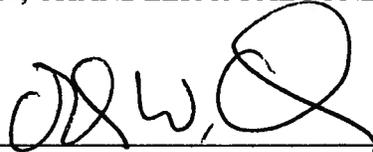




**City of Dillingham  
Responsive Brief On  
Petition to Annex THE WEARY/SNAKE RIVER TRACT, THE SNAKE RIVER  
SECTION AND IGUSHIK SECTION OF THE NUSHAGAK COMMERCIAL  
SALMON DISTRICT, AND THE IGUSHIK VILLAGE TRACT, CONSISTING OF  
118 SQUARE MILES OF WATER AND 37 SQUARE MILES OF LAND,  
Using Legislative Review Method**

**February 26, 2016**

BOYD, CHANDLER & FALCONER, LLP

By: 

Brooks W. Chandler  
Attorney for City of Dillingham

AS 29.35.260(c) makes planning power optional for second class cities such as Manokotak. The city's current ordinances<sup>16</sup> do not provide for any planning and zoning authority within existing city boundaries. If the city has not exercised planning and zoning powers within existing boundaries a claim that annexation is necessary to provide for planning powers on any of the land within Tracts A, B and C is not logical. Igushik is a seasonal community which as documented by Manokotak's petition has been in existence for decades. The municipality of Manokotak has been in existence for decades without exercising planning and zoning authority. There is no indication of a historical need for the exercise of such power either within Manokotak or within the territory it proposes to annex. Given this history the assertion that annexation is necessary to prevent haphazard development is a stretch too far. The need for city government at Igushik Beach has not been demonstrated.

**WITHIN TRACT B DILLINGHAM HAS THE ABILITY TO PROVIDE ESSENTIAL SERVICES MORE EFFICIENTLY AND EFFECTIVELY THAN MANOKOTAK**

In its December 2011 decision approving Dillingham's annexation petition the LBC found "no other existing municipality has the ability to provide essential municipal services to the territory to be annexed more efficiently and more effectively" than Dillingham<sup>17</sup>. The territory to be annexed included Tract B. This finding was based in part on the absence of an expressions from Manokotak that Manokotak residents wanted or were capable of providing essential municipal services within Tract B. This is not surprising. The focus of Manokotak's petition is on provision of services in Tract C the upland area adjacent to Igushik Beach. But Dillingham's long history of providing support services to the Nushagak District permit holders through existing port and harbor facilities, a landfill, roads and public utilities all of which are needed to provide a way to harvest fish, process fish and transport fish to market argues in favor of an LBC determination that Dillingham is more efficiently and effectively able to provide services within Tract B. That Manokotak has filed an annexation petition does not change the nature and value of the services actually provided by Dillingham in Tract B. A hope to provide services in the future does not diminish Dillingham's history of providing services for decades. Dillingham remains the most effective and efficient municipality to provide services to permit holders fishing in the Igushik Section of the Nushagak District.

**MANOKOTAK'S PROPOSED FISH TAX CANNOT BE FEASIBLY IMPLEMENTED.**

3 AAC 110.110[4] requires the LBC to consider the feasibility and plausibility of Manokotak's proposed operating and capital budgets. Both capital and operating budgets submitted with the Manokotak petition are premised on collection of a 2% raw fish tax on fish harvested within the proposed expanded Manokotak boundary<sup>18</sup>. Whether the fish tax is feasible to implement is integral to Manokotak's plan to extend services to Igushik Beach.

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<sup>16</sup> Exhibit G (excerpt from Manokotak code).

<sup>17</sup> Dec. 12, 2011 Decision p. 6.

<sup>18</sup> Manokotak Petition p. 65.

Manokotak has not provided a specific proposed fish tax with its petition<sup>19</sup>. Such taxes typically take two forms; 1) a version of a sales tax in which the tax is imposed on the seller of raw fish and collected by the buyer at the point of delivery<sup>20</sup>; and 2) a severance tax also based on the value of fish levied based on where fish were caught and also collected by the buyer at the point of delivery<sup>21</sup>. Neither version is feasible to implement within proposed Tract B. Understanding why requires an understanding of how fish caught within Bristol Bay by the drift fleet are sold, delivered, and identified.

The Bristol Bay fishery is managed by the Alaska Department of Fish and Game (ADF&G) in accordance with a published management plan. For management purposes, Bristol Bay is divided into 5 Districts<sup>22</sup>. A commercial drift permit is issued for the entire Bristol Bay fishery. A Bristol Bay limited entry drift permit can be fished in any one of the 5 commercial fishing districts – Togiak, Nushagak, Naknek-Kvichak, Egegik, Ugashik. A permit holder may fish in the Nushagak District or may fish on the eastern side of Bristol Bay in the Egegik District<sup>23</sup>. This election is made before starting to fish and may be changed with 48 hour notice.

The Nushagak District drift net commercial fishery is divided into three sections - the Nushagak (or “all other”), Snake River (closed), and Igushik<sup>24</sup>. Within the Nushagak District a drift permit holder may fish in either the Igushik Section or the Nushagak Section without making any formal declaration and can move between sections without advance notice. ADF&G may open the entire Nushagak District or to ensure escapement in the Igushik Section is met, will very occasionally only open the Nushagak Section<sup>25</sup>.

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<sup>19</sup> Manokotak’s Transition Plan does not provide a schedule for adoption of such a tax or implementation of collection. Should the LBC approve Manokotak’s petition such approval should be conditioned on actual adoption and implementation of a fish tax. [3 AAC 110.570(c)(1) [authority to impose conditions on annexation].

<sup>20</sup> See, for example SPCO 6.10.110(b)(City of Sand Point sales tax); UCO Chapter 6.44 (City of Unalaska raw fish tax).

<sup>21</sup> Chapter 60.40 (Aleutians East Borough severance tax). These local ordinances are attached as Exhibit H.

<sup>22</sup> See, [http://www.adfg.alaska.gov/index.cfm?adfg=CommercialByFisherySalmon.salmonmaps\\_districts\\_bristolbay](http://www.adfg.alaska.gov/index.cfm?adfg=CommercialByFisherySalmon.salmonmaps_districts_bristolbay)

<sup>23</sup> 5 AAC 06.370(a) and (b)(notice of election of district required, change in district permitted with advance notice).

<sup>24</sup> 5 AAC 06.200.

<sup>25</sup> Exh. I, (ADF&G Nov. 25, 2015 letter).

ADF&G has designated six set net areas and the two drift fishery sections as statistical areas<sup>26</sup>. Manokotak seeks to annex both the Igushik Beach set net statistical area (325-11) and the Igushik Section drift fishery statistical area (325-10).

Bristol Bay fish deliveries are made on the water to tenders and recorded using either paper or electronic fish tickets<sup>27</sup>. The Bristol Bay drift fleet reports all salmon caught in Bristol Bay by “District Caught” not by statistical area<sup>28</sup>. When the entire Nushagak District is open salmon harvested are reported as “Nushagak District” fish using the 325-00 designation. According to ADF&G “it is not possible to separate harvest by section” when both the Igushik Section and the Nushagak Section are open<sup>29</sup>. Permit holders and fish buyers are not required to estimate or separately identify in which section a particular fish was harvested.

This means Manokotak’s planned fish tax is not capable of being implemented and enforced under the current ADF&G reporting system. This greatly complicates Manokotak’s plan to collect fish tax levied on fish harvested in the Igushik Section. In fact, Manokotak told ADF&G the current reporting system “may frustrate the ability of Manokotak to determine which fish harvests are subject to the 2% raw fish tax Manokotak proposes in its annexation petition . . . Unless ADF&G’s fish tickets specifically identify salmon as being harvested from the Igushik Section, it may not be feasible to have the fish buyers collect and remit the tax payments”<sup>30</sup>.

3 AAC 110.110[4] requires the LBC to assess the “feasibility” of Manokotak’s anticipated capital and operating budgets. Those budgets are premised on an assumption of collecting raw fish tax on fish harvested from the Igushik section that, by Manokotak’s own admission is of doubtful feasibility. It is not in the best interests of the State of Alaska to encourage the expansion of municipal boundaries based on taxation schemes that are not feasible to implement. This is not simply a matter of two municipalities taxing the same delivery of the same fish at different rates. Rather, tax collection would be destined to be based on estimates not capable of verification or audit. These are standard features of a sales tax critical to its feasibility. Manokotak’s taxation plan is simply not capable of implementation given the current fish ticket reporting system used by the State of Alaska. The LBC should avoid approving a

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<sup>26</sup> Exh. J (ADF&G Nushagak Commercial Salmon Statistical Area Maps. The set net statistical areas are Ekuk, Clarks, Queens, Nushagak/Combine, Coffee Pt. and Igushik.)

<sup>27</sup> Exh. K (Series B Bristol Bay Salmon Fish Ticket).

<sup>28</sup> Id. (area highlighted).

<sup>29</sup> Exh. I (ADF&G Nov. 25, 2015 letter to James Brennan).

<sup>30</sup> Exh. L (James Brennan to ADF&G Commissioner Nov. 10, 2015).



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of  
Fish and Game**

DIVISION OF COMMERCIAL FISHERIES  
Headquarters Office

1255 West 8th Street  
P.O. Box 115526  
Juneau, Alaska 99811-5526  
Main: 907.465.4210  
Fax: 907.465.2604

November 25, 2015

James T. Brennan  
Law Offices of Brennan and Heideman  
619 E. Ship Creek Ave #310  
Anchorage, AK 99501

Dear Mr. Brennan:

Commissioner Cotten asked me to respond on his behalf to your recent letter on fish ticket reporting in Nushagak Bay. I understand why your client is interested in more detailed reporting as it could bolster tax revenues for the City of Manokotak if the annexation request is successful.

On October 20, 2015, Assistant Attorney General Seth Beausang with the Department of Law provided you with the following guidance:

*The Nushagak District drift gillnet fishing area may be opened by individual section (the Nushagak section (325-30) or Igushik section (325-10)), or as a whole (the Nushagak and Igushik sections together (325-00)). The regulation at 5 AAC 39.130(c)(7) refers to statistical area, district, and subdistricts. The Nushagak District does not have any subdistricts. When the entire district is open harvests are reported as 325-00 and that is all the regulation and department require. There is no requirement to list the section where fish are harvested when the entire district is open (reporting is different when only one section is open). Furthermore it is not possible to separate harvest by section when both are open.*

Mr. Beausang reviewed your November 10, 2015 memorandum and has not changed his position that our reporting practices in Nushagak Bay are consistent with Alaska's statutes and regulations. He did, however, ask me to respond to your assertion that our use of statistical areas for purposes of fish ticket reporting conflicts with the definition of the "Igushik Statistical Area" in 5 AAC 06.370(f). Mr. Beausang pointed out that this regulation defines statistical areas in the Nushagak District "[f]or purposes of this section" only, and the regulation pertains to registration and not reporting. I would also like to add there are other areas of the state (e.g., Upper Cook Inlet) where reporting on fish tickets is handled in a similar manner.

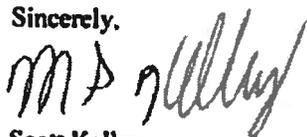
As there are several reasons why your request is impractical for the department and fishermen, I am unable to accommodate your request. If you have any further questions on this issue, please contact Mr. Beausang directly.

James T. Brennan

- 2 -

November 25, 2015

Sincerely,



Scott Kelley  
Director

Cc: Sam Cotten, Commissioner  
Seth Beausang, Department of Law

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LOCAL BOUNDARY COMMISSION

DECISIONAL MEETING

December 1, 2016  
9:07 a.m.

Taken at:  
Anchorage, Alaska

Commissioners Attending:  
Lynn Chrystal, Chairman  
John Harrington (via telephone)  
Bob Harcharek (via telephone)  
Lavell Wilson  
Darroll Hargraves  
Staff Attending:  
Eileen Collins  
Brent Williams

1 teleconference.

2 MS. MACSALKA: You -- Chair  
3 Chrystal, you can ask everybody to go on mute  
4 maybe, except the two Commissioners. That helps  
5 (inaudible).

6 CHAIR CHRYSAL: Yeah. I did that  
7 several times yesterday. It helped.

8 MS. COLLINS: Yesterday.

9 MS. MACSALKA: Oh, I'm sorry.

10 CHAIR CHRYSAL: We've actually had  
11 to disconnect and start over a couple times.

12 MS. COLLINS: I guess we could  
13 remind people.

14 CHAIR CHRYSAL: Okay. Anyway.  
15 I'm sorry to interrupt you, Commissioner Wilson,  
16 you were starting to --

17 COMMISSIONER WILSON: Is that  
18 appropriate now to --

19 CHAIR CHRYSAL: Yeah.

20 COMMISSIONER WILSON: My thought  
21 on -- rather than excluding all of Tract B, would  
22 be to give from the mouth of the Weary River a  
23 3-mile-wide corridor all the way down to the  
24 bottom of Tract B following the coastline. That  
25 would protect their setnet fishery 3 miles out and

1       about it. But in this petition as well as in  
2       another petition we're going to look at, there's  
3       nothing out there but fish. Fish don't vote and  
4       fish don't particularly need any services from  
5       those municipalities. So I -- in my estimation,  
6       that standard is not met.

7                   CHAIR CHRYSTAL: Okay. I totally  
8       disagree. I think there are residents out there,  
9       but they're not out there full time.

10                   COMMISSIONER HARGRAVES: No.

11                   CHAIR CHRYSTAL: They're out there  
12       part of the year, but they're still residents.  
13       They still use that property and that land for  
14       probably, what? Four months. So I do feel those  
15       are residents and this would help, say, the people  
16       that live there. That's the people that are there  
17       part time.

18                   We heard so much testimony about how  
19       Manokotak just basically pulls up stakes and moves  
20       out there during the fishing season. So I'm not  
21       sure how you could not consider them residents.

22                   COMMISSIONER HARGRAVES:

23       Mr. Chairman?

24                   CHAIR CHRYSTAL: Yes.

25                   COMMISSIONER HARGRAVES:

1       municipal services on an efficient, cost-effective  
2       level? The Commission may consider relevant  
3       factors; including, land use and ownership  
4       patterns, population density, existing and  
5       reasonably anticipated transportation patterns and  
6       facilities, natural geographic features and  
7       environmental factors, and extraterritorial powers  
8       of cities.

9             I presume we'll have a little disagreement  
10       here on the boundaries. I know Commissioner  
11       Harrington would disagree with having so much  
12       water.

13                             COMMISSIONER HARRINGTON:

14       Absolutely.

15                             CHAIR CHRYSTAL: What you got  
16       against water?

17                             COMMISSIONER HARRINGTON: I don't.  
18       And if I make it clear, I would seriously consider  
19       having the boundaries of such a city include the  
20       natural setnet area -- for that area to be  
21       included. It's just that massive inclusion of the  
22       bay that I have problems with.

23                             CHAIR CHRYSTAL: Okay. Fair  
24       enough.

25                             COMMISSIONER HARCHAREK:

1 a little bit, and we missed that last -- at least  
2 I missed part of that last couple minutes.

3 COMMISSIONER HARRINGTON: Can you  
4 hear me fine?

5 CHAIR CHRYSTAL: Yeah. Right there  
6 is perfect.

7 COMMISSIONER HARCHAREK: That's  
8 better. Much better.

9 COMMISSIONER HARRINGTON: Okay. I  
10 will stay standing still. Now, where was I?

11 CHAIR CHRYSTAL: We were talking  
12 boundaries and water.

13 COMMISSIONER HARRINGTON: The  
14 noncontiguous nature of the Manokotak city --  
15 current city and the Section C and the water in  
16 front of Section C is not contiguous to the city  
17 limits of Manokotak. That's my only dilemma.

18 And yet if we have the option of waiving  
19 that -- because I think we have a clear indication  
20 of the historical ties and community ties between  
21 the two. That's, to me, the only real problem I  
22 see adding Section C and the waters above Section  
23 C to the City of Manokotak is that noncontiguous  
24 section.

25 CHAIR CHRYSTAL: Well, I would

1 counter that by saying that it is contiguous, if  
2 you use part of Tract B.

3 COMMISSIONER HARCHAREK: Correct.

4 CHAIR CHRYSAL: Anyway. Okay.

5 Anybody have any more comments on that?

6 COMMISSIONER HARGRAVES:

7 Mr. Chairman?

8 CHAIR CHRYSAL: Yes, sir.

9 COMMISSIONER HARGRAVES:

10 Commissioner Hargraves. I question the population  
11 density. I question anticipated transportation  
12 patterns and facilities. That corridor, if it had  
13 a road scheduled through it, if there was some  
14 kind of need for that, I could understand it. I  
15 do have questions on those.

16 As far as the water is concerned, this  
17 annexation, a lot of the information that was  
18 provided to us, makes it clear that what we're  
19 after is fish. Now, whether you take a 200-foot  
20 strip along that beach or whether you take the  
21 whole area is immaterial to me.

22 The petition, as they put it in, to my mind,  
23 doesn't need any amendments. I just question the  
24 overall petition, but have no interest in  
25 modifying or amending this petition request.

1 continually on down to the very bottom of Tract B,  
2 you'd basically half Tract B and would still leave  
3 all that contiguous area. I think that would be a  
4 very good solution.

5 CHAIR CHRYSTAL: I think you're  
6 absolutely correct, Commissioner Wilson.

7 COMMISSIONER HARGRAVES:  
8 Mr. Chairman?

9 CHAIR CHRYSTAL: Yes, sir.

10 COMMISSIONER HARGRAVES:  
11 Commissioner Hargraves. What would be the purpose  
12 of reducing that water portion? What's the  
13 purpose of that?

14 COMMISSIONER WILSON: Of reducing  
15 it?

16 COMMISSIONER HARGRAVES: Yeah.

17 COMMISSIONER WILSON: Well, need,  
18 for one thing. Their basic need is along the  
19 shore, not way out in the bay. They testified  
20 there's not many drift fisherman even drift in  
21 that area. It's -- their main concern was the  
22 setnetters and the need for a corridor. And we  
23 get into that contiguous thing. That would keep  
24 it contiguous.

25 CHAIR CHRYSTAL: I could accept all

1 with second-class cities in recent years.

2 I don't know how to get guidance on it, but I  
3 cannot believe that people at the constitutional  
4 convention foresaw a second-class city of this  
5 configuration and size. Thank you.

6 CHAIR CHRYSAL: Okay. Any other  
7 comments?

8 COMMISSIONER WILSON: I'd just like  
9 to point out that, you know, you're talking about  
10 the size of the cities, Wasilla and Palmer.  
11 They're not annexing -- they don't cover large  
12 expanses of water. You know, it's strictly land.

13 And now we've gotten into this thing where  
14 cities are annexing water and have been for some  
15 time, which greatly increases the amount of square  
16 miles that city has. But it doesn't really --  
17 we're talking apples and oranges is what I'm  
18 saying.

19 CHAIR CHRYSAL: Right. Any  
20 comments on that? We still --

21 COMMISSIONER HARRINGTON: Well,  
22 Commissioner Wilson --

23 CHAIR CHRYSAL: Do we still assume  
24 that we're in the best interest of the State here  
25 on this one?

1 CHAIR CHRYSTAL: No. He was  
2 talking about --

3 COMMISSIONER HARRINGTON:  
4 Hargraves. He said it was not in the best  
5 interest of the State. I heard that part, but I  
6 did not hear what he was referring to.

7 CHAIR CHRYSTAL: Well, we were  
8 discussing item 7. At the very end it says, And  
9 is in the best interest of the State.

10 COMMISSIONER HARRINGTON: And is he  
11 referring to the entire annexation proposal?

12 COMMISSIONER HARGRAVES: Correct.

13 CHAIR CHRYSTAL: Excuse me. You're  
14 saying that you're -- the entire proposal is not  
15 in the best interest of the State?

16 COMMISSIONER HARGRAVES: Yes.

17 CHAIR CHRYSTAL: Because I thought  
18 earlier you were saying that you accepted the  
19 petition?

20 COMMISSIONER HARGRAVES: I said I  
21 wouldn't vote to amend it to cut the water. But  
22 I'm saying that that proposal, I don't see how it  
23 benefits the State one iota. The State will  
24 continue to do everything that they have done in  
25 the past out there, provide education, what have

1 call vote.

2 MS. COLLINS: Chair Chrystal?

3 CHAIR CHRYSTAL: Yes.

4 MS. COLLINS: Commissioner Wilson?

5 COMMISSIONER WILSON: Uh...

6 MS. COLLINS: I can come back to

7 you.

8 COMMISSIONER WILSON: Come back to

9 me.

10 MS. COLLINS: Commissioner

11 Hargraves?

12 COMMISSIONER HARGRAVES: Yes.

13 MS. COLLINS: Commissioner

14 Harrington?

15 COMMISSIONER HARRINGTON: No.

16 MS. COLLINS: Commissioner

17 Harcharek?

18 COMMISSIONER HARCHAREK: Yes.

19 MS. COLLINS: Commissioner Wilson?

20 COMMISSIONER WILSON: I'm going to

21 vote no. I'm in favor of the petition, but not to

22 include all of Tract B. So I'll vote no.

23 CHAIR CHRYSTAL: Okay. We have a

24 vote of three to two.

25 MS. COLLINS: The record will

1 Mr. Chairman?

2 CHAIR CHRYSTAL: Yes, sir.

3 COMMISSIONER HARGRAVES: Since I  
4 took a no position with Manokotak, perhaps it's  
5 okay for me to insert no here. There is no need  
6 for government on those fish.

7 CHAIR CHRYSTAL: Okay. Anybody  
8 else? Commissioner Wilson? Okay. We have mostly  
9 noes on that one.

10 Under boundaries, 3 AAC 110.130(c)(2). To  
11 promote the limitation of community, the proposed  
12 expanded boundaries of the city may not include  
13 entire geographical regions or large, unpopulated  
14 areas. Do they include entire geographic regions  
15 or large, unpopulated areas?

16 COMMISSIONER WILSON: Yes.

17 COMMISSIONER HARRINGTON: Yes.

18 COMMISSIONER HARCHAREK: Yes.

19 COMMISSIONER HARGRAVES: Yes.

20 CHAIR CHRYSTAL: Okay. We have a  
21 whole bunch of yeses. Okay. If yes, are those  
22 proposed boundaries justified by the application  
23 of standards in 3 AAC 110.090, 3 AAC 110.135, and  
24 are otherwise suitable for city government?

25 COMMISSIONER HARRINGTON: Yes.

1 CHAIR CHRYSTAL: Okay. Anybody  
2 else?

3 COMMISSIONER WILSON: I say yes,  
4 Wilson.

5 CHAIR CHRYSTAL: Okay. I believe  
6 yes as well.

7 Okay. Boundaries, 3 AAC 110.130(d). Does  
8 the petition for annexation to the city describe  
9 boundaries overlapping the boundaries of an  
10 existing organized borough?

11 COMMISSIONER WILSON: No.

12 CHAIR CHRYSTAL: Okay.

13 COMMISSIONER HARCHAREK: No.

14 COMMISSIONER HARRINGTON: Yes.

15 CHAIR CHRYSTAL: We can skip to the  
16 next question. If yes, does -- no. Wait. We  
17 didn't do that.

18 MS. COLLINS: Bottom one.

19 CHAIR CHRYSTAL: Yeah. Does the  
20 petition for annexation to the city describe  
21 boundaries overlapping the boundaries of another  
22 existing city?

23 COMMISSIONER WILSON: Yes, it does  
24 now.

25 CHAIR CHRYSTAL: I was just going

1                   CHAIR CHRYSTAL: Oh, you're saying  
2                   yes. Okay. I guess maybe I have a question for  
3                   our attorney. You know, the answer to this  
4                   question would be yes if there's a borough getting  
5                   ready to form or is already in the process. But  
6                   it may be years and years and years before that  
7                   happens.

8                   So do we answer the question in today's world  
9                   or the future? I think, today's world. If we  
10                  start voting on things that may happen 10, 20, 30,  
11                  40 years from now, we'll be in trouble.

12                  COMMISSIONER HARRINGTON: My  
13                  apologies, Chair.

14                  CHAIR CHRYSTAL: Yes.

15                  COMMISSIONER HARRINGTON: Based on  
16                  the last one, I would have to say the standard is  
17                  met and the answer is no.

18                  CHAIR CHRYSTAL: Okay.

19                  COMMISSIONER HARGRAVES: Mr.  
20                  Chairman?

21                  CHAIR CHRYSTAL: Yes, sir.

22                  COMMISSIONER HARGRAVES: I think  
23                  what this says is, can these municipal services be  
24                  provided more effectively and more -- more  
25                  effectively by the creation or modification of

1 some other political subdivision? And based on  
2 that, I say yes.

3 It's clear to me that the creation of a  
4 borough would take care of a lot of the problems  
5 that we've had presented to us in here. It would  
6 be the streamlined, most efficient and, in my  
7 estimation, best interest of the State.

8 CHAIR CHRYSTAL: Okay. Anybody  
9 else? I'm not going to bet on the future. I  
10 mean, as far as --

11 COMMISSIONER WILSON: That's the  
12 thing.

13 CHAIR CHRYSTAL: -- way out in the  
14 future, yes, a borough would be better. But it's  
15 not something we're discussing today, I don't  
16 think.

17 COMMISSIONER WILSON: Yeah.

18 COMMISSIONER HARGRAVES: But the  
19 question is; can it be?

20 CHAIR CHRYSTAL: Yeah, I know. But  
21 can it be -- it can't -- as far as I'm concerned,  
22 it can't be right now because we don't have a  
23 borough, and we don't have a plan for a borough.  
24 So, therefore, we can't do it better. At least  
25 that's the way my mind is going here.

1                   MR. BALDWIN: Yes. I'll try. We  
2 would like -- what our exhibits do -- Exhibit 30  
3 describes the exclusions that we asked for from  
4 the south boundary of Clark's Point City north to  
5 Igushik Point.

6                   And we asked -- except for the exclusion  
7 around Clark's Point, what we asked for is waters  
8 within statistical area 325-31 and 325-32, all  
9 waters which are legal for setnetters to extend  
10 their nets seaward from shoreline to the point  
11 they can extend their nets seaward.

12                   Then on -- and for your information, the --  
13 and I'm referring to Commissioner Wilson -- the  
14 areas that he expressed doubt about are the waters  
15 in statistical area 325-31. That's from Queens  
16 north to Igushik Point.

17                   As to the next exhibit, what we're requesting  
18 is all waters within the statistical areas going  
19 south from the south border of the City of Clark's  
20 Point down to Etolin Point (phonetic). And those  
21 include the waters within statistical area 325-34  
22 and Clark's Point, which is 325-33. So Queens and  
23 Combine are in the north. Clark's and Ekuk are in  
24 the south.

25                   And, again, the area that you're concerned

1 MS. COLLINS: Four for and one  
2 against.

3 CHAIR CHRYSTAL: Okay. The motion  
4 passes. Now we're back to the original motion,  
5 which is to approve the Dillingham petition as  
6 amended.

7 MS. COLLINS: Correct.

8 CHAIR CHRYSTAL: And with the  
9 stipulation that we put on the amendment that  
10 staff and Mr. Baldwin will work together to get  
11 those lines squared up in the metes and bounds.  
12 So any further questions or comments about the  
13 motion, the main motion?

14 Okay. Can we have a roll call, please?

15 MS. COLLINS: Chair Chrystal?

16 CHAIR CHRYSTAL: Yes.

17 MS. COLLINS: Commissioner Wilson?

18 COMMISSIONER WILSON: Yes.

19 MS. COLLINS: Commissioner

20 Hargraves?

21 COMMISSIONER HARGRAVES: Yes.

22 MS. COLLINS: Commissioner

23 Harcharek?

24 COMMISSIONER HARCHAREK: Yes.

25 MS. COLLINS: Commissioner

1 Harrington?

2 COMMISSIONER HARRINGTON: Yes.

3 MS. COLLINS: Five in favor.

4 CHAIR CHRYSTAL: Okay. Motion for  
5 the City of Dillingham is approved, and we'll look  
6 forward to those metes and bounds to be exact  
7 before we have our final written statement. And  
8 that will be somewhere -- we don't have that  
9 scheduled yet, do we?

10 MS. COLLINS: No. But we could do  
11 that in this meeting.

12 CHAIR CHRYSTAL: What? Schedule  
13 the --

14 MS. COLLINS: The next one.

15 CHAIR CHRYSTAL: Well, we'd have to  
16 make sure that we've got all the information  
17 beforehand.

18 MS. COLLINS: Right. But we have a  
19 very strict deadline. So either we --

20 CHAIR CHRYSTAL: Well, it's 30  
21 days. Yeah.

22 MS. COLLINS: Christmas.

23 MS. MACSALKA: Yeah. I would  
24 recommend going ahead and setting that. And you  
25 can set it as close to the 30 days as you wish,

Local Boundary Commission - Public Meeting  
December 20, 2016

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LOCAL BOUNDARY COMMISSION

5

PUBLIC MEETING

6

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8

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December 20, 2016

10:00 a.m.

10

11

12

Taken at:

Atwood Building

13

550 West 7th Avenue, Suite 1620

Anchorage, Alaska

14

15

16

17 Commissioners Attending:

18 Lynn Chrystal, Chairman

Darroll Hargraves (via telephone)

19 Lavell Wilson (via telephone)

John Harrington (via telephone)

20 Robert Harcharek (via telephone)

21 Staff Attending:

22 Eileen Collins

Brent Williams

23 Mary Lynn Mascalka, Department of Law

Lynn Kenneally

24 Marty McGee

Jan Levy

25

Local Boundary Commission - Public Meeting  
December 20, 2016

1 I came to the conclusion and  
2 agree with staff that it is not clear. That  
3 is because at one point in the transcript the  
4 Commission said that the standard with  
5 respect to (c)(1), which I will read to you  
6 in a moment, was not met. And then a few  
7 pages later in the transcript said that it  
8 was -- or at least that there was no  
9 objection to a statement that it had been met  
10 later in the transcript.

11 So in my opinion that does create  
12 an ambiguity that staff was not comfortable  
13 guessing what the Commission concluded that  
14 day. So we are asking, and I'm asking on  
15 behalf of staff, that you look at the  
16 standard in (c)(1) of regulation 130  
17 regarding boundaries again, and that you  
18 clarify your findings and conclusion as to  
19 whether that particular standard was met.

20 There are two subparts to (c),  
21 and I believe they go in tandem and both need  
22 to be examined and met; but essentially we  
23 are seeking your clarification regarding  
24 those standards. Those are -- so I'm going  
25 to read those now. So this is regarding the

Local Boundary Commission - Public Meeting  
December 20, 2016

1 limitation of community and the purpose of  
2 the standard is to have you make a finding  
3 and reach a conclusion as to whether the  
4 proposed boundaries of the expanded city  
5 encompass a community.

6           So the regulation says that "to  
7 promote the limitation of community, the  
8 proposed expanded boundaries of the city" --  
9 and this is the first part -- "must be on a  
10 scale suitable for city government and may  
11 include only that territory comprising an  
12 existing local community plus reasonably  
13 predictable growth, development, and public  
14 safety needs during the next ten years," to  
15 paraphrase slightly.

16           So essentially we need you to  
17 clarify your findings and your conclusion as  
18 to whether that standard was met. Maybe a  
19 more simple way to put it is: will the  
20 expanded boundaries of Dillingham include  
21 only that territory comprising an existing  
22 local community plus reasonably predictable  
23 growth and development in the next ten years?

24           Again, it was not clear from the  
25 standard whether you believed that to be the

Local Boundary Commission - Public Meeting  
December 20, 2016

1 let me go back to what you were asking.

2 We need two decisions, whether we  
3 have or have not met a standard --

4 MS. MASCALKA: Yes.

5 CHAIR CHRYSTAL: -- or is there  
6 just one?

7 MS. MASCALKA: We need -- it's  
8 two pieces of --

9 CHAIR CHRYSTAL: Of the same --

10 MS. MASCALKA: -- of the same  
11 subsection -- or paragraph in this case. So,  
12 1, is it on a scale suitable for city  
13 development; and, 2, will the expanded  
14 boundaries of Dillingham, as you've amended  
15 them, include only that territory comprising  
16 an existing local community plus reasonably  
17 predictable growth and development in the  
18 next ten years?

19 CHAIR CHRYSTAL: Okay. So that's  
20 the issue we have before us.

21 Have we or have we not met that  
22 standard -- or those standards? I happen to  
23 be a big believer in local control, so to me,  
24 anyway, having this annexation fairly large  
25 is not a bad deal. Local control is very,

Local Boundary Commission - Public Meeting  
December 20, 2016

1 very important to me, I know. At least when  
2 I was in city government, because local  
3 control does a better job of managing  
4 property and what have you than even the  
5 state could do.

6 So, anyway, what is your wishes  
7 on this?

8 COMMISSIONER WILSON: This is  
9 Commissioner Wilson here. I feel both  
10 standards have been met.

11 CHAIR CRYSTAL: Okay. Do we  
12 have any other Commissioner comments on that?

13 COMMISSIONER HARRINGTON: This is  
14 Harrington.

15 CHAIR CRYSTAL: Commissioner  
16 Harrington.

17 COMMISSIONER HARRINGTON: Well,  
18 assuming we have before us this petition and  
19 using the logic we used with former  
20 petitions, we have to say yes.

21 CHAIR CRYSTAL: Okay,  
22 Commissioner Harrington. Anybody else?

23 Commissioner Harcharek, do you  
24 feel that these standards were met?

25 COMMISSIONER HARCHAREK: Yes,

Local Boundary Commission - Public Meeting  
December 20, 2016

1 sir. I believe that the standards have been  
2 met.

3 CHAIR CHRYSTAL: Okay. Who are  
4 we missing here?

5 Commissioner Hargraves, do you  
6 feel the standards are met?

7 COMMISSIONER HARGRAVES: What's  
8 the purpose for interjecting that here at  
9 this point? We have a motion to approve this  
10 written document. We're not redoing our  
11 judgments on the standards, are we?

12 MS. MASCALKA: Right. You are  
13 not. You're clarifying -- this sounds very  
14 similar to the discussion you had on the  
15 first; but you're clarifying for staff  
16 whether you found that met. Right now we've  
17 heard three Commissioners in the affirmative.  
18 So that seems to verify the second location  
19 in the transcript where the Commissioners  
20 found that the standard was met.

21 It was just there was an  
22 ambiguity upon review of the transcript where  
23 the Commission said at one point it was not  
24 and then later said it was. So we're  
25 essentially asking you to clarify, which you

Local Boundary Commission - Public Meeting  
December 20, 2016

1 COMMISSIONER WILSON: Call for  
2 the question.

3 CHAIR CHRYSTAL: Okay. Anybody  
4 else? Okay.

5 Can we have a roll call, please?  
6 This is for the original motion to approve  
7 the written decision on Dillingham.

8 MR. WILLIAMS: Yes, Chair.  
9 Commissioner Harrington.

10 COMMISSIONER HARRINGTON: No.

11 MR. WILLIAMS: Commissioner  
12 Harcharek.

13 COMMISSIONER HARCHAREK: Yes.

14 MR. WILLIAMS: Commissioner  
15 Hargraves.

16 COMMISSIONER HARGRAVES: Yes.

17 MR. WILLIAMS: Commissioner  
18 Wilson.

19 COMMISSIONER WILSON: Yes.

20 MR. WILLIAMS: Chair Chrystal.

21 CHAIR CHRYSTAL: Yes. Okay. So  
22 the draft written decision is approved.

23 Are we done with that issue for  
24 right this moment?

25 Can anybody else think of

<b>NUMBER OF DISTINCT SETNET PERMITS IN THE NUSHAGAK DISTRICT</b>										
<b>[Locations: off of Clarks Point, on the Combine (East side by Nushagak Point and Queen Slough), Coffee Point (west side below Kanakanak) and in the Wood River (when open).]</b>										
<b>(Note: Includes emergency transfers)</b>										
<b>YEAR</b>	<b>SETNET PERMITS - DILLINGHAM RESIDENTS</b>					<b>SETNET PERMITS - NON-DILLINGHAM RESIDENTS</b>				
	<b>No. Permits</b>	<b>No. Landings</b>	<b>% of total landings</b>	<b>Pounds</b>	<b>% total pounds</b>	<b>No. Permits</b>	<b>No. Landings</b>	<b>% of total landings</b>	<b>Pounds</b>	<b>% total pounds</b>
2000	80	5,786	38%	2,617,796	40%	151	9,597	62%	4,003,895	60%
2001	73	4,246	34%	2,079,493	38%	139	8,318	66%	3,339,346	62%
2002	59	2,447	43%	1,364,889	46%	91	3,241	57%	1,609,641	54%
2003	54	3,694	38%	2,163,593	40%	98	6,095	62%	3,268,410	60%
2004	52	3,737	35%	1,578,204	35%	105	7,017	65%	2,869,192	65%
2005	54	4,428	38%	2,094,686	40%	109	7,352	62%	3,171,742	60%
2006	62	5,370	42%	2,387,448	38%	105	7,401	58%	3,893,247	62%
2007	67	3,915	37%	2,732,720	37%	102	6,552	63%	4,673,150	63%
2008	63	3,463	34%	2,315,293	35%	114	6,645	66%	4,346,533	65%
2009	61	4,849	31%	2,916,272	36%	116	10,570	69%	5,181,782	64%
2010	64	5,586	33%	2,698,993	30%	122	11,425	67%	6,257,136	70%
2011	65	4,479	33%	1,897,518	33%	124	9,240	67%	3,792,235	67%
2012	66	4,538	35%	1,790,842	38%	120	8,589	65%	2,910,371	62%
2013	72	4,951	45%	1,524,673	43%	115	5,980	55%	1,997,111	57%

*SOURCE: J. Barrett, Dillingham Harbormaster*

**(4) FEASIBILITY AND PLAUSIBILITY OF THOSE ASPECTS OF THE CITY'S ANTICIPATED OPERATING AND CAPITAL BUDGETS THAT WOULD BE AFFECTED BY THE ANNEXATION THROUGH THE PERIOD EXTENDING ONE FULL FISCAL YEAR BEYOND THE REASONABLY ANTICIPATED DATE FOR COMPLETION OF THE TRANSITION SET OUT IN 3 AAC 110.900;**

Please see Exhibits C-1 and C-2. No difficulties are anticipated.

**(5) ECONOMIC BASE OF THE TERRITORY WITHIN THE CITY AFTER ANNEXATION;**

The economic base within the City after annexation will be the harvest, processing and support of commercial fisheries and Dillingham's place as a regional service hub for western Bristol Bay.

**(6) VALUATIONS OF TAXABLE PROPERTY IN THE TERRITORY PROPOSED FOR ANNEXATION;**

There is no taxable real or personal property in the territory proposed for annexation.

**(7) LAND USE IN THE TERRITORY PROPOSED FOR ANNEXATION;**

"Land" use in the territory proposed for annexation is commercial fish harvesting, sale, transfer, support and processing.

D-1

2014 city	Fishery	Number of Fishermen Who Fished	Total Pounds Landed	Estimated Gross Earnings	calculated sea gross earnings in 2014 per fisherman who fished
Manchester set netters fishing Bristol Bay	304T	36	1,902,431	2,067,602	\$57,433
Dillingham setnetters fishing Bristol Bay	304T	85	3,648,462	3,701,500	\$43,548
Clarks Point setnetters fishing Bristol Bay	304T	4	113,467	112,837	\$28,207
Alotsegiit setnetters fishing Bristol Bay	304T	4	97,894	112,532	\$28,133
New Starbuck setnetters fishing Bristol Bay	304T	2	X	X	X

source: CPSC, March 2014, Permit & Fishing Activity by year, state, census area, or city. Source: calc by Shainberg

D-7

Pg 1 of 1

EXHIBIT D Page 1 of 1

**PERMIT & FISHING ACTIVITY BY YEAR, STATE, CENSUS AREA, OR CITY**

[Link to Different Year...](#)      [Alaskan Community & Census Areas List](#)      [Table Description](#)

**Year: 2014**    **State or Census Area: DILLINGHAM CA**    **City: Manokotak (070133 )**

Fishery Group	Fishery Code	Permit Activity (1)		Fishing Activity (2)			
		Number of Permit Holders	Number of Permits Issued	Number of Fishermen Who Fished	Number of Permits Fished	Total Pounds Landed	Estimated Gross Earnings
<b>Herring</b>	G 34T	2	2	1	1	X	X
	G 34W	2	2	0	0	0	0
	L 12T	43	43	0	0	0	0
	<b>Group Total (3)</b>	<b>45</b>	<b>47</b>	<b>1</b>	<b>1</b>	<b>X</b>	<b>X</b>
<b>Salmon</b>	S 03T	26	26	21	21	839,220	995,593
	S 04T	38	38	36	36	1,582,431	2,067,602
	<b>Group Total (3)</b>	<b>64</b>	<b>64</b>	<b>57</b>	<b>57</b>	<b>2,421,651</b>	<b>3,063,195</b>
<b>All Fisheries Combined</b>	<b>Group Total (3)</b>	<b>92</b>	<b>111</b>	<b>57</b>	<b>58</b>	<b>X</b>	<b>X</b>

**Link to...**

*David D. ...*

water and 0.41 square miles of land (Sheep island and small island to north), together totaling 399.08 square miles of which 395.84 (99.2%) is water.

**SECTION 6. REASONS FOR THE PROPOSED BOUNDARY CHANGES. 3 AAC 110.420 (b)(6).**

The City incorporates by reference all information contained in Section 6 of the petition submitted June 14, 2010 as corrected by the City's errata dated September 21, 2010. For the convenience of the Commission this material is in full below, *with supplemental material in bold italics inserted into the original June 14, 2010 narrative.*

*The reason for the proposed boundary change is to more fairly distribute the costs for providing, operating, and maintaining the public facilities and services supporting commercial fishing in Nushagak Bay. Currently, a significant number of non-residents receive the benefit of these services that directly assist them in their fishing business without contributing equitably to operation and maintenance of the city services and facilities. As an example, in the Dillingham Harbor in 2013 and 2014, 57-56 percent (respective years) of the vessels belong to people who are not Dillingham residents (this includes both skiffs and commercial fishing vessels). While everyone pays harbor use fees, this revenue does not equal the city's costs for operating and maintaining the services and infrastructure Dillingham provides to the fleet and related processors. For example, in 2013, \$75,000 was transferred from the Dock Special Revenue Fund to harbors to make up the difference between harbor fees and revenue.*

<b>2014 Dillingham City Harbor Permits</b>	<b>All Harbor Permits</b>	<b>Transient Moorage</b>	<b>Total</b>	<b>% of Total</b>
<b>Dillingham resident</b>	<b>252</b>	<b>0</b>	<b>252</b>	<b>44%</b>
<b>Local Villages resident</b>	<b>34</b>	<b>4</b>	<b>38</b>	<b>7%</b>
<b>Other Alaskan resident</b>	<b>95</b>	<b>10</b>	<b>105</b>	<b>19%</b>
<b>Out of State resident</b>	<b>164</b>	<b>7</b>	<b>171</b>	<b>30%</b>
<b>Out of Country resident</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0% (Negligible)</b>
<b>Total</b>	<b>547</b>	<b>21</b>	<b>568</b>	<b>100%</b>

Source: Dillingham Harbors

Like most places in Bristol Bay, fishery resources and the commercial fishing and seafood processing industries are the backbone of Dillingham's economy and integral to many residents' livelihoods and way of life. Dillingham, with its population of about 2,350 **2,431 (ADOLWD, July 2014)**, is the economic, transportation and public service center for western Bristol Bay. The region's hospital, airport, University campus, public boat harbor, all-tide dock, boat launches, its regional health, housing, community development quota (CDQ), Native for and not-for profit organizations, and more are all located in Dillingham.

The City of Dillingham's population is estimated at times to almost double during the peak fisheries months of May through August as summer residents or visitors come to town to

D-11

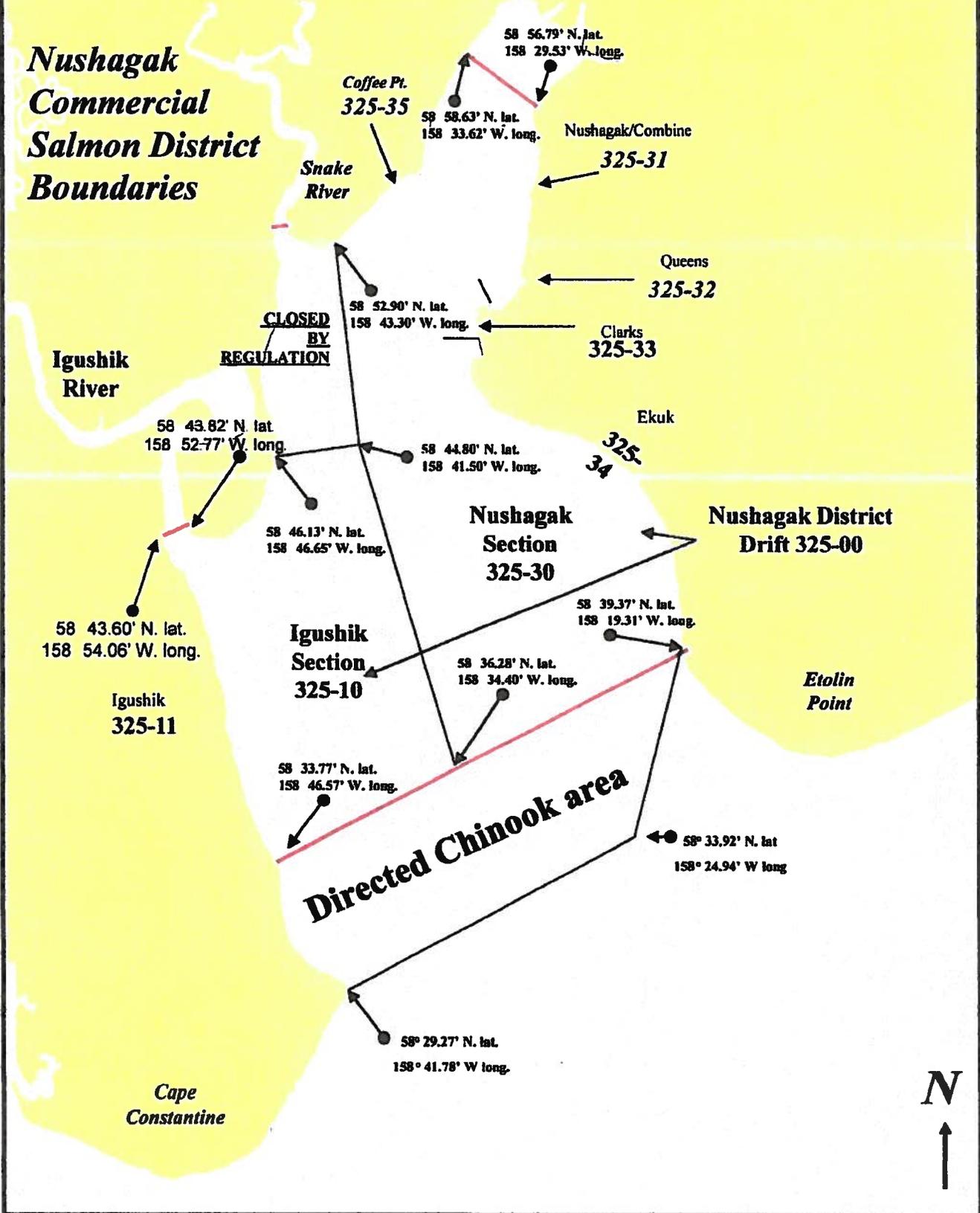
# Alaska Department of Fish and Game

Division of Commercial Fisheries

(For Illustration Purposes Only)

BBSAL325.PPT. Revised 04 22 2011)

## Nushagak Commercial Salmon District Boundaries



Local Boundary Commission - Public Hearing  
November 29, 2016

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LOCAL BOUNDARY COMMISSION  
PUBLIC HEARING

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November 29, 2016  
11:00 a.m.

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Taken at:  
Dillingham, Alaska

13

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17

Commissioners Attending:

18

Commissioner Lynn Chrystal, Chairman

Commissioner Darroll Hargraves

19

Commissioner John Harrington (via telephone)

Commissioner Robert Harcharek (via telephone)

20

Commissioner Lavell Wilson

21

Staff attending:

22

Brent Williams (via telephone)

Eileen Collins

23

24

25

Local Boundary Commission - Public Hearing  
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1 three -- three employees at the dock, seasonal  
2 workers. They work from April until the end of  
3 October. Pretty small staff for as much stuff as  
4 we actually have going on.

5 I'd like to start off today by  
6 talking about who we serve and what we offer at  
7 the harbor. Dillingham's small boat harbor is the  
8 base of operations for the largest salmon fishery  
9 on earth. We host anywhere between upwards of 400  
10 to 600 boats each salmon season.

11 We have room for 400-plus 32-foot  
12 commercial Bristol Bay drift boats, and also 20 to  
13 30 setnets skiffs. There's approximately 200 feet  
14 of bulkhead on the north side of the harbor, which  
15 is where we put all the oversized vessels.  
16 Sometimes up to 90 and a hundred foot long  
17 vessels.

18 We have two usable launch ramps,  
19 one is at the south end of the harbor. This is  
20 where the majority of the locals' stored vessels  
21 in Dillingham to launch from. And one up in the  
22 north side in the creek, which is used mostly for  
23 recreation and commercial skiffs.

24 Our bulkhead, we have a  
25 14,000-pound crane that we use mainly for loading

Local Boundary Commission - Public Hearing  
November 29, 2016

1 and unloading of fishing-related items, such as  
2 nets, reels, whatever the -- you know, we've put  
3 up -- put masts on boats, that type of stuff.  
4 Camp materials for the setnetters who fish the --  
5 the Nushagak, (indiscernible), Sacombine (ph),  
6 Coffee Point, Igushik, Clark's Point to Ekuk.

7 And also we -- we offer crane  
8 services for those who market their own fish  
9 outside of Dillingham.

10 Chrissy (ph), if you could put up  
11 slide number three. This is information we got  
12 from the commercial fisheries entry commission,  
13 and this shows setnet permits in the -- Dillingham  
14 residents from the years 2000 to 2013. And -- and  
15 it gives permits and landings and -- and poundage  
16 for those years.

17 We have a 20-ton ice machine for  
18 those that could need to ice their fish. This  
19 adds values to the fish, so it's -- it's an  
20 important part of the fisheries.

21 For instance, some of the  
22 setnetters will ice up prior to heading out.  
23 Halibut fleet -- excuse me, the halibut fleet is  
24 our biggest customer. And the halibut fisheries  
25 is -- is growing in this area. And we do get the

Local Boundary Commission - Public Hearing  
November 29, 2016

1 occasional drift boat that will -- that will ice  
2 up before they go out.

3           Because we remove our ramps each  
4 fall, we do not have electricity. We do, however,  
5 have potable water; and -- and that's on several  
6 places on both ramps. We have a south ramp and  
7 a -- what we call an east ramp.

8           There are public rest rooms located  
9 at the north end of the harbor and coin-operated  
10 showers available for the fisherman. The City  
11 offers refuge service to those who use our harbor.  
12 we have a -- an annual budget of \$11,000 at the  
13 harbor and have up to five dumpsters within the  
14 harbor each summer.

15           The City has waste oil collection  
16 sites at the harbor. The waste oil collection is  
17 important for the City because it helps the City  
18 of Dillingham public works department heat their  
19 shop in the wintertime, helps them keep their  
20 operating costs low.

21           We have a glass only collection  
22 dumpster collect -- located in the harbor to help  
23 keep unwanted glass out of the trash that goes  
24 into our incinerator at the landfill. The glass  
25 does not break down, it melts, creates a lot of

Local Boundary Commission - Public Hearing  
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1 problems with our incinerator; so we -- we have a  
2 separate bin for that.

3 We have lease lots within the  
4 harbor. NAPA Auto Parts was our first customer.  
5 They have been located there for more than four  
6 years, and it's very convenient for the -- the  
7 fishermen that use our harbor to have a parts  
8 store right there.

9 Motive Power Marine, a  
10 locally-owned vessel repair company is in the  
11 process of building a large shop within the  
12 harbor. I believe it's somewhere between 60 and  
13 120, somewhere around that footprint. They're  
14 looking to accommodate fishing boats, not only  
15 during the fishing season, but year-round.  
16 They're looking at -- do a little -- little more  
17 work in the -- in the wintertime.

18 In the last year we've added three  
19 more renters. A coffee shop, a chiropractic  
20 office, and a small freezer facility. Along with  
21 these we have donated property for a nonprofit  
22 organization called SeaShare.

23 They're in partnership with BBNA  
24 food bank and have a 20-foot freezer container,  
25 which holds processed by-catch. And they dole

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November 29, 2016

1 that out to local families. Not only from  
2 Dillingham, but also in the surrounding area,  
3 BBNA's coverage area.

4 They -- they also benefit from  
5 donations from the local fish processors. We  
6 currently have requested property use pending, a  
7 refrigeration business is looking for a place to  
8 set up shop; and also a couple of food stands.  
9 These would all be seasonal and would probably be  
10 going into place this spring.

11 Dillingham's small boat harbor is  
12 unique when compared to other harbors. We are at  
13 the mercy of the tides, during the busy salmon  
14 season when the boats are trying to come and go to  
15 the fishing grounds -- and at the mercy of the ice  
16 in the winter months when we have to remove all of  
17 our floats to keep them from getting damaged.

18 Chrissy has some exhibits, 9, 10,  
19 and 11. Whittier small boat harbor, you can see  
20 right there you have a breakwater; and I'll be  
21 talking about a breakwater for us maybe a little  
22 bit later. They have floats that stay in the  
23 water year-round, where we don't have that.

24 Next. This is Seward. And  
25 Seward's quite a bit bigger than us, they have a

Local Boundary Commission - Public Hearing  
November 29, 2016

1 breakwater coming into their harbor keeping their  
2 boats resting easy instead of bouncing in the  
3 waves like ours do. They also have a cargo dock  
4 over here.

5                   This -- go ahead -- this is  
6 Cordova, and they have a very nice breakwater  
7 here. Nice finger floats, and they have power on  
8 each one of these. They have some rafting going  
9 on over here. Their cargo facility is, I don't  
10 believe, in this picture. But they have similar  
11 to us, they do get ferries there also.

12                   The City of Dillingham continues to  
13 have on its capital improvements project list,  
14 harbor event and then break wall. We'd like to  
15 have a breakwater out in the front of the harbor  
16 to help with issues we're having within.

17                   Estimated costs for this project is  
18 \$21,500,000. That's -- that's the estimate from  
19 the U.S. Army Corps of Engineers.

20                   The project would spare both the  
21 moored fleet within the harbor basin -- and maybe  
22 if we -- go back to that first, Chrissy, that we  
23 see -- (indiscernible) -- the one on the --  
24 Exhibit 1 in there, page 1.

25                   CHRISSEY: Sorry.

Local Boundary Commission - Public Hearing  
November 29, 2016

1                   MR. BARRETT: It's okay. I'll keep  
2 on yammering here while you're finding that. But  
3 the project would spare both the moored fleet  
4 within the harbor basin and from the predominant  
5 southwest winds that we get.

6                   I've seen 5-foot swells within the  
7 harbor and boats bouncing off each other. And  
8 I've been out there, helped getting them back  
9 in -- into place, moving skiffs with my skiff.  
10 It's -- it can get pretty rough in there; there's  
11 a direct chute straight up the Nushagak right into  
12 our harbor, and it comes from out there over here  
13 right into our harbor.

14                   And if this was -- if we were this  
15 full with a southwest wind, it would not only get  
16 very loud, it would get very dangerous. Boats  
17 would be breaking lines.

18                   A lot of times when we get a wind,  
19 boats will run up the creek, which is -- would be  
20 towards where I'm at from this picture; and  
21 they -- they get out of the wind. But there's  
22 only a certain amount of space, and then they  
23 can't fit very many. And then they're at the  
24 mercy of the up and down tides with not being able  
25 to get back and forth to land.

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1                   The erosion -- if we -- if we took  
2 all those bolts out of here and still had those  
3 kinds of winds, in this area over here we have --  
4 which is the northeast corner of the harbor, we  
5 have heavy erosion going on.

6                   They're -- the Exhibits 13, 14, and  
7 15 and 16, Chrissy -- well, this is up here on  
8 the -- the Snake Point bulkhead, which runs up  
9 above us upriver. The bulkhead has been there for  
10 probably a dozen years --

11                   MAYOR RUBY: Uh-huh.

12                   MR. BARRETT: -- we have lost a lot  
13 of material in front of the -- the bulkhead. This  
14 line right here is a abandoned sewer line that has  
15 been uncovered that was dug in probably 8 feet  
16 below the beach level when it was in -- installed.

17                   Go ahead, next. This is another --  
18 another picture of that line. This line, like I  
19 said, has been abandoned. It now runs underground  
20 underneath Dillingham up to the sewer  
21 (indiscernible).

22                   Next. This is something that I had  
23 to do to save our electrical line, which runs  
24 right about a foot above this level here. I -- I  
25 put gravel in there, and I had some old ramp

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1 planks that I put in place to help with the -- the  
2 wave action in this corner. This is the northwest  
3 corner that would get so much of our wave action  
4 too.

5 We were less than a foot away from  
6 exposing our electrical line that ran power down  
7 to our south end and all of our east and all of  
8 our lights in the harbor.

9 Next. And this is just -- just  
10 south of that last picture. This is -- this is  
11 how it erodes (indiscernible). It erodes from  
12 underneath. This -- this part falls off, and then  
13 it continues to dig itself in.

14 Let's see, where is it? So  
15 comparing to other -- other harbors and ports, we  
16 have an antiquated float system 30 to 35 years  
17 old. I haven't found anyone that told me the  
18 exact date where it rests, maybe from different  
19 people that we've talked to.

20 Each year before the floats are put  
21 in the water for the past five years, I've been  
22 painting the bottom of the floats with a rubber  
23 compound to help create a glove, of sorts, to keep  
24 the water from seeping through the -- the  
25 deteriorated metal.

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1                   And it's a fix now, it's a  
2 Band-Aid. I'm not sure how much longer it's going  
3 to work. The metal's getting awful thin, the  
4 patches are starting to come apart.

5                   Replacement value of our -- of a  
6 new float system to hold the boats that we -- we  
7 have in our harbor, somewhere between 2- and  
8 \$3 million to replace our float systems.

9                   We've looked -- the City's looked  
10 at a fish grinding station, but -- and this would  
11 help in several ways. It would help dispose of  
12 the subsistence caught fish remains; guts, heads,  
13 tails, whatever's not edible. I shouldn't say  
14 "heads," because a lot of people eat the heads,  
15 so --

16                   But we're looking to -- to  
17 eliminate a container located at the City dump,  
18 which is a -- is a bear attractant; it's a very  
19 messy job. The container has to be -- the fish  
20 guts have to be dumped into the container and  
21 hauled back and buried to be -- I know that at one  
22 time last summer the public works director went  
23 out there at night in the dark and cleaned up fish  
24 scraps from out in front of the container just to  
25 keep the bears from digging through it.

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1                   A fish grinding station would  
2 minimize the waste and pump it out into the  
3 channel below low mean tide. We have estimates to  
4 build this fish grinder at about 500- to \$750,000,  
5 depending on where and how much we would want.

6                   These are just a couple examples of  
7 our wants, things that we'd like to have that  
8 other harbors have. Like I said, we're -- we're  
9 unique; we're not quite -- we're different than a  
10 lot of year-round harbors.

11                   As I mentioned previously, we have  
12 had more than 500 vessels in the harbor at one  
13 time. To help offset the operating costs, we sell  
14 harbor stickers to the vessels.

15                   Harbor stickers for a Bristol Bay  
16 drift vessel currently is \$280 for the season,  
17 that means you can put in the water as soon as you  
18 want to and you have to take it out on -- I guess  
19 when you want to also; but I'd take it off before  
20 the ice formed around it.

21                   I pull my floats out sometimes  
22 towards the end of September usually, and I  
23 usually put them in about the 15th of May. And  
24 it's not a -- it's laborious, but it's not -- you  
25 know, it's doable.

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1                   We -- we upped the harbor sticker  
2 price from \$240 to \$280 in 2015. Exhibit 11, this  
3 shows harbor permits and moorage, local villages,  
4 Alaska residents, State residents, and their  
5 percentages; out of the country stickers. And  
6 this was for 2014.

7                   I have some examples from -- from  
8 the last two years. I'll give you 2015 first. We  
9 had 302 seasonal vessels stickered, that gave  
10 us -- brought us in \$84,560. 63 of these were  
11 trans -- or 63 were transient moorages, which  
12 brought in \$10,000. 148 skiff stickers brought in  
13 a total of \$11,848.

14                   Of these sales we sold 206 to  
15 Dillinghamers, 41 to local villages; including  
16 Aleknagik at 8, Clark's Point with 2, Ekwok with  
17 1, Koliganek with 11, Manokotak with 7, Nushagak  
18 with 9, and Togiak with 4.

19                   129 stickers were sold out of  
20 state -- I'm sorry, were Alaska towns and  
21 villages; and 14 -- it was up from 95 to 195, I'm  
22 sorry. Outside of Alaska were 2, and that stayed  
23 pretty much the same.

24                   In 2016 the numbers were 269 for  
25 seasonal vessels stickers, a total of 75,320.

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1                   However, the fishermen do take  
2    advantage of our facilities in Dillingham. They  
3    lunch and haul their vessels out here, move  
4    supplies, and load vehicles on to barges to  
5    transport to the beach for their fishing  
6    operations.

7                   we'll move on to the dock now. The  
8    City of Dillingham handles a majority of the  
9    incoming and outgoing freight for the Dillingham  
10   and surrounding areas. It's a point of delivery  
11   for almost all of the outgoing salmon that is  
12   caught in Nushagak.

13                  And I say "almost all," because  
14   some of the fish caught in Nushagak Bay is -- in  
15   the last two years have been being marketed in  
16   fish -- sent out by via airplane.

17                  Almost all the freight in the  
18   surrounding villages comes across our dock for  
19   this -- either sent up -- out on the smaller barge  
20   or -- or in the case of Aleknagik, trucked up.

21                  And somewhere there's -- in the  
22   last couple years it's been with the bridge  
23   project brought up on the -- on the water also,  
24   the river.

25                  In 2005 we moved freight for --

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1 1.8 million pounds for Aleknagik; 2.25 million  
2 pounds for Ekwok, both of these villages had  
3 bridge projects going on, so that's why their  
4 weights were so high. Koliganek, 1.1 million  
5 pounds; Manokotak, 216,000 pounds, Togiak,  
6 366,000 pounds.

7 The City of Dillingham offers not  
8 only containers, cargo shipping and receiving, but  
9 also beach access for landing crafts or barges  
10 that need to drive machinery on and off.

11 At the dock we have potable water.  
12 Large amounts carry a price, and they're based on  
13 availability. And we -- we have sold water to,  
14 not (indiscernible) the barges and tugs, but also  
15 to BBEDC for their -- their ice barges.

16 We have refuse service down there  
17 also. There are two containers down there, their  
18 budget is about \$5,000. We also have a hook-up  
19 for the underground fuel lines that supplies  
20 Nushagak Cooperatives. Nushagak Cooperatives fuel  
21 tanks and Nushagak Cooperative supplies power for  
22 Dillingham and Aleknagik.

23 Last year our 49-year-old Manitowoc  
24 Crane had a major breakdown, and this is the --  
25 the third one since I've worked for the City. The

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1 third -- third major repair, I'm sorry. Repairs  
2 would have been close to \$300,000. For a  
3 49-year-old crane, that was a lot of money.

4 So the City council director and me  
5 looked for a replacement. We had several  
6 different options. The crane that we thought was  
7 going to give us the best bang for our buck was a  
8 brand-new 2016 Link-Belt at a price of  
9 \$1.5 million landed in Dillingham.

10 We decided to go with a newer one  
11 and get a longer -- longer life span out of it  
12 rather than go with a '82 model and maybe get 17,  
13 18, 20 years out of it. We weren't sure.

14 \$300,000 was taken out of the port  
15 enterprise fund for the down payment, and we'll be  
16 making annual payments of \$131,000 for the crane.  
17 This will -- and this is a -- a very large bite  
18 out of the City's annual revenues and reserves.

19 Because of the nature of our  
20 equipment on the dock, large forklifts and cranes,  
21 we need yearly inspection to keep them running and  
22 inspected for any inconsistencies; insurance  
23 reasons right at the top of the list.

24 In FY17 we budgeted \$7,000 for  
25 maintenance and operation maintenance and repair

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1 advantage of lower market interest rates. Well,  
2 pretty much we assumed 2016 Series A general  
3 obligation refunding bonds. So to take advantage  
4 of low interest rates, we refunded the current  
5 (indiscernible) bonds that we had.

6 This is expected to save this City  
7 somewhere (indiscernible) -- the -- the length of  
8 the -- the length -- the term of the bond,  
9 approximately \$1 million.

10 In fiscal year '16 and prior years,  
11 the State of Alaska has reimbursed the City for  
12 70 percent of principal and interest payments made  
13 on its bond issue. That's fiscal year '16 and  
14 prior.

15 Beginning in fiscal year '17, the  
16 State has reduced its reimbursement of  
17 52.5 percent. So it was 70, and now it's back  
18 down to 52.5. The impact of this decrease in  
19 fiscal year '17 through the maturity of the  
20 general obligation refunding bonds and maturity in  
21 2027 would be an increase in City expense from  
22 3.8 million to 6 million when -- increase of  
23 \$2.2 million.

24 The impact of this increase in  
25 fiscal year '17 alone is an increase in City

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1 expense from 284,000 to 451,000, an increase of  
2 \$166,000.

3 This increase is not included in  
4 the original fiscal year '17 budget. If you  
5 recall, I mentioned that the fiscal year '17  
6 budget had a deficit of \$501,000.

7 Not incorporating this added  
8 expense that the City needs to encounter for the  
9 bond payments, we're looking at a deficit of  
10 \$667,000 deficit. This is in fiscal year '17.  
11 Budget deficits in this range are expected over  
12 the next couple years.

13 I thought I should mention, since  
14 we're talking about long-term liabilities here, I  
15 should acknowledge that the City's net pension  
16 liability is \$2.8 million as of 6/30/15.

17 The City finance committee spent a  
18 considerable amount of time looking at a fiscal  
19 year '17 budget and hours were spent trying to  
20 find ways to reduce expense without affecting City  
21 services. In the end, the fiscal year '17 budget  
22 was approved; and obviously, like I've mentioned a  
23 couple times before, \$501,000 deficit.

24 Department heads now have the  
25 challenge of providing the same service to the

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1 community given their department budget  
2 constraints.

3                   Okay. So let's talk options. I  
4 mean, obviously the City has some options here.  
5 Increasing taxes within the City will always be an  
6 option. The City of Dillingham, however,  
7 currently has a property tax rate of 13 mills and  
8 a general sales tax rate of 6 percent.

9                   But with these rates, however, are  
10 currently among the highest of all the  
11 municipalities across the state. I think the  
12 Mayor may have mentioned this earlier.

13                   Increased taxes would increase the  
14 cost of living in the City where it's already  
15 quite expensive and would pose a challenge to low  
16 and middle class families living here.

17                   The idea of increasing City fees to  
18 combat the deficit has been brought up, so I'd  
19 like to touch on that too.

20                   For fiscal year '17, the landfill  
21 is expected to generate revenues of \$140,000 for  
22 the City. Now, considered independently and  
23 assuming the volume of activity remains unchanged,  
24 the landfill fees would need to be quintupled,  
25 that's increased five times, in order to cover a

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1 \$700,000 deficit.

2 For fiscal year '17, dock is  
3 expected -- the dock is expected to generate  
4 revenues of \$645,000 for the City. Once again,  
5 considered independently and assuming volume of --  
6 consider it remains unchanged, the dock fees will  
7 need to be more than doubled in order to cover a  
8 \$700,000 deficit.

9 Realist -- realistically, as fees  
10 increased, we would expect that customer activity  
11 is expected to decrease. Customers would  
12 obviously find alternatives (indiscernible) the  
13 landfill and shipping their goods to  
14 (indiscernible).

15 MS. COLLINS: That's someone's hold  
16 music. I'm sorry. I mean, there's nothing we can  
17 do about it. The person's on hold.

18 MR. WILLIAMS: Hello?

19 CHAIRMAN CRYSTAL: Hello, you're  
20 interrupting a teleconference.

21 MS. COLLINS: No, no, that's Brent.

22 CHAIRMAN CRYSTAL: Oh, is that

23 Brent?

24 MS. COLLINS: The person is hold --

25 CHAIRMAN CRYSTAL: Okay. Well, it

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1 quit now.

2 MS. COLLINS: -- put the music on.

3 CHAIRMAN CHRYSTAL: Okay.

4 MS. COLLINS: It's not interrupting  
5 your time.

6 MR. BISSRAM: What I would say in  
7 closing, continued budget deficits will mean this  
8 city will have to draw down on its fund balance to  
9 cover the cost of providing city services. The  
10 city can't continue to operate by depleting its  
11 fund balance.

12 At some point the city will have to  
13 consider reducing or totally eliminating certain  
14 city services offered to the public until some new  
15 revenue source is obtained. In addition, the city  
16 has a capital improvement plan of approximately  
17 \$27 million that will need to be addressed in the  
18 future.

19 I'm open to answering any questions  
20 that you may have.

21 CHAIRMAN CHRYSTAL: I have a  
22 question.

23 MR. BISSRAM: Yes.

24 CHAIRMAN CHRYSTAL: Excuse my  
25 ignorance, but I thought that you were -- under

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1                   The education I received here in  
2 Dillingham prepared me for the larger world and  
3 gave me a sense of civic duty. I've been on many  
4 boards in the community, including the Beaver  
5 Round-up Festival Association, the Dillingham  
6 Snowmobile Association, the Dillingham Volunteer  
7 Fire and Rescue Department, our booster  
8 organization, the Dillingham City council, and now  
9 I'm currently a City council member.

10                   Right now there are three public  
11 schools managed by the Dillingham City School  
12 District. We serve over 500 students from  
13 prekindergarten to high school.

14                   We currently have students that  
15 would be enrolled in Clark's Point School and  
16 Koliganek School attending school in Dillingham to  
17 be able to either participate in basketball or  
18 volleyball or -- and the school in Clark's Point  
19 is actually closed, so there's no option for  
20 schooling there anymore. They have to go  
21 somewhere. Sorry.

22                   CHAIRMAN CHRYSTAL: We're not  
23 scary, you can relax. My grandson goes to Colony,  
24 so don't say any bad things about Colony.

25                   MS. SAVO: Oh, I love it, my

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1 also operate five frontline apparatus or fire  
2 trucks to respond to fires around or outside of  
3 our City limits.

4                   Although our department is a branch  
5 of the City of Dillingham and most of our  
6 volunteers live in the Dillingham area, we respond  
7 to calls that support the entire southwest region.  
8 Oftentimes we provide assistance and patient  
9 transport to and from the airport and also the  
10 hospital when patients are medevaced from  
11 surrounding villages.

12                   When transportation is requested  
13 for a medical transport, the bill goes directly to  
14 the patient; it doesn't go anywhere -- they --  
15 there was a -- I'm sorry, it was a typo in here  
16 the chief had brought up -- when transportation  
17 is requested for a medical transport, the bill  
18 goes to the patient or their insurance through a  
19 third-party billing company. We don't directly  
20 have hands-on with the billing with the patients.

21                   Our team also responds to  
22 emergencies outside of Dillingham City limits,  
23 along with Aleknagik Lake Road up to and into the  
24 City of Aleknagik.

25                   Between January 1st and

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1 November 23rd of this year, the Dillingham  
2 Volunteer Fire Department has responded to 192  
3 calls in total.

4 of those 22 calls -- of those  
5 calls, 22 are medevaced transport -- medical  
6 transport, excuse me, 4 medevacs. There were 11  
7 traffic accidents, which included responding to 5  
8 accidents on the Aleknagik Lake Road; outside of  
9 the Dillingham City limits and outside of  
10 Aleknagik City limits.

11 In total, we have spent 107 man  
12 hours on fire calls within our City limits since  
13 January 1st.

14 If a patient refuses care from our  
15 ambulance service, we do not bill them for our --  
16 our response. The same goes for response outside  
17 of our -- our City limits.

18 Once a patient consents to care  
19 with our ambulance service, we bill for the level  
20 of care given; advanced life support or basic life  
21 support, and per mile while the patient is in back  
22 of the ambulance.

23 A big percentage of the billed  
24 responses do not get paid. When this happens, we  
25 have a third-party collection agency that pursues

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1 payments for the response that our -- the bill  
2 that was given to a patient, and that is all.

3 CHAIRMAN CHRYSTAL: Thank you,  
4 Mr. Tinker.

5 MR. TINKER: Yes, sir.

6 CHAIRMAN CHRYSTAL: Questions?  
7 Questions?

8 COMMISSIONER WILSON: The only  
9 one -- it was interesting you said you have a  
10 little trouble getting paid for the -- that's  
11 curious because we have the same problem in Tok.  
12 It looks like it's pretty general.

13 MR. TINKER: Yes.

14 CHAIRMAN CHRYSTAL: Oh, yeah.

15 COMMISSIONER WILSON: Yeah.

16 CHAIRMAN CHRYSTAL: We did in  
17 Valdez too.

18 MR. TINKER: Yeah, it's  
19 (indiscernible) sometimes.

20 CHAIRMAN CHRYSTAL: Yeah. Any  
21 questions from the other Commissioners on the  
22 phone?

23 COMMISSIONER HARRINGTON: No.

24 COMMISSIONER HARCHAREK: No.

25 CHAIRMAN CHRYSTAL: Okay. Thank

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1 agencies, health and social services, the regional  
2 hospital, public safety and transportation  
3 services are based in this community.

4 Dillingham's regional airport has  
5 year-round passenger and cargo jet service.  
6 Dillingham's port provides containerized and large  
7 vessel -- or enlarged item freight service into  
8 and out of Dillingham.

9 Dillingham has a resident  
10 population of approximately 2,400 people, the  
11 population soars during the commercial fishing  
12 season. And being the hub community during the  
13 Nushagak River commercial fishing season, it  
14 greatly increases our calls for police and EMS  
15 services.

16 Okay. The Dillingham Department of  
17 Public Safety, the police department, provides  
18 police, dispatch, corrections, DMV, and animal  
19 control services to the community of Dillingham.

20 DPD doesn't strictly work for  
21 Dillingham residents, but we interact with other  
22 agencies in the community that affect the region  
23 as a whole.

24 We work closely with Alaska State  
25 Troopers, the Bristol Bay Area Health Corporation,

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1 Behavioral Health, the SAFE domestic violence  
2 shelter, sexual assault response team, child  
3 advocacy center, District Attorney's Office, adult  
4 probation, Division of Juvenile Justice, and the  
5 Alaska Court System. Many of the services  
6 provided by DPD are done on a regional basis and  
7 extend beyond the City's boundaries.

8 For instance, dispatch. As the  
9 only 24-hour-a-day public safety dispatch in the  
10 region, DPD is frequently the initial point of  
11 contact for regional law enforcement services;  
12 emergency medical services and search and rescue  
13 operations in the region.

14 The City -- we used to have a paid  
15 dispatching contract with Alaska State Troopers;  
16 well, we no longer receive that State fund.

17 So that means it's -- up until this  
18 summer, pretty much everywhere in Bristol Bay when  
19 they called for the troopers or law enforcement  
20 after hours in the regions, Dillingham police  
21 answered the phone; and we dispatched and helped  
22 out all those communities and all those people  
23 that needed help. We got them the help that they  
24 need.

25 Okay. But we don't have that

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1 contract anymore, okay. So now all costs of  
2 dispatching services that Dillingham provides to  
3 the regional villages and fisheries comes directly  
4 out of City (indiscernible). Okay.

5 Dispatchers spend about five  
6 percent of their time handling calls for service  
7 to areas and communities outside of Dillingham.  
8 911 still rings into dispatch; Aleknagik needs an  
9 ambulance, they need something, they pick up the  
10 phone; the City of Dillingham's answering their  
11 calls. Okay. And we get people that can help  
12 them to help them, okay.

13 So we spend about five percent of  
14 our time, that amounts to a cost to the City of  
15 Dillingham, based on this year's budget, of about  
16 \$23,500 a year helping other communities in the  
17 region.

18 The jail -- this is important for  
19 everybody -- Dillingham Community Jail is the  
20 place where all of the prisoners in the region are  
21 held. Okay. The villages serviced are Manokotak,  
22 Togiak, Clark's Point, Ekuk, Portage Creek, Ekwok,  
23 New Stuyahok, Koliganek, and Aleknagik.

24 Okay. Dillingham police, we arrest  
25 about half the total prisoners held in the jail,

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1 okay. The remaining 46 percent of those prisoners  
2 were arrested in other communities in the region.  
3 Not Dillingham, other communities.

4 The jail also holds persons that --  
5 taken into Title 47 protective custody, sleep off.  
6 Approximately 49 percent of the persons held in  
7 protective custody are persons that don't live in  
8 Dillingham that come here, and they reside in the  
9 surrounding communities in the region.

10 The City of Dillingham has a  
11 community jail contract with the State of Alaska.  
12 The State pays us to run the jail. Okay. The  
13 state funding has been reduced through the years  
14 from 641,000 down to 527,000, and it may be in  
15 danger of being cut further with the decreasing  
16 state budgets.

17 The state contract funding does not  
18 cover the full cost of running the jail. Okay.  
19 The City of Dillingham currently subsidizes  
20 12 percent of the jail cost, approximately \$90,000  
21 a year. This is how much it costs to run the  
22 jail, that's how much the State pays us; the City  
23 of Dillingham's got to kick in the rest.

24 As city finances deteriorate, a  
25 possible cost saving for the city would be to no

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1 division call volume represents a cost to the City  
2 of Dillingham, based on this year's budget, of  
3 approximately \$65,000 a year.

4                   During the commercial fishing  
5 season, the need for police service greatly  
6 increases. During the summer months our police  
7 call volume increased by 45 percent. Our calls in  
8 the commercial fishery-related areas increased  
9 from an average of 8 percent of our total calls to  
10 17 percent of our total calls.

11                   Most fish-related calls involve  
12 assaulted, threats, boat burglaries, and  
13 essentially alcohol-related incidents. Most  
14 public safety calls for service in the an -- the  
15 proposed annex waterways involve violations of  
16 ADF&G fishing regulations. Okay. Disputes  
17 between (indiscernible) permit holders, setnet  
18 lease sites, and different fish and gear  
19 conflicts.

20                   These calls, they're the  
21 responsibility of the Alaska Wildlife Troopers.  
22 Okay. Search and rescue response in the annex  
23 waterways would be the responsibility of the  
24 Alaska State Troopers per statutory mandate  
25 18.60.120. Any major vessel rescues in rough or

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1 dangerous waters fall in the purview of the U.S.  
2 Coast Guard, it's their job.

3           During the active annexation  
4 period, which was the summer 2013 when we used to  
5 have annexation -- now we don't -- and when DPD  
6 handled the police calls in the waterways, we only  
7 had three calls. Only two of which required an  
8 immediate response that we go out there.

9           Okay. The other call, which is  
10 typical of waterways calls, involved a past  
11 offense. And that can be investigated by --  
12 meaning the offense that's already happened, it's  
13 over with -- and that can be investigated by  
14 having the involved parties come to the police  
15 station.

16           The incidents we did respond to, we  
17 responded with the assistance of the Alaska State  
18 Troopers and the Alaska wildlife Troopers in one  
19 of their patrol vessels. AWT assistance was  
20 required because they possess boating experience,  
21 have larger vessels.

22           The Dillingham police, we have a  
23 good working relationship with the Alaska State  
24 Troopers. The two agencies, we frequently back  
25 each other up on calls and provide assistance to

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1 each other when requested.

2 And contrary to belief, the City of  
3 Dillingham does have its own harbor boat. It's a  
4 large, aluminum setnet skiff, similar to vessels  
5 used by Nushagak setnetters and others.

6 The boat can and has been used to  
7 respond to public safety calls in the absence of  
8 State trooper availability. The harbormaster, you  
9 met him over there, Jean-o, he has vast experience  
10 with vessel operation.

11 A majority of DPD officers have  
12 completed a motorboat operator course, which was  
13 put on by the local U.S. Fish & Wildlife Service.  
14 Okay. They're even -- come and attend next week  
15 the VPSO regional training, some cold water  
16 survival trainings.

17 Okay. The DMV -- this is  
18 important -- the City of Dillingham runs the  
19 Division of Motor Vehicles' contract office. This  
20 is also done under contract with the City. This  
21 office, it's heavily used by residents of  
22 Dillingham, as well as residents from the  
23 surrounding communities and persons engaged in the  
24 commercial fishery.

25 The DMV averages approximately

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1 1,300 vehicle registrations and titles,  
2 approximately 2,500 driver's license and ID cards  
3 per year. During the fishing season, hundreds of  
4 ID cards, vehicle, and boat registrations were  
5 processed.

6                   Everybody need to come in the last  
7 minute to get their stuff done so they can be  
8 legal so the Alaska wildlife Troopers don't write  
9 them expensive tickets.

10                   Okay. The State contract allows  
11 the City of Dillingham to keep a percentage of the  
12 revenues collected, okay. The revenues collected  
13 amount to less than half the cost of running the  
14 State DMV service for the region. This is how  
15 much it costs us, that's how much revenues we get.  
16 The City of Dillingham, subsidizing the cost of  
17 the State's business.

18                   Okay. The City would shorten the  
19 hours of operation to reflect the revenues  
20 generated, and it greatly impacted customer wait  
21 time. It often created a crisis for persons  
22 needing documentation for commercial fishery  
23 activity.

24                   Sometimes we close the door, we ran  
25 out of time, people waited for hours, and they got

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1 to come back the next day. Okay. Instead of  
2 getting their vessels ready, they're -- they're  
3 waiting in line at the DMV.

4 Okay. In order to attract and keep  
5 an employee, the City had to create additional  
6 responsibilities for the agent, which is paid out  
7 of the City (indiscernible). Going to be  
8 hard-pressed to find somebody to work part time  
9 with no benefits, so we had to create other  
10 things. And the City's got to pay a lot of money  
11 to do that.

12 In order to keep the City -- the  
13 office open, the City of Dillingham subsidizes the  
14 offset of cost of approximately -- this year's  
15 budget -- \$50,000 a year.

16 As City finances deteriorate,  
17 possible cost saving would be to no longer provide  
18 the State DMV services to the region. Okay. So  
19 the City of Dillingham would just shut it down.

20 The people want to get their boat  
21 registered, want to get their IDs and they needed  
22 to fish, they should have done that in Anchorage  
23 because they're not getting it done here in  
24 Dillingham. We shut the office down if we can't  
25 afford it.

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1 yourself or personnel out to another village to  
2 pick up people; or do you do any kind of police  
3 activity outside of your borough -- or outside of  
4 your City limits?

5 CHIEF PASQUARIELLO: Are you  
6 referring to people coming into our jail?

7 COMMISSIONER HARGRAVES: Well, what  
8 if they were a shooting two miles off of your  
9 border City limits, would you participate in  
10 collecting evidence or -- would you go outside  
11 the --

12 CHIEF PASQUARIELLO: Yeah, am I  
13 glad you asked that question. Just recently, it  
14 made the news, there was a vehicle chase to  
15 Aleknagik twice. We were there, the State  
16 troopers were there. There was a trooper involved  
17 shooting, and we actually handled the case. AST  
18 investigated their administrative portion --

19 COMMISSIONER HARGRAVES: And that  
20 was outside of your City limits?

21 CHIEF PASQUARIELLO: That was in  
22 the City of Aleknagik. We frequently go outside  
23 --

24 COMMISSIONER HARGRAVES: When that  
25 kind of thing --

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1 CHIEF PASQUARIELLO: -- the limits  
2 to help on ambulance calls. There's always  
3 vehicle crashes out there; it's kind of a no-man's  
4 land between Dillingham and Aleknagik. EMTs go  
5 out there; the Dillingham Volunteer Rescue Squad,  
6 which coincidentally, if you're medevaced pretty  
7 much to Dillingham from anywhere in the  
8 surrounding communities, the Dillingham Volunteer  
9 Rescue Squad resources are going to transport you  
10 to the hospital.

11 COMMISSIONER HARGRAVES: But that's  
12 a volunteer --

13 CHIEF PASQUARIELLO: Yeah.

14 COMMISSIONER HARGRAVES: --  
15 activity?

16 CHIEF PASQUARIELLO: But it still  
17 costs the City money too.

18 COMMISSIONER HARGRAVES: But if  
19 you -- if you had a -- something happen three  
20 miles off the coast here, say there's a fishing  
21 boat shooting on -- or some crime committed, would  
22 you get involved in that?

23 CHIEF PASQUARIELLO: If we're  
24 requested to by AST. We've backed up AST on the  
25 Aleknagik road many times when (indiscernible) --

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1                   COMMISSIONER HARGRAVES: Well, then  
2 wouldn't they reimburse the City or pay the City  
3 anything?

4                   CHIEF PASQUARIELLO: No, they  
5 don't. And as the time I mentioned a long time  
6 before I became the chief, I was in essentially  
7 the MAUT (ph) unit, which was responsible for,  
8 like, drug enforcement here in Dillingham, yet --  
9 drug and alcohol enforcement throughout the entire  
10 region.

11                   So I -- I personally went to Naknek  
12 to work cases, Manokotak, Togiak, other villages  
13 in the region. And the City of Dillingham was  
14 essentially spending their resources, my salary,  
15 to help keep places like Manokotak alcohol and  
16 drug fee. And if we're requested to assist the  
17 troopers on a call, yes, we will.

18                   CHAIRMAN CHRYSTAL: Anything else?  
19 Anything? Any questions from the Commissioners on  
20 the phone?

21                   COMMISSIONER HARRINGTON: No.

22                   CHAIRMAN CHRYSTAL: Okay.

23                   COMMISSIONER HARCHAREK: No.

24                   CHAIRMAN CHRYSTAL: You know, as an  
25 almost 40-year resident of Valdez with the fluxes

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1 impact programs in place, but we -- we can't  
2 continue to do that.

3 We must continue providing services  
4 for the fishing industry, but with reduced  
5 revenues we will be forced to make cuts to other  
6 city services. Everything from schools, senior  
7 services, public safety, and all other programs.

8 Although the staff report states in  
9 several places that fiscal resolution is just a  
10 matter of raising user fees; as most of you know,  
11 it's not that simple.

12 Another alternative presented is  
13 that the city just eliminate some services to the  
14 harbor if fees cannot be collected to cover  
15 expenses. But imagine if you can, the alternative  
16 of eliminating trash removal or -- or -- or other  
17 services that would provide for the harbor.

18 Another example, how realistic  
19 would it be to eliminate police or fire protection  
20 from the harbor? So that's not a very -- very  
21 reasonable way to look at it either.

22 My last comment relates to the  
23 contribution Dillingham makes to the region.  
24 Throughout the final staff report there's direct  
25 comments to the effect that annexation of the

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1 for the same load. The difference between winter  
2 and summer use of our infrastructure is -- is  
3 extreme. The incinerator runs 24/7 to keep up  
4 with the trash in the summer, which includes the  
5 fishery's waste from the two canneries here.

6 It's a much quieter incinerator in  
7 January. This is just one of the many services  
8 fishermen and their crews require. Law  
9 enforcement during the summer (indiscernible) one  
10 of the reasons why we have difficult time also  
11 keeping staff.

12 It's disappointing that a number of  
13 regional entities oppose the Dillingham petition,  
14 and yet they want tax breaks every time we turn  
15 around.

16 Financial support for joint  
17 projects for these organizations is expected from  
18 us and usually forthcoming. For example, you  
19 heard the City -- oh, no, this is different. For  
20 example, the City bonded the Bristol Bay Native  
21 Association office building, and they are asking  
22 to do that again. They oppose this petition.

23 For the Bristol Bay Housing  
24 Authority, we provided an 85 percent exemption on  
25 real property taxes on low income homes. Many of

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1 not a knock on staff. I know they've brought out  
2 issues that -- I'll not characterize them as bad,  
3 I think they're very -- they did a very thorough  
4 job; but I -- I respectfully don't agree with  
5 them.

6 But what does come up in their  
7 report and came up -- I think Mr. Baldwin  
8 mentioned and other people have, that somehow if  
9 you allow this annexation, that'll somehow  
10 influence the area, for whatever reason -- other  
11 reason simply not to have a borough.

12 And I guess when I thought about  
13 that, I was trying to dig through some history,  
14 and I think there is a way that the Commission,  
15 itself, could address that; and it goes back to  
16 1985.

17 In '85 the NANA communities,  
18 Kotzebue and the villages around there, approached  
19 the State and said, look, we would like to  
20 organize a borough; and we want to have the Red  
21 Dog Mine that's out of our boundary. We have a  
22 small problem. Red Dog, even though it's owned by  
23 the NANA Corporation, is in the North Slope  
24 Borough.

25 So what the Commission did and the

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1                   CHAIRMAN CHRYSTAL: Could you spell  
2 that last name for me, please?

3                   MR. ANDREW: A-n-d-r-e-w, sir.

4                   CHAIRMAN CHRYSTAL: Okay. Oh,  
5 Andrew. Okay. Thank you. Anybody else out  
6 there? Okay. We'll start the very -- the first  
7 name on the top of our list is Danny Frazier from  
8 the Dillingham City School District. I'm sorry,  
9 go ahead, please.

10                  MR. FRAZIER: Hi, I'm Danny  
11 Frazier, I'm the superintendent of schools in the  
12 Dillingham City. I've worked for the District  
13 seven years. First as the assistant  
14 superintendent, and the last three years as the  
15 superintendent.

16                  We have 475 students as of this  
17 day. In the past we've opened our high school to  
18 Clark's Point and Aleknagik through a cooperative  
19 agreement, and we've worked with the Bristol Bay  
20 Company -- Bristol Bay Campus to offer dual  
21 credits.

22                  Some of our students have graduated  
23 with 44 credits toward post-secondary degrees.  
24 We've teamed with Southwest Regional School  
25 District in our Migrant Education Program and our

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1 CHAIRMAN CHRYSTAL: Could you spell  
2 that last name for me, please?

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23 with 44 credits toward post-secondary degrees.  
24 We've teamed with Southwest Regional School  
25 District in our Migrant Education Program and our

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1 Career Tech Education program. We're proud of  
2 what we've established here in Dillingham, and  
3 we're proud of our demographics.

4           However, this is a key point right  
5 here, the Dillingham City has supported the school  
6 district for as many years as I've been in the  
7 district with \$1.3 million of local contributions.  
8 This is \$735,000 over the minimum.

9           However, if the City is forced to  
10 reduce its contribution to the minimum, it would  
11 cost more than the 735,000. The district eligible  
12 for deduction would increase from 244,000 to  
13 588,000, shorting the district funding by  
14 \$323,000. The total shortfall in revenue to the  
15 district would be \$1 million.

16           The State recently reduced the  
17 participating share in the bond indebtedness. The  
18 City has to pick up an additional \$250,000 in  
19 expense for the school district, even though each  
20 year at the beginning of the school year we -- we  
21 open our buildings to the Southwest Regional  
22 School District for their kickoff inservice.

23           We use the buildings to host  
24 meetings for BBNC, the Mental Health Trust Board,  
25 BBNA Head Start -- just about any organization

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1 that ask us, we provide them rooms in the -- in  
2 the school district for actually rather nominal  
3 fees; some of them free.

4 A fact that's worth sharing is --  
5 is the school district doesn't have a library in  
6 our middle school and high school. The City  
7 offers the public library to help with that need.  
8 If the City closes the library because of lack of  
9 funding, the school district also loses its  
10 library.

11 So to sum it up, we could lose the  
12 library; we could use -- lose a million dollars in  
13 funding. And maybe you don't know -- I know some  
14 of you probably do know -- the school district  
15 doesn't operate on a lot of revenue. We -- we  
16 have revenue for personnel. So if we lose  
17 funding, we lose personnel. We don't have any  
18 place else to cut it. So I'm asking the  
19 Commission to grant the annex. Thank you.

20 CHAIRMAN CHRYSTAL: Any questions  
21 for Mr. Frazier?

22 COMMISSIONER WILSON: No.

23 CHAIRMAN CHRYSTAL: Anybody on  
24 the -- the two Commissioners on the phone,  
25 Commissioner --

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1 in the district that provides services to the  
2 local fishing fleet, so Dillingham sources of  
3 revenue are limited with the current population  
4 size and the land status that we have. Property  
5 taxes don't apply to all the lands and homes in  
6 the -- in the City district.

7 And the Nushagak District is the  
8 only district in Bristol Bay without a raw fish  
9 tax going to the municipality that provides  
10 services for the fishing fleet, which has always  
11 been baffling to those of us that have worked on  
12 looking at alternative finances.

13 I believe that the harvesters of a  
14 public resource should have to help support the  
15 public infrastructure and facilities that they  
16 depend on. Approximately 70 percent of the 800 or  
17 so people that fish in the Nush -- Nushagak  
18 District are not residents of the district and  
19 depend on Dillingham services and resources.

20 We heard today that the -- the boat  
21 harbor, the City docks, DMV -- which I hadn't even  
22 thought about before -- landfill, bathhouse,  
23 public safety, are not self-supporting and require  
24 the City to annually cover these deficits.

25 There is a 45 percent increase in

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1 individual persons.

2 My comments are not directed at any  
3 particular community or any group of community or  
4 any person or persons, they are a reflection of --  
5 of reality based on facts, as I have perceived  
6 them, to affect life in my community and in my  
7 region.

8 On any given day, between a quarter  
9 and a half of the people I have contacted in the  
10 course of my employment were residents of  
11 communities other than Dillingham.

12 During the fall and winter months,  
13 these nonresident contacts were generally regional  
14 residents. While during the four months of the  
15 fishery, nonresident contacts could be with people  
16 from anywhere in the world due to the mass  
17 increase in the number of -- of such contacts;  
18 many were -- were still predominantly regional  
19 residents.

20 This was particularly true in the  
21 core townsite, the docks area, and especially in  
22 the Dillingham small boat harbor; areas where  
23 services provided to all parties are concentrated  
24 and to which police services were largely  
25 cemented, especially during closures when

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1                   The City is on a budget deficit,  
2                   and we're not captured this -- this tax base that  
3                   could help fund some of these essential services  
4                   that support this enormous fleet that comes in in  
5                   the summertime.

6                   And I'm certainly not doing as  
7                   eloquent of a job as Mr. Lisac did, but he -- he  
8                   greatly lined out all of the resources that are  
9                   used and these deficits that we see. The trash  
10                  statistic was staggering to me. \$11,000 to take  
11                  the trash out of the harbor, that's insane; but I  
12                  can completely see that. When the harbor is full,  
13                  there are so many people here in town.

14                  I think it's a shame that our  
15                  library has lost several open business hours  
16                  during the year. Like Danny Frazier mentioned,  
17                  the middle school and high school don't have a  
18                  library of its own; so it relies on our City  
19                  library. I'm a board member on the Dillingham  
20                  Friends of the Library here, and we've seen those  
21                  hourly cutbacks more and more each year.

22                  The fishing fleet, when they're  
23                  here in town, uses the library. It's overflowing  
24                  into the parking lot. Fishermen are sitting  
25                  outside using the Internet services that the City

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1 is paying for, and -- and a fish tax could help  
2 fund all of these services.

3 Yes, we're not going to see new  
4 services come in; but we're going to fund what  
5 we're already providing and be able to keep up  
6 with that, or at least make some inroads of  
7 keeping up with that.

8 I would like to see some of that  
9 tax captured (indiscernible) though to Clark's  
10 Point and Ekuk, especially when Mr. Heyano pointed  
11 out that those processors sitting off Clark's  
12 would no longer service -- or would no longer  
13 provide those funds to the City of Clark's Point.  
14 I think that would be greatly detrimental to that  
15 community.

16 But, you know, we haven't -- people  
17 talk about a borough, it hasn't happened. The  
18 annexation would not preclude the formation of a  
19 borough. We got to start somewhere, and that  
20 resource is being harvested. And it could be  
21 taxed, and it could help contribute to support our  
22 way of life here in this community.

23 So we are -- we are in support of  
24 that tax. And, yeah, we can write it off on our  
25 personal business taxes and our federal taxes; and

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1                   My testimony is my own and not that  
2                   of any of these organizations. Dillingham's the  
3                   largest community in Bristol Bay with about a  
4                   third of the population. The Nushagak Bay, where  
5                   I grew up fishing commercially during the summers,  
6                   is the only bay in Bristol Bay that does not have  
7                   a local fish tax.

8                   If you're trying to use denying  
9                   Dillingham the ability to extract revenue from the  
10                  Nushagak Bay in hopes that it'll force Dillingham  
11                  into a borough, I believe that this would be a  
12                  failed mission. Dillingham has been looking at  
13                  borough formation for years; and to date, has gone  
14                  nowhere.

15                  I believe that there's way too much  
16                  opposition to borough formation at this time. If  
17                  you don't allow Dillingham to annex the Nushagak  
18                  Bay, Dillingham will suffer, especially with the  
19                  forecast of less revenue from the State of Alaska  
20                  in the coming years.

21                  The fishing fleet, which is mainly  
22                  made up of nonresidents which utilize the  
23                  Dillingham City boat harbor, increases the cost to  
24                  the City from needed protections of police, fire,  
25                  ambulance, and other services.

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LOCAL BOUNDARY COMMISSION  
PUBLIC HEARING

November 30, 2016  
9:00 a.m.

Taken at:  
Dillingham, Alaska

- Commissioners Attending:
- Lynn Chrystal, Chairman
- Darroll Hargraves
- Lavell Wilson
- John Harrington (via telephone)
- Robert Harcharek (via telephone)
- Staff Attending:
- Eileen Collins
- Brent Williams

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1 average local fish tax that fishermen are  
2 paying elsewhere in Bristol Bay. This  
3 analysis showed that it varies from fishermen  
4 paying an average of \$570 in fish taxes in  
5 the Togiak fishing district to Togiak for  
6 their local fish tax, to the average  
7 fisherman in Egegik who pay \$2,000 to a  
8 combination of Egegik and Lake and Peninsula  
9 Borough.

10                   If the Dillingham annexation is  
11 approved, Nushagak Bay fishermen would be  
12 paying local fish taxes in the low to  
13 mid-range compared to other Bristol Bay  
14 fisheries.

15                   The obvious next question is:  
16 well, what if Nushagak fishermen have to pay  
17 both the Dillingham and the future borough  
18 local fish tax? Staff suggests on page 2 of  
19 the final report that, quote, unquote:  
20 Moreover, the Department believes granting  
21 this annexation would cripple a future  
22 borough's primary source of revenue  
23 generation; therefore, this annexation is not  
24 in the State's best interest, end quote.

25                   This is simply not true. I was

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1 surprised that the staff report offered no  
2 data or analysis to back this statement up,  
3 and we've heard several in their testimony  
4 comment about this burden and what the  
5 implications are for being able to have a  
6 future borough. Without this backup, this is  
7 simply an opinion, though, and I'm going to  
8 show that the data does not support this  
9 opinion.

10                   The State's 2015 Alaska taxable  
11 shows that there are seven places in western  
12 Alaska where both the city and the borough  
13 levy a local fish tax, and combined rates  
14 vary from 3-and-a-half percent to 5 percent.  
15 Assuming a combined City of Dillingham and  
16 future borough fish tax rate of 4 percent and  
17 using the CFEC five-year averages for the  
18 Nushagak fishing district, this would result  
19 in an average tax burden of 1,830 per  
20 fisherman at 4 percent. This would be on the  
21 high end for Bristol Bay, but at 4 percent  
22 it's still less than those fishing in the  
23 Egegik District pay on average.

24                   Keep in mind that this is before  
25 any low income or dual taxpayer rebates are

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1 taken. Also, just to remember that these  
2 local taxes are deductible on fishermen's  
3 federal income tax returns.

4 I do want to note that my look at  
5 the average tax burden on fishermen suggests  
6 that the combined City of Dillingham and a  
7 future borough local fish tax rate not exceed  
8 4 percent or 4-and-a-half percent maximum.  
9 The question becomes: If a 2 percent future  
10 borough fish tax is reasonable, can this  
11 raise enough revenue to run a future borough?  
12 Again, the answer is yes.

13 As you've heard, there's a  
14 regional government study going on now. This  
15 month the McDowell Group issued one product  
16 from that work for the regional tax portion.  
17 That's the Dillingham Census Area Borough  
18 Feasibility Study. The McDowell Group  
19 report -- and also we've heard testimony, I  
20 think, from Mr. Anderson yesterday about this  
21 dollar amount. The McDowell Group report  
22 estimates how much a variety of different  
23 taxes in the region could generate and they  
24 developed three different future Dillingham  
25 census area borough budgets. The total

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1 borough revenue that they show can be  
2 generated varies from 2-and-a-half to  
3 \$3 million in these scenarios. I believe  
4 Mr. Anderson yesterday talked about 2.7  
5 million.

6           This could be generated by a  
7 combination of 2 to 3 percent fish tax and  
8 alcohol sales and lodging taxes and also  
9 state community assistance revenue. Each  
10 budget provides the three mandatory borough  
11 services and has a small surplus.

12           In conclusion, I hope that my  
13 comments show a path for you to find that it  
14 is in the State's best interest to allow the  
15 Dillingham annexation and that this will not,  
16 quote, cripple a future borough, end quote.  
17 My testimony, which used CFEC, DCRA, and  
18 Department of Revenue data that's in the  
19 record, as well as information from that  
20 November McDowell Group report for the  
21 regional borough study group shows that, one,  
22 the level of harvest by regional fishermen in  
23 the Nushagak Bay is quite similar to the  
24 level of regional harvest in the Egegik,  
25 Ugashik, Naknek/Kvichak, and Togiak

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1 Fish & Game during the commercial salmon  
2 fishery. I was not prepared to speak off the  
3 cuff, and so if you can bear with me, I  
4 will --

5 CHAIR CRYSTAL: Now, that's not  
6 the letter right there, is it? Yeah, please  
7 get it out of the way.

8 MS. BRIDO: So what you're  
9 looking at here in front of you is the Alaska  
10 Department of Fish & Game's map of the  
11 commercial salmon district boundaries. This  
12 map is used by the Alaska Department of Fish  
13 & Game during the commercial salmon fishery  
14 to tell where salmon are caught and delivered  
15 and provide openers during the commercial  
16 salmon fishery.

17 The stat codes that are along the  
18 sides, 32535, 32531, 32 -- there we go --  
19 32333 and 34, as well as over here, 32511,  
20 are the setnet stat codes. So those are used  
21 for the setnet fissures who are fishing their  
22 setnets off of the beach. When they deliver  
23 their fish to the processor who's buying  
24 their salmon, the processor registers those  
25 fish as caught by a setnetter in these

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1 statistical areas. So if your setnet is  
2 located here along the Ekuk beach, and you  
3 deliver to Ekuk cannery, those fish are  
4 recorded by the processor for the Alaska  
5 Department of Fish & Game under the stat code  
6 32534, et cetera, for the other setnet  
7 districts. If you're going to move between  
8 setnet districts, you have to wait 48 hours  
9 and then move your setnet site, which doesn't  
10 happen very frequently for setnetters.

11                   When the drift fishermen  
12 participate in the commercial fishing in the  
13 Nushagak District, there are actually three  
14 stat codes that they can fish under. When  
15 the whole district is open from this red  
16 line, this red line south to the south line  
17 here, the whole stat code used is 32500. So  
18 when the entire bay is open for drift salmon  
19 fishing, and a drift fisherman takes their  
20 fish to deliver to the processor, the fish  
21 caught are registered on a fish ticket under  
22 the stat code 32500. There's no way to tell  
23 under that stat code where within the  
24 district that drift fisherman has caught  
25 those salmon. They could have caught some of

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1 them in the mouth of the Igushik River and  
2 they could have caught some of them down at  
3 the south line by Etolin Point. There's no  
4 way to determine where that fisher has been  
5 fishing as a drifter.

6           However, sometimes at the  
7 Department's discretion they open parts of  
8 the drift fishing district at one time. This  
9 stat code here, 32510, is the Igushik  
10 section, which is separated by this vertical  
11 line. So anything west of that vertical line  
12 when just that section is open, the  
13 Department can tell that drift salmon are  
14 caught in the Igushik section. At times they  
15 open just the Nushagak section, which is this  
16 stat code here, 32530. That's when this side  
17 of the district is open independently.

18           The Department will decide to  
19 open parts of the Nushagak District based on  
20 escapement with the three main tributaries  
21 within the bay. The Nushagak River, the Wood  
22 River are on this east side of the bay, and  
23 if their escapement is doing well, but the  
24 Igushik River's escapement is not, the  
25 Department will choose to close the Igushik

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1 section and allow just fishing to occur in  
2 the Nushagak section. Alternatively, if the  
3 Igushik River's escapement is doing well,  
4 they'll choose just to open that section.

5           Most of the season the drift  
6 fishing is prosecuted with the stat code  
7 32500. So the entire drift district is open.  
8 I believe the City's point in asking someone  
9 to testify about these statistical codes  
10 is -- and the Department has also put forth  
11 the opinion that when the entire district is  
12 open and they're using the statistical area  
13 code 32500, there is no way to tell if the  
14 drift fisherman is fishing in the Igushik  
15 section and that tax base should go to the  
16 City of Manokotak, or if that drift fisherman  
17 has been fishing in the Nushagak section, and  
18 that tax base should go to Dillingham should  
19 the annexation proceed through.

20           So my testimony is just to show  
21 the district is quite large, and when you're  
22 using the stat codes, it's unrealistic to  
23 apportion out how much of that raw fish tax  
24 would go to the City of Manokotak and how  
25 much would go to the City of Dillingham using

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1 32500 as a drift fisherman.

2           It is also unreasonable to have  
3 both of those districts open at one time and  
4 have them deliver based on where they're  
5 fishing. So let's say both the Igushik  
6 section and the Nushagak section are open  
7 concurrently, and the Department says because  
8 of annexation, if you've fished on the  
9 Nushagak side, you must deliver your fish to  
10 32530. If you fished on the Igushik side,  
11 you must deliver to 32510, well, there's not  
12 a whole heck of a lot of tenders that sit  
13 over here in the Igushik section.

14           You may be fishing along the  
15 south line and drifting and you're going to  
16 deliver your fish just below the south line.  
17 There's not really a way to say, okay, one of  
18 my brailer bags was caught in 32510 and one  
19 of my brailer bags was caught in 32530, so  
20 let's split these fish between the sections  
21 and give our raw fish tax to each area.

22           So it would just be something  
23 that would be difficult for the Department to  
24 do as far as tell when the whole district was  
25 open where those drift fish were caught.

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1           So I hope that made sense. It  
2 was much more eloquently put by Mr. Sands,  
3 but hopefully I haven't given you a whole  
4 soup of numbers there that are unusable.

5           CHAIR CHRYSTAL: I do have a  
6 question. When you have a driftnetter and a  
7 setnetter both fishing in the same area, can  
8 the driftnetters come in and infringe on the  
9 area of the setnetter?

10           MS. BRIDO: No, there are laws --  
11 well, there's regulations under Alaska  
12 statutes and through the Board of Fisheries  
13 that have set up legal distances between gear  
14 types. So you have to be a certain distance  
15 away from a setnet operation if you're a  
16 drifter and vice versa.

17           CHAIR CHRYSTAL: Okay. And you  
18 can't claim, gee, I was lost in the fog and I  
19 drifted in by mistake?

20           MS. BRIDO: Well, I think you  
21 could try that with the troopers, but it  
22 probably wouldn't work out for you.

23           CHAIR CHRYSTAL: Okay. Anybody  
24 else got any questions?

25           COMMISSIONER HARGRAVES: Mr.

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1                   So the Commission had this sort  
2 of dilemma. How does that work to have a  
3 borough that really wants some property that  
4 happens to be owned by that area's regional  
5 corporation to be included in a new borough?  
6 So they did two things. Two separate  
7 actions, two separate petitions.

8                   One was it allowed a region to  
9 vote for a borough and it was conditioned  
10 about, that vote, in fact, that Red Dog  
11 property that was in the North Slope Borough  
12 would be detached and included with this new  
13 petition. And in advance of the petition for  
14 the legislative review at the same time, or  
15 roughly the same time but a separate action  
16 instead it said: We're going to detach part  
17 of your property within the North Slope  
18 Borough and it will be detached conditioned  
19 upon people voting for a borough, okay.

20                   So how does that relate to this?  
21 It's been mentioned by staff and a number of  
22 people that come up to testify that somehow  
23 if you have an existing city, you would  
24 prevent or discourage or financially make it  
25 difficult for a future borough. Through

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1                   MAYOR RUBY: So, Mr. Chairman, I  
2 apologize. I did have one more item to  
3 cover. You had asked or somebody had asked a  
4 question yesterday about the size of our  
5 geographic city after annexation. So I  
6 wanted to respond to that.

7                   So I used the DCCED community --  
8 it's listed on the top of this -- Community  
9 Information Database on the web and pulled up  
10 random communities that I could think of to  
11 use as comparisons. So what I would actually  
12 direct your attention to is the population  
13 per square mile. If you look at the -- some  
14 of the comparables would probably be Egegik.  
15 As you can see, the square miles of water  
16 within their community, 101 square miles  
17 based on their population of 109 people.  
18 They've, you know, got .7 persons per square  
19 mile.

20                   Also, the communities of St. Paul  
21 is probably a comparable, and St. George, and  
22 interesting because they're side by side. So  
23 St. Paul has a total square miles of 295; 255  
24 of that is water. St. George, 147 square  
25 miles of water, giving them under 1 person

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1 per square mile in their boundaries.

2 when I looked at the DCCED  
3 website, too, they're still showing the data  
4 for Dillingham from 2013. So the data you're  
5 seeing here is what existed when our  
6 annexation had gone through last time. So  
7 showing the Dillingham boundaries as they  
8 will be if you approve this annexation, which  
9 is 397 square miles of water, it works out to  
10 be about 5.4 persons per square mile within  
11 our city.

12 CHAIR CHRYSTAL: I've got a  
13 question.

14 MAYOR RUBY: Part of that's the  
15 geography. I'm sorry?

16 CHAIR CHRYSTAL: Why did you pick  
17 those particular cities? I know like -- why  
18 wouldn't you pick Juneau? I know Juneau is a  
19 huge geographic area. Of course it's a  
20 bigger city, but the geographic area is huge.

21 MAYOR RUBY: Well, without  
22 knowing population numbers, I mean, I did  
23 this in like 30 minutes last night at about  
24 11:30. So I didn't -- wasn't able to put a  
25 lot of thought into picking communities.

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1 what I tried to do was pick coastal -- what I  
2 thought would be like coastal communities,  
3 small populations. Maybe some at least that  
4 relied on fishing because obviously if it's a  
5 coastal fishing community, at least in my  
6 thinking, the boundary is going to be bigger  
7 because fish is what matters and fish are not  
8 on shore. So that's why I picked some of  
9 these. You are right, I didn't include, I  
10 don't think, any Southeast communities. I  
11 probably should have.

12 CHAIR CHRYSAL: Well, or even in  
13 the -- where Darroll and I live in the Mat-Su  
14 valley Borough. You talk about huge. It's  
15 over 100 miles from one end to the other.

16 MAYOR RUBY: I didn't include  
17 that one either. This was just a  
18 demonstration, and so I just wanted to answer  
19 the question you had about --

20 CHAIR CHRYSAL: Well, you're  
21 trying to compare oranges and oranges, I  
22 guess.

23 MAYOR RUBY: Yeah. Well, oranges  
24 and apples maybe.

25 COMMISSIONER HARGRAVES: Mr.