

To Local Boundary Commission regarding the Xunaa Borough Proposal;

As a local resident of Lisianski Inlet, I am opposed to the existing proposal by the City of Hoonah for Incorporation of the Xunaa Borough as a Home Rule Borough. I strongly urge the LBC to consider their own Borough Incorporation Standards when reviewing this petition, as the Xunaa proposal in general, does not.

I strongly oppose the City of Hoonah proposed Xunaa Borough boundary lines. I encourage the LBC to require modifications that limit the boundaries to a more reasonable, acceptable range of territory that does not infringe on the ability of the surrounding communities to support their schools and growth and development.

The boundaries proposed by Hoonah's Xunaa Borough petition greatly exceed the necessary territory to support Hoonah's economic enterprises, tourism, fishing, and timber. No viable services for Pelican or the surrounding area are proposed, and the proposal limits the future growth of the City of Pelican.

The level of tourism that Hoonah currently receives is completely incompatible with the existing infrastructure in Pelican, AK, and the surrounding area. In no way could the economic activities be extended from Hoonah to Lisianski.

Hoonah claims to be a regional hub for the area, which is inaccurate. There are no transportation links; no road, air, or AMHS connections between Pelican and Hoonah. Alaska Seaplanes does not connect Hoonah and Pelican on its service schedule. Hoonah and Pelican are only linked by private tender service for three months during the summer salmon season, which also connect Pelican with Sitka and Juneau. Pelican's regional hub is Juneau, Alaska.

Pelican has several economic potential opportunities for growth and development in the surrounding areas including mining, seafood processing, mariculture development, and private charter business to name a few. None of these areas are reliant on or connected with Hoonah.

The fishing fleet based at Pelican includes both commercial fishing and sportfishing. Yakobi Fisheries, the seafood processor located in Pelican, processes fish harvested in the surrounding areas of Lisianski Inlet/Strait, outer coast Yakobi Island, Cape Cross to Cross Sound, Inian Passages, Alsek River, and often including areas directly around Hoonah. More fishermen fish the Hoonah area and deliver their harvest in Pelican, than vice versa. Thousands of pounds of processed fish are shipped out of Pelican, with limited transit or economic involvement with Hoonah. Pelican is the regional hub for commercial fishing in Cross Sound because of its commercial sized ice machine, bulk fuel facilities, groceries, seafood processing, and its location, "Closest to the Fish".

The City of Pelican has its own Emergency Medical Services (EMS) to handle medical, search and rescue, fire protection, and other emergency services. The City of Hoonah does not provide this service to Pelican residents or residents of the Lisianski Inlet area.

The City of Pelican receives benefits from the Payment in Lieu of Taxes (PILT) and National Forest Receipts, federal funds; and the State of Alaska Shared Fishery Business Tax Program shares back to municipalities half of the state fisheries business tax collected from fish processors operating outside municipal boundaries. These federal and state revenues provide funding for the City of Pelican and the

Pelican City School District. The transfer of federal lands in the Hoonah petition will significantly and negatively affect Pelican's ability to fund its local school district.

The City of Pelican owns the Bohemia Basin public dock in Lisianski Strait on Yakobi Island, which should be excluded from Hoonah's proposed petition.

Regarding utilities; Pelican has no communication links with Hoonah, and does not benefit from Hoonah's telephonic or internet services, nor is there currently any feasible way of connecting the two. Lisianski Inlet and Lisianski Strait have abundant fresh water, with potential water rights, that can be a sustainable economic possibility. Pelican's hydroelectric grid could be expanded to accommodate further development here.

Lisianski Inlet, Lisianski Strait, Stag Bay, and Yakobi Island are important community fish and wildlife subsistence harvest areas for Pelican residents. This includes fishing, hunting, and trapping. The customary and traditional subsistence uses by residents of Pelican for the purposes of meeting is a pattern of use that has more than a century of use.

The State of Alaska may extend its Department of Natural Resources land sales, by selling State lands in the Pelican area. The state holds ownership of multiple tracts of land in the Lisianski Inlet area. People who purchase these state lands will transit through Pelican, utilizing city services, fuel, water, trash, and ferry services that are linked with our community.

Hoonah's petition is intended to generate taxes within the borough to increase funding for its school district. Hoonah can generate additional local revenues within the City of Hoonah within its existing municipal authority. Hoonah should analyze other opportunities to generate taxes and other local revenues.

Hoonah claims it will not implement a property tax on borough properties. Should Hoonah's Xunaa Borough petition be granted, then the borough government has authority to implement a property tax within its borough boundaries regardless of its original intentions.

The City of Hoonah should find other ways to fund its school district without negatively impacting the City of Pelican and the Pelican City School District by way of analyzing its municipal organization to identify financial resources; namely from the hundreds of cruise ships that visit Hoonah every season.

The City of Pelican does not support an excise tax on commercial fish landings in the proposed Xunaa Borough. Regional commercial fisheries are rebuilding after setbacks from current market conditions and downturns in the seafood economy. The Hoonah petition does not propose an excise tax but if the borough petition is granted, the borough assembly can implement an excise tax, at that point, Pelican will have no vote or say in the taxation that may affect the Pelican/Cross Sound area.

In summary, I do not agree with the boundaries or proposals defined in the "*Petition by the City of Hoonah for Incorporation of the Xunaa Borough*", and urge the LBC to strongly consider their own Borough Incorporation Standards when reviewing this petition.

1. The City of Pelican maintains that the Xunaa Borough petition boundaries be reduced. The lands and waters of the Lisianski Inlet, Lisianski Strait, Yakobi Island and Cross Sound areas must remain excluded from the Xunaa Borough petition.
2. National Forest Receipts, Payment in Lieu of Taxes, and State of Alaska Shared Fisheries Business Tax, now shared with the City of Pelican, will be redistributed to Hoonah's Xunaa Borough petition at a financial loss to the City of Pelican and its school district.
3. The proposed Xunaa Borough will stop commercial and economic development in the area surrounding the community of Pelican. All the natural resources included in the Hoonah petition, including the Lisianski Inlet/Strait, Yakobi Island, and Cross Sound areas, will be included in its Xunaa Borough boundaries. Pelican must be able to access the lands or resources for the best interests of the community, and Pelican will continue to benefit from the resources from the lands and waters of the Lisianski Inlet/Straits, Yakobi Island, and Cross Sound areas.

Thank you for the opportunity to comment.

Sincerely,

Philip Spencer

A handwritten signature in black ink, appearing to read "Philip Spencer", written in a cursive style.