met the incorporation standards for cities.

In addition, the commission found that subsection (9) was met and that the specific policies set out in the Constitution of the State of Alaska and AS 29.06 are best served through annexation of the territory by the legislative review process. Moreover, the commission had already found that the annexation was in the best interests of the state.

Needing only to find one circumstance met under legislative review, the commission finds that the proposed territory, as amended, may be annexed to the City of Dillingham by the legislative review process under 3 AAC 110.140.

### **Transition – 3 AAC 110.900**

The commission found that Dillingham's annexation petition includes a practical plan that demonstrates the capacity of the city to extend essential municipal services into the boundaries proposed for change in the shortest practicable time.

The commission noted that the City of Dillingham had operated within and administered a fix tax over the entire bay for two years before the prior annexation was vacated. In this way, Dillingham has demonstrated its ability to extend services into the expanded boundaries of the city.

Dillingham's transition plan includes a plan for the assumption of all relevant powers, duties, rights, and functions by the city, as well. Commissioner Harrington noted that the city is providing environmental protection within city boundaries, as well as enhancing public safety and response coordination by volunteers. The commission found that the petitioners consulted with relevant entities and documented the dates and subjects of such consultations in the transition plan. The transition plan also indicated that it was designed to effect an orderly, efficient, and economical transfer within the shortest practical time.

The commission found that a section in the plan regarding the transfer and integration of assets and liabilities was not applicable and therefore not necessary to include. The commission also found it was not necessary to require an agreement between any entities because there are no other governmental entities within the proposed annexation area, as amended.

The commission determined that the information contained in testimony, the petition, and the entire record is sufficient to meet the standard in 3 AAC 110.900 regarding transition.

#### **Statement of Nondiscrimination – 3 AAC 110.910**

The commission found no evidence that the adoption of the annexation proposal from the City of Dillingham would deprive any person of any civil or political rights because of sex, creed, national origin, or race. The commissioners found the standard under 3 AAC 110.910 is met.

#### **Determination of Essential Municipal Services – 3 AAC 110.970**

Because essential municipal services were discussed, the commission did identify those that are reasonably necessary to the community and promote maximum, local self-government, as well as services that cannot be provided more efficiently or more effectively by the creation or modification of some other political subdivision of the state.

The commission noted that the City of Dillingham does offer those services that are necessary for the safety and well-being of residents, including taxation, platting, oil spill response, and the operation of a school system.

Several commissioners noted that a borough could better provide services, but at this time, with no anticipated borough formation petition, the commission found that the City of Dillingham was the most appropriate and most able entity to provide those essential municipal services.

#### **Conclusion and Vote**

After a discussion of the standards described above, Commissioner Harrington moved to approve the Dillingham petition as presented; Commissioner Harcharek seconded the motion.

Commissioner Harrington moved to amend his motion to exclude the area already granted in approval of the City of Manokotak's annexation petition, and that territory on the east side of Nushagak Bay, which was depicted and described in the two exhibits E-30 and E-31 presented by respondents Ekuk, et al., at the public hearing.

The amendment provides for exclusion of the legal offshore fishing distance for set nets and the corresponding Fish and Game statistical areas, which were described during the public hearing and during the decisional meeting. The amendment also excluded the Igushik and Snake River Sections that were included as part of the City of Manokotak's annexation petition approved by the commission earlier in the decisional meeting.

Commissioner Wilson seconded the motion to amend the motion to approve the annexation. A roll call vote was taken on whether to approve the amendment which excluded the above-noted areas from the territory proposed for annexation. Four commissioners voted yes. Commissioner Hargraves voted no and stated that he supported only part of the amendment and, therefore, had to vote against the motion to amend.

After a discussion, a roll call vote on the amended motion to approve the petition was called. All five commissioners voted in favor of approving the City of Dillingham's petition as amended by the commission.

A legal description of the amended annexation boundaries approved by the commission is set out below in Section IV.

**Section IV**  
**Order of the Commission**

[Legal Description]

Approved in writing on this \_\_\_\_ day of \_\_\_\_\_, 2016

Local Boundary Commission

By: \_\_\_\_\_  
Lynn Chrystal, Chair

Attest: \_\_\_\_\_  
Eileen Collins, Staff

Based on the findings and conclusions set out in Section III of this decisional statement, the Local Boundary Commission notes that all of the relevant standards and requirements for annexation are satisfied by the annexation proposal filed by the City of Dillingham. Accordingly, the commission hereby approves the January 22, 2015, petition of the City of Dillingham as amended.

The commission will submit a recommendation for the annexation of the territory in question to the First Session of the Thirtieth Alaska Legislature in accordance with the provisions of Article X, Section 12 of the Constitution of the State of Alaska.

**Reconsideration by the Commission**

Regulation 3 AAC 110.580 titled “Reconsideration” provides as follows:

- (a) Within 18 days after a written statement of decision is mailed under 3 AAC 110.570(f), a person may file an original and five copies of a request for reconsideration of all or part of that decision, describing in detail the facts and analyses that support the request for reconsideration.
- (b) Within 30 days after a written statement of decision is mailed under 3 AAC 110.570(f), the commission may, on its own motion, order reconsideration of all or part of that decision.
- (c) A person filing a request for reconsideration shall provide the department with a copy of the request for reconsideration and supporting materials in an electronic format, unless the department waives this requirement because the person requesting reconsideration lacks a readily accessible means or the capability to provide items in an electronic format. A request for reconsideration must be filed with an affidavit of service of the request for reconsideration on the petitioner and each respondent by regular mail, postage prepaid, or by hand-delivery. A request for reconsideration must

also be filed with an affidavit that, to the best of the affiant's knowledge, information, and belief, formed after reasonable inquiry, the request for reconsideration is founded in fact and is not submitted to harass or to cause unnecessary delay or needless expense in the cost of processing the petition.

(d) If the person filing the request for reconsideration is a group, the request must identify a representative of the group. Each request for reconsideration must provide the physical residence address and mailing address of the person filing the request for reconsideration and the telephone number, facsimile number, and electronic mail address, if any, for the person or representative of the group.

(e) The commission will grant a request for reconsideration or, on its own motion, order reconsideration of a decision only if the commission determines that

- (1) a substantial procedural error occurred in the original proceeding;
- (2) the original vote was based on fraud or misrepresentation;
- (3) the commission failed to address a material issue of fact or a controlling principle of law;  
or
- (4) new evidence not available at the time of the hearing relating to a matter of significant public policy has become known.

(f) If the commission does not act on a request for reconsideration within 30 days after the decision was mailed under 3 AAC 110.570(f), the request is automatically denied. If it orders reconsideration or grants a request for reconsideration within 30 days after the decision was mailed under 3 AAC 110.570(f), the commission will allow a petitioner or respondent 10 days after the date reconsideration is ordered or the request for reconsideration is granted to file an original and five copies of a responsive brief describing in detail the facts and analyses that support or oppose the decision being reconsidered. The petitioner or respondent shall provide the department with a copy of the responsive brief in an electronic format, unless the department waives this requirement because the petitioner or respondent lacks a readily accessible means or the capability to provide items in an electronic format.

(g) Within 90 days after the department receives timely filed responsive briefs, the commission, by means of the decisional meeting procedure set out in 3 AAC 110.570(a) - (f), will issue a decision on reconsideration. A decision on reconsideration by the commission is final on the day that the written statement of decision is mailed, postage prepaid, to the petitioner and the respondents.

### **Judicial Appeal**

A decision of the Local Boundary Commission may be appealed to the Superior Court under AS 44.62.560(a) and Rules of Appellate Procedure 602(a)(2). Per 3 AAC 110.570(g), this is the final decision of the commission, unless reconsideration is timely requested or the commission orders reconsideration. A claimant has 30 days to appeal to the Superior Court.