

PETITION

to the Local Boundary Commission

for

ANNEXATION

OF

Nushagak Commercial Salmon District waters and Wood River
Sockeye Salmon Special Harvest area waters,
together consisting of approximately 396 square miles of water
and 3 square miles of land (small islands)

TO THE

City of Dillingham

Using the Local Option (Voter Approval) Method

May 18, 2010

Approved by City of Dillingham Resolution No. 2010-07

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The Petitioner hereby requests that the Local Boundary Commission grant this Petition for annexation under Article X, Section 12 of the Constitution of the State of Alaska, AS 29.06.040(a), (c)(1) and (c)(2), AS 44.33.812, 3 AAC 110.150(3), and 3 AAC 110.600(b).

All exhibits attached to this petition are incorporated by reference.

SECTION 1. NAME OF THE PETITIONER. 3 AAC 110.420(b)(1).

The name of the Petitioner is the City of Dillingham. The City of Dillingham is hereafter referred to as the "Petitioner."

SECTION 2. PETITIONER'S REPRESENTATIVE. 3 AAC 110.420(b)(2).

The Petitioner designates the following individual to serve as its representative in all matters concerning this annexation proposal:

Name: Alice Ruby, Mayor
Physical Address: City Hall, Dillingham Alaska
Mailing Address: P.O. Box 889
Dillingham, AK 99576
Telephone number: (907) 842-5211
Fax number: (907) 842-5691
E-mail address: mayor@dillinghamak.us

ALTERNATIVE PETITIONER'S REPRESENTATIVE

The Petitioner designates the following person to act as alternate representative in matters regarding the annexation proposal in the event that the primary representative is absent, resigns, or fails to perform his or her duties:

Name: Janice Shilanski, City Manager
Physical Address: City Hall, Dillingham Alaska
Mailing Address: P.O. Box 889
Dillingham, AK 99576
Telephone number: (907) 842-5211
Fax number: (907) 842-5691
E-mail address: manager@dillinghamak.us

SECTION 3. NAME AND CLASS OF THE CITY FOR WHICH A CHANGE IS PROPOSED. 3 AAC 110.420(b)(3).

The name and class of the city proposing annexation is listed below:

Name: City of Dillingham
Class: 1st class City

SECTION 4. GENERAL DESCRIPTION OF THE NATURE OF THE PROPOSED BOUNDARY CHANGES. 3 AAC 110.420(b)(4).

This petition, initiated by the City under the authority of 3 AAC 110.410(a)(4), requests the Local Boundary Commission authorize the following boundary change: annexation of territory

generally described as Wood River and Nushagak Bay to the City under the local option method provided for in AS 29.06.040(a); and AS 29.06.040(c)(1) – (c)(2) and 3 AAC 110.150(3).

SECTION 5. GENERAL DESCRIPTION OF THE TERRITORY PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(5).

The territory proposed for annexation is the Nushagak Commercial Salmon District with approximately 390.95 square miles of water and 2.83 square miles of land (Grassy Island), and, the Wood River Sockeye Salmon Special Harvest area with approximately 4.89 square miles of water and 0.41 square miles of land (Sheep island and small island to north), together totaling 399.08 square miles of which 395.84 (99.2%) is water.

SECTION 6. REASONS FOR THE PROPOSED BOUNDARY CHANGES. 3 AAC 110.420 (b)(6).

The reason for the proposed boundary change is to more fairly distribute the costs for operation and maintenance of public facilities supporting commercial fishing in Nushagak Bay. Currently, a significant number of non-residents receive the benefit of these services that directly assist them in their fishing business without contributing equitably to operation and maintenance of the city services and facilities.

Like most places in Bristol Bay, fishery resources and the commercial fishing and seafood processing industries are the backbone of Dillingham's economy and integral to many residents' livelihoods and way of life. Dillingham, with its population of about 2,350, is the economic, transportation and public service center for western Bristol Bay. The region's hospital, airport, University campus, public boat harbor, all-tide dock, boat launches, its regional health, housing, community development quota (CDQ), Native for and not-for profit organizations, and more are all located in Dillingham.

