



# City of Pelican

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EQUAL OPPORTUNITY EMPLOYER

City of Pelican (Pelican) comment in response to 5-28-2024 “Preliminary Report to the LBC, Regarding the proposal to incorporate the Xunaa Borough”.

Pelican agrees with the following statements in the preliminary report, “LBC staff does not recommend adopting the petition in its current form.”

1. There exist substantive concerns about assumed areawide powers and the addition of fewer than 100 residents to the existing population fails to meet LBC’s constitutional, statutory, and regulatory requirements for borough incorporation.
2. In its current form, the petition only meets a minority of the LBC standards. It essentially trades one local government for another.

Pelican reasserts its opposition to the City of Hoonah (Hoonah) Xunaa Borough petition to the LBC.

City of Pelican Resolution 2024-4, included with its responsive brief, resolves that the Xunaa Borough fails to meet the “Standards for Incorporation of Boroughs”.

Alaska’s Constitution, Article X, Section 3. Boroughs [...] Each borough shall embrace an area and population with common interests to the maximum degree possible.

The petition boundaries exceed the area Hoonah needs to support a borough government, the petition merges the communities of Elfin Cove, Game Creek, Whitestone Harbor, and Funter Bay with Hoonah. These communities are not identified in Exhibit C – Borough Map. These communities are not classified as cities vested with local government powers. The two communities of Game Creek and Whitestone Harbor are linked with road connection to Hoonah. Funter Bay residents, on Admiralty Island, do not want to be annexed into the City and Borough of Juneau (CBJ) and therefore be subject to CBJ’s property tax provisions. Elfin Cove is an outlying community that expands the petition’s western boundary to Cross Sound. Elfin Cove in Resolution 23-01, dated 7/14/2023, states, “Be it therefore resolved: the community of Elfin Cove [...] opposes any attempt by the City of Hoonah to include Elfin Cove within the proposed Xunaa Borough.” Hoonah seeks to include 50 residents from the three communities that do not meet the standard of Article X. Section 2, “All local government powers shall be vested in boroughs and cities.” Article X. Section 1. “to provide for maximum local self-government with a minimum of local government units” is not met.

Much of the lands and waters included in the petition is part of the Tongass National Forest or the National Park Service. The cities of Hoonah, Pelican, Gustavus, and Tenakee Springs are within the unorganized borough of Alaska because of diverse socioeconomic factors such as economy, transportation networks, and broad geographic areas, among others. The cities of Pelican, Gustavus

and Tenakee Springs, in exercising maximum local self-government, aim to remain excluded from Hoonah's borough petition. The petition guarantees that Hoonah will receive taxation and other revenues and potential state municipal entitlement lands within a region that has minimal connection to Hoonah and preclude the ability of the other cities within the region to grow and derive the full economic value and revenue from the surrounding lands and waters. Hoonah's borough petition overlaps the taxing authority of the three cities.

Hoonah's petition is manifestly unfair to the interests of Pelican, Gustavus and Tenakee Springs. It is notable that excluding these cities creates a borough map that looks like a gerrymandered Congressional map because it maximizes Hoonah's local government power into a borough and minimizes the opposition to Hoonah by excluding the cities. Hoonah's petition proposes to carve out these cities into small compact enclaves that will then have diminished local government powers.

Pelican must be allowed the opportunity to decide if and when it will take the step to form or participate in an organized borough petition, in a manner that best fits the social, cultural, and economic fit for Pelican. Hoonah's proposal takes that opportunity away by drawing the boundaries around Pelican to give Pelican a limited option for any future participation in a regional government. If Pelican wished to develop a borough petition, this borough petition would not meet the standards for creating boroughs because Pelican's shared boundary would be with Hoonah and Sitka.

It is worth noting that the new borough will likely be taxing Pelican businesses, yet the City of Pelican would receive no benefit from the new borough. The Petition includes a proposal for a seasonal 1% seasonal sales tax in all areas of the new borough. This appears to apply to any Pelican-based fishing or charter boat operators that traverse the new borough's waters. The Xunaa Borough petition will take Pelican-generated income under Xunaa Borough's taxing authority, thereby causing a duplication of tax-levying jurisdictions. "The neighboring communities that also rely on the region's resources" will be disrupted from any local government powers and associated authority over lands and waters near their communities, because Hoonah's proposed borough predetermines it will have taxing authority and municipal land acquisition from which the neighboring communities currently derive economic value and revenues from, in a manner that is not fair or uniform taxation that can better the lives of the region as a whole, any collective benefit will be gained only to Hoonah.

First-class cities and boroughs in the State of Alaska must exercise education, planning and platting, and taxing powers. Hoonah, a first-class city, has local government powers including a single-site school district, planning and platting authority, and taxing powers. The City of Hoonah has taxing authority it can more fully implement without having to form a borough. The annexation of Whitestone Harbor and Game Creek to the City of Hoonah can be established through the Local Boundary Commission, and these communities can receive municipal services from Hoonah.

The City of Hoonah made efforts to engage the northern Icy Straits and Chatham Straits communities in borough discussions, without common agreement. The process was informative, however, the City of Pelican is constant in its determination to maximize local self-government and remain a first-class city in the unorganized borough of Alaska. Thank you for this opportunity to comment.

Patricia Phillips 

Mayor, City of Pelican