



**City of Gustavus**  
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June 22, 2011

Mr. Brent Williams  
LBC Staff Supervisor  
DCCED  
550 W. 7<sup>th</sup> Avenue, Suite 1770  
Anchorage, AK 99501-3510

Dear Mr. Williams:

The purpose of this letter is to provide you with the City of Gustavus response to the "Preliminary Report to the Local Boundary Commission, May 2011".

In general, we believe the report fairly and fully reflects the City's argument for annexation of portions of Icy Passage and the Falls Creek area. We find its conclusions appropriate and generally well reasoned. Our comments will be divided into two categories: correction of details and matters of substance.

Correction of details

On page 32, on the first line, the report states "Gustavus has a 2% sales tax...". The correct figure is 3%, pursuant to a October, 2010, vote of the populace to that effect.

On page 39, second to last paragraph, "RMS" should read "EMS".

Matters of substance

On page 37, the first paragraph states "The city will control the moorage situation in Icy Passage..." It would be more accurate to say "The city will cooperate with other management entities to control the moorage and dock/float access ...".

On the same page, third paragraph states that "The city is examining piping water from Falls Creek...". It would be more accurate to state "The city would be in a position to consider piping water from Falls

Creek, which may become necessary due to inadequate septage management.”

On page 46, the first paragraph states “The city has discussed regulating and enforcing the moorage sites.” To date, this has not been formally discussed, but will be part of the discussion necessitated by City management of the new floats. It would be more accurate to state that “...more traffic from barges and ferry will require the city to cooperate with other management entities to deal with moorage and access problems.”

On page 48, the first paragraph under Commerce states that uses of the Falls Creek area other than for a water system “are speculative”. We believe that use of the rock resource for community use is not speculative. There is no other local source for rock, and DNR has addressed the mechanism for leasing the rock pit to local contractors during the negotiations between FERC and Gustavus Electric over conditions of the hydropower license with the latter.

On page 58, the third paragraph under Commerce states “Placing the moorage area inside city limits would empower the city by giving it control...”. We recommend placing the word “regulatory” before the word “control”, thus recognizing the role of other management agencies such as the US Coast Guard. Similarly, on the next page, we would prefer to insert the word “regulatory” before the word “control” in the last sentence.

Thank you for this opportunity to respond to the Preliminary Report. We reiterate our general support for its conclusions and look forward to approval of our annexation petition.

Sincerely,



Lou Cacioppo  
Acting Mayor