The City of Dillingham's population is estimated at times to almost double during the peak fisheries months of May through August as summer visitors come to town to commercial fish in Nushagak Bay and other places in Bristol Bay or work in Dillingham-based seafood processing plants. Commercial fishermen use the City-maintained harbor, docks, boat ramps, parking areas, restrooms, bathhouse, and benefit from trash-hauling, street maintenance, etc. Fishermen harvesting in the Nushagak district use the Dillingham harbor to moor vessels, between openings, haul their vessels in and out for servicing and repair, and to get fresh water or ice. On a bad weather day, in-between longer fishery openings there can be as many as 700 vessels using the City's small boat harbor.

There were 807 unique individuals with landings in the Nushagak Commercial Salmon district in 2008, yet only 155 (19 percent) were Dillingham residents and 35 percent were non-Alaskans.

In 2008, only 20 percent of the vessels with commercial fish harvest in the Nushagak District were registered to Dillingham residents and 40 percent were registered to non-Alaskans.¹

This annexation and the accompanying local severance and sales tax on raw fish will provide more revenue to the City of Dillingham to help pay for services and facilities that the region's commercial fishermen and fleet use while in town and will help make the community more financially sustainable.

Data shows that in 2000, 2005 and 2008 between 40 to 56 percent of the salmon harvest in Nushagak Bay each year was delivered outside Nushagak Bay for processing². The proposed local severance and sales tax on raw fish will allow Dillingham to collect revenue from this portion of the region's primary economic resource. Currently, neither Dillingham nor any other community in the bay area receives any State business fishery tax from the harvest of Nushagak Bay fish that is processed elsewhere, yet Dillingham is certainly bearing costs to provide services and support for the harvest of this fishery resource.

Dillingham's per capita tax burden is ranked 21st highest out of just over 80 reporting municipalities (2009 Alaska Taxable) that levy a tax. Yet, the fees and taxes paid to the City of Dillingham by its resident and summer fisheries-related visitors are not commensurate with the cost to the City to provide services and facilities that support area commercial fisheries. Every year Dillingham uses general operating fund money (76 percent of general operating fund revenue is from local property and sales tax revenue) to help subsidize services and infrastructure that support regional fisheries. Following are some examples that account for a minimum of \$330,000 in Dillingham FY 2009 expenditures to help serve the regional fisheries:

Harbors

- In Fiscal Year (FY) 09 approximately \$110,000 from Dillingham's general operating fund was transferred to harbors to make up the difference between harbor fees and actual harbor annual operating expenses which do not include the cost of contributed administrative services from the City of Dillingham paid for from the General Operating Fund.

Public Safety (police, fire, EMS)

- Ten percent of 2009's total calls for service (Dillingham city dispatch) are from the fishery-related areas (the boat harbor, Wood River boat launch, city dock or processing plants).
- Twenty percent of all calls for service in June and July are from these areas.
- Ten percent of the FY 2010 public safety budget is \$211,990 (*public safety includes patrol, dispatch, corrections, fire, animal services*).
- There is no additional public safety staff in summer.

¹ Source: CFEC gross earnings files and CFEC Vessel files.

² Source: An analysis of 2004-2008 ADF&G fish ticket data, COAR Bristol Bay price data, and state business fishery tax data; ADF&G, DOR.

Landfill

- Six large dumpsters are installed at the harbor and city dock seasonally (summer months) and generally emptied twice a day, adding about 25% to the volume of trash hauled during those months.
- In 2009, this cost \$9,000, paid from the general operating fund (local taxes).
- In FY 2009, the City of Dillingham also transferred over \$200,000 of general operating fund money to the landfill to cover costs that exceeded fee revenue. This payment does not include the cost of contributed administrative services from the City of Dillingham paid for from the General Operating Fund.

Revenue resulting from this annexation will allow Dillingham to help cover the costs listed above and others. It will allow Dillingham to provide better service to its own and neighboring community fishermen as well as those from outside the area and state who use the City-maintained harbor, docks, boat ramps, restrooms, bathhouse, and benefit from trash-hauling, street maintenance, etc. