

P.O. Box 1096
Petersburg, AK 9983
16 Aug 2011

Brent Williams
Local Boundary Commission
Division of Community and Regional Affairs
Department of Community, Commerce, and Economic Development
550 West 7th Ave., Suite 1770, Anchorage, AK 99501-3510

Re: Proposed Petersburg Borough

Dear Mr. Williams,

We hope that you will give our comments strong consideration because the process of borough formation has, in effect, excluded us in spite of the fact that we are the only fulltime residents of Farragut Bay, have lived here nearly 30 years, own the largest acreage, and stand to pay the most for zero services.

When one analyzes the process of borough formation, it is evident that it was set up to reduce the influence of those opposed to borough formation by setting a threshold of only 15% of outside residents to be in favor of boroughs to begin the process. The petition stage is the most important for those opposed. Later, during the general vote our vote is made worthless by being so diluted by the much larger city resident population.

During the petition stage, we were never counted in the base number of residents living outside city limits because we were unable to vote in the last general election. General elections are held in November during days of short daylight and high probability of bad sea conditions in Frederick Sound. It is extremely risky to make a 60 mile round trip from our home to Petersburg in our small boat at that time of year. Access in Farragut Bay is further limited by tidal flats which allow one to come and go only on the very high ice-free daytime tides. There is no mail service here so voting by absentee ballot is not an option especially with ballots being mailed out only several weeks before an election.

We happened not to have voted in the general election prior to the petition, therefore, we were excluded as residents living outside the city in

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the proposed borough. It is absurd to link residency to voting. In a democracy one also has the right not to vote. We have been known to be full time residents of Farragut Bay for almost 30 years and Petersburg clearly knows that. Also, voting is not a determinant of residency for a fishing license or hunting license or for the Permanent Fund. No, this link to voting conveniently disenfranchises those living the most remote and, therefore, the most likely to be against a borough.

If the process of borough formation is shamefully unjust, it pales compared to the consequences of being on the remote fringes of a borough as would be the case for Farragut Bay. The Petersburg Borough could not possibly provide any services whatsoever to Farragut Bay in return for the revenues to be collected:

- 1) No roads or utilities can be provided
- 2) No emergency service or police protection is possible due to remoteness, lack of communication including no cell phone service, and lack of good access. (Note: A fast boat for these services has been mentioned. This, of course, would be just another toy for Petersburg and would be totally impractical most of the year. It would do nothing for Farragut Bay without the ability to call for it)
- 3) No school education is possible in the Petersburg school system while living in Farragut Bay. No one could possibly take their children to Petersburg on a daily basis. A school boat does not bear mentioning. Plus there are no children in Farragut Bay.

If the residents of Petersburg were told that all of the services listed above were going to be eliminated for them and that the only "service" to be retained would be taxation, what would be their reaction? Yet most of them will probably vote for the borough and do this to us. On this basis, we ask the Boundary Commission to do the right thing and

One argument for including remote areas is that outside residents also use Petersburg City Services. We are the only full time residents in Farragut Bay. Most of the remaining property owners already live in Petersburg and therefore already pay for the services they use. Several are absentee owners and do not come here or to Petersburg therefore they do not use any services. In our case, we go to Petersburg maybe 4 times a year at which time we pay transient moorage at the harbor which pays for the services we use just like any other visitor. The local stores are happy to have our business and our purchases have contributed to local sales tax revenue. We do not have an automobile in Petersburg. We do use the Post Office but that is not funded by local taxes. So, how does paying for city services justify including Farragut Bay in the Petersburg Borough?

Areas near Petersburg could arguably be viewed as a natural extension of the city where outside residents frequent Petersburg routinely, many on a daily basis. They work there, have businesses there, keep automobiles there. Their children attend Petersburg schools. Farragut Bay is a completely different case due to distance, combined with a location across Frederick Sound.

It is illogical to include Farragut in the proposed borough for the numerous reasons discussed, but it is truly outrageous that we should be taxed at the same rate as nearby areas. Since State law sets the minimum rate at 4mil, this disparity should be remedied by eliminating Farragut Bay from the borough. Otherwise, it will be a blatant and abusive tax grab, pure and simple. Petersburg would be robbing property owners here, giving them nothing in return for their tax dollars and using this money in order to fund the unrealistic and unsustainable capital expenditures of a city which is losing population.

In fact, if the Boundary Commission approves the size of the proposed borough it could actually

feed the problem of long term fiscal unsustainability for Petersburg. Currently planned capital projects and the need to issue bonds to pay for shortfalls in previous projects demonstrate this point. Governments have a track record of overestimating revenues and underestimating costs. Petersburg should live within its means and accept the fact that it is a small and shrinking city without a need for every department known to Los Angeles.

The proposed Petersburg Borough would create a need to administer a large area. This would require more employees with high future retirement and medical entitlements, more office space hence more capital projects and maintenance, expensive travel costs to remote areas using charter airplanes to do assessments, monitor permits, do inspections, etc. Would the additional tax revenues really cover these costs? Remember that taxing remote properties will disproportionately reduce their market value.

It has been said that the Petersburg Borough needs to extend to Cape Fanshaw for future timber receipts and that is why Farragut Bay is included. Timber receipts may well turn out to be wishful thinking. With the effects of global warming becoming clearer, the world is losing its appetite for deforestation, including the United States. The Tongass belongs to all Americans and future decisions to log will not be made in Petersburg or Alaska. If large scale logging does not resume and, in the meantime, Petersburg has created this huge bureaucracy on that premise, what then? Everyone's taxes will be raised including those of city residents who thought they were getting such a great deal by incorporating new areas to tax.

To end on a personal note, we are Senior Citizens and live on a fixed income. Farragut Bay has been our home for almost 30 years. We want to live out our lives here. Property taxes on our 112 acres could force us out of our home. It seems totally unfair to us for Petersburg to

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confiscate our money to pay its bills.

We ask the Boundary Commission to eliminate Farragut Bay from the proposed borough. It is the right thing to do.

Sincerely yours,

Andreas F. Grauel

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