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September 22, 2015,

Local Boundary Commission
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RE: Comments In Support of Dillingham Annexation Petition

Dear Local Boundary Commission:

Once again we are writing in support of the City of Dillingham's efforts to annex additional areas into its boundaries. Ever since the last effort to form an area borough failed, we have supported this annexation effort.

Not much has changed since Dan submitted a letter of support about a year ago except: 1) the LBC denied a State generated Borough proposal; 2) the price of oil has plummeted and all state services are expecting severe cuts - further adding to the financial needs of Dillingham and surrounding communities; 3) salmon prices have declined significantly and; 4) the City of Manokotak has submitted a competing annexation proposal. We have included a copy of last year's letter in case a refresher is desired.

We remain convinced that Dillingham's proposal is reasonable and necessary and will benefit the entire area significantly. We also believe Dillingham has made every reasonable effort to work with other communities and agencies exploring all avenues. Further the City of Dillingham has greatly exceeded the requirements of due diligence in this process and deserves to move their proposal forward. Finally we too want to see the whole Bristol Bay area remain financially solvent we do not believe this will negatively impact the surrounding area, and in fact may help it.

By approving Dillingham's annexation proposal, the city may be less of a financial burden to the state during the coming period of austerity.

Thank you for your consideration.

Sincerely,

Dan O. Dunaway

Dan Dunaway

Marjorie W. Dunaway

Marjorie Dunaway

and

COPY -- Comments on Dillingham Annexation originally submitted 9-30-14

Dan Dunaway

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I've lived in Dillingham since November 1989 and Alaska all my life. I've watched 2 or 3 attempts to form boroughs here as well as the recently court rejected annexation. I lived in Sand Point AK before and during the formation of the Aleutians East Borough. My wife became the borough planner there so I have some experience observing related processes.

I strongly support allowing the City of Dillingham to annex Nushagak Bay commercial fishing district. The City currently provides the main airport, boat harbor, fish processing center, freight docks, library, police and other infrastructure essential to the local commercial fishery and the nearby villages. A very high proportion of the residents of the area use the City services of Dillingham at some time or other during the year. Nonlocal and nonresident fishery related people also heavily use city services during the fishing season.

The non city residents clearly contribute to the economy through sales taxes, use fees, and purchase of locally offered goods & services. However its my belief their contribution is not in proportion to their demands (especially dock time, harbor, and sometimes police and emergency services) compared to the tax paying property owners and other full time residents of the city.

Under the current situation there is a substantial portion of the commercial fishers that earn income in the Bay but pay little to no support for the city services; the nonlocal, nonresident fishers. They essentially enjoy a tax break compared to fishing in any other district in Bristol Bay as well. While annexation involves adding a tax burden to the local fishers, the tax would capture significant revenue that currently "sails away" to the lower 48.

Many houses in Dillingham are on Native lands and are not taxable. Some federal housing here is similarly not taxable. Further, HUD and/ or Tribal Housing groups have demanded and received significant tax concessions from the City of Dillingham thus removing or very significantly reducing the property tax base to the City yet the Payment In Lieu of Taxes (PILT) from the Federal govt has stayed flat for years and in no way keeps pace with the substantial cost increases in the area. The increased number of subsidized houses and associated families, increase service demands on the city while those same houses do not pay their full share. Some of these residents are actually former residents of nearby villages which used tribal funds to build housing for them IN DILLINGHAM. Housing that was then granted tax concessions. It should be noted that while the "Village of Ekuk" vigorously opposes the annexation, NONE of those villagers live in Ekuk year 'round, and many if not most live in Dillingham and enjoy the available services and infrastructure. To my knowledge only a fish plant watchman lives year 'round in Ekuk.

Some of the same people vigorously fighting the annexation are beneficiaries of the subsidized housing in Dillingham and/or had a hand in demanding and getting the tax concessions.

Some of the same people fighting annexation, and housing taxes, were also vigorously involved in opposing the 1990's efforts to form a borough in the area. So I believe current calls to form a borough are just another delay tactic. As one life time resident pointed out there have been numerous efforts to form a borough here since statehood but an ingrained fear of Dillingham as the largest population center has resulted in paralysis.

From studies in the 1990's, borough formation in this area looked very marginally viable. I think that situation remains so or is worse. I seriously doubt the area could afford another layer of government, employees etc. in the near term.

Therefore, as THE hub, Dillingham serves in some capacities as a de facto borough and would be better able to do so if it was allowed to annex Nushagak Bay. Further, in the first annexation. the city committed to investing some of the resultant revenues for the benefit of the commercial fishery. That WAS done. The better city dock and much larger freight handling equipment allow the city to more efficiently handle outgoing processed fish and incoming freight. These efficiencies save money to all involved in the fishery as well as other residents of the area. The taxes collected in the annexed area helped make those purchases possible.

The Dillingham harbor is breaking down due to erosion. This harbor is the ONLY one in all of Bristol Bay. It serves the whole commercial fleet and many set-netters and recreational users as well as some freight haulers servicing surrounding villages. Use fees can't fully cover the work needed to restore or protect the harbor from becoming unusable through bank erosion. Once scheduled for restoration funds from the Corps of Engineers, the funding formula was reinterpreted a few years ago and now the city must come up with a much larger match before any work will start. The city has no other real means to come up with the 5- 7 million dollars than to find new revenue sources.

Some testimony was given that in the 2 seasons Dillingham was able to tax the district, the outlying communities and the fishery had not seen any benefit - with a long list of items they wanted to see. I submit that some of those wishes like better oil spill response equipment and supplies, longer range emergency vessels, etc might have become available eventually but in the short period of the district was annexed, the revenues had to be spent on a few of the highest priorities. It is unreasonable to think that 2 seasons of tax revenues (lower than expected) would be sufficient to purchase every item on an extensive and very expensive wish list.

Landfill: The summer fishery puts a substantial increase in the amount of materials going into the landfill. While city based fish processors pay their way, the fleet influx produces a large amount of trash too. Processors outside of city boundaries also contribute to the landfill burden and pay fees, but not other city taxes that are needed to cover full expense of operation. The city is struggling to meet the proper disposal requirements. Annexation and a modest tax would help alleviate this problem, distribute the burden more fairly, and would contribute substantially to the environmental health and sustainability for the entire fishing district.

Sewer: Dillingham needs more complete sewage treatment than it currently provides. The city needs matching funds to improve its treatment or it will have to pay significant fines to the EPA. Proper sewage treatment is critical to protect the image the Alaska's clean waters and healthy salmon products.

Improving the city's tax base such that it can afford to build better sewage treatment will protect and enhance the Nushagak fishery for ALL users.

Law Enforcement: It is very common when non city residents are in Dillingham, they significantly add to the law enforcement burden on the city. The city has to increase patrol efforts in the boat harbor and down town area during the commercial fishery.

Elements of the law enforcement issue needs clearer guidance from State authorities and may need legislative attention. It appears that once the Dillingham annexation was in place, the State Troopers decided that it was the City of Dillingham's responsibility to provide enforcement within the whole area. This was not the expectation of the city prior to annexation.

I submit that NO Boroughs or municipalities that I know of provide complete (if any) law enforcement / public safety coverage for the far flung waters within their boundaries. Certainly Aleutians East, Kenai, Mat-Su nor Anchorage Municipality fully patrol their waters- marine or fresh. Anchorage and some other boroughs may have some emergency response vessels of limited range. So why was (would) Dillingham (be) expected to have a greater enforcement capacity than those much larger, more populated and much more wealthy municipalities? Especially immediately after the annexation. This issue should not be a limiting factor in the annexation issue.

I should add that as this being written 15 new VPSO skiffs are being outfitted in Dillingham for outlying villages. Some of these skiffs will go to villages adjacent to the area of question. Regardless of jurisdiction, there will soon be more emergency response skiffs available in the whole region.

Merger Option: As part of annexation, I support inclusion of an option or method to allow adjacent communities to merge with Dillingham after 5 years and up to 10 years, possibly one by one, with the goal to share revenues and eventually form some sort of borough - as might become feasible. I think many in Dillingham realize it is in the interest of the city for the outlying villages to remain viable as well.

Finally, it is my opinion that in its first effort at annexation, the City of Dillingham went to great lengths to properly follow legal process and to respect the concerns of the villages and people who opposed the action. The City conducted or attempted to conduct additional public meetings in adjacent communities as specified by the Local Boundary Commission. I think the court was mistaken to nullify the annexation and did not fully appreciate the extensive efforts and process made in the first effort.

Please grant and approve the petition of the City of Dillingham to annex the Nushagak Bay area they have requested. Thank you.