



December 28, 2016

CITY OF SAND POINT ANNEXATION

REPLY BRIEF

The City of Sand Point received three public comments in response to the annexation petition. Two were received before the public comment period deadline expired on December 7, 2016, while one comment was allowed by the Commission after the comment period had ended. One of the commenters (Hemenover) deemed their comment a “responsive brief,” and as such the City responded to them directly during the reply brief period.

We will respond to the comments in the order that they were received.

Hemenovers, Pirate Cove (received November 23, 2016)

The commenter’s assertion that annexation “opens the door” to a property tax in the territory is unfounded. The City of Sand Point does not currently levy a property tax, and there has been no discussion at any City level of recommending a property tax associated with the proposed annexation. The vast majority of rural and off-road Alaska communities do not levy a property tax, and we have found no historical evidence that suggests one is likely to be considered for Sand Point in the future. The most current Community Comprehensive Plan from 1994 (due for an update in 2017) makes no mention of a property tax. Likewise, there have been no official statements of increasing the city sales tax (currently at 4%) due to annexation. The commenter is correct that the primary taxation concern of the annexation proposal is related to the raw fish tax, but that again is not going to increase due to the annexation, and it is a tax that any fisherman would be paying regardless of whether the annexation passes or not.

The Hemenovers, like anyone else, are paying a sales tax on any applicable sales transactions they make in Sand Point, and that will remain unchanged. That tax in part is used to fund city services such as street and facility maintenance, public safety, and parks and recreation. The Hemenovers and any other visitors to Sand Point can enjoy those services, just as visitors to Kodiak, Homer, or any other city that levies a sales tax can enjoy. A sales tax does not equate to the provision of utility services. A practical expectation can be made that the City will continue to provide emergency service response capabilities to an area such as Pirate Cove- again, as much as is reasonable- but without a true overland connector such as a road over Popof Island, it is not realistic to assume that police services and water and sewer lines would extend all over the island.

Moreover, the largest land owners potentially to be affected by the proposed annexation would likely be the Shumagin Corporation, the village corporation and surface owners of Popof Island. They have offered no objection to the annexation petition.

Finally, we take all commenter's concerns into serious consideration, but it is worth noting that Mr. Hemenover owes the City of Sand Point more than \$14,000 in uncollected harbor fees.

Unga Corporation, Sand Point (received December 6, 2016)

The Unga Corporation is concerned about the effects of annexation on the eastern portion of Unga Island. The City has made clear to Unga Corp representatives on several occasions that the proposed annexation does not include any portion of the island; it only seeks to incorporate the area of water *between* Unga Island and Popof Island, where Sand Point is located.

The Corporation is concerned that annexation "will hinder future economic development and future generational use on Unga Island and its surrounding area." This assertion is speculative and without basis as the current city boundaries already border a large portion of the northeast section of Unga Island, with no documented detrimental effect on the Corporation's ability to foster economic development and use on the island.

The City is not attempting to annex "an entire geographical region," as the commenter asserts. Sand Point is located within the Aleutians East Borough (AEB), and the Borough is the "region" for this part of the state. This annexation is only attempting to carve out a relatively small portion of the AEB; we are not seeking to divide the AEB into two boroughs.

Finally, according to the latest data from the State of Alaska Department of Labor and the Department of Commerce, Community and Economic Development- Division of Community & Regional Affairs, the 2015 population of both Unga Village and Squaw Harbor was 0. There was also no data for either community from the 2010 U.S. Census. If there are residents living on Unga Island the City is more than happy to speak to them and discuss their concerns related to the petition.

Amy Foster, Sand Point (received December 8, 2016)

The commenter's main objection is that the proposed area is too large "to annex for the purposes of taxation of raw fish." True, one of the City's goals in pursuing the annexation is to recover additional fish tax dollars in an expanded fishing district, and the reasons for doing so are outlined in the petition. Countless Alaskan communities have employed annexation as a form of revenue generation, including the two most recent cases of Dillingham and Manokotak approved by the LBC. As state government revenues shrink- thus affecting the support programs that used to go directly to communities (such as revenue sharing)- local governments must look to more *localized* revenue sources to provide services. In Sand Point's case that revenue source is predominantly fish, and in the proposed territory fishing boats and other vessels that traverse those waters use city services in the form of the harbor, the city dock, the health clinic, landfill, public safety, and more. The primary users of those waters- whether Sand Point residents or visitors- rely on municipal services, and capturing more revenue helps to enhance those services.

The expansion area in question (245 square miles) is comparable or even smaller than the areas of Yakutat, Unalaska, St. Paul and Togiak, in addition to the Bristol Bay Borough; all communities with

similar or smaller populations than Sand Point. The aforementioned communities have larger boundaries to incorporate more opportunities for revenues, among many reasons, and water is often a large percentage of these areas. The scope to expand services to a body of water is limited. There is obviously no population living on the water, of course, but the resources that these communities, as well as Sand Point, depend on are located in these waters. Thus, often the users and harvesters of these resources live and work in Sand Point.

The City has responded to emergencies in the proposed territory for many years, and incorporating that area into city boundaries will help justify expending municipal resources in that territory. Mrs. Foster has some trepidation with the size of proposed area of annexation, and the City Administrator has spoken to her on a few occasions and taken her concerns into consideration when working on the petition. However, residents should not see diminished services due to an enlargement of City boundaries. The intent of the annexation is for new revenue to enhance the public services the City already offers, and to use those resources to plan for possible new development on Popof Island.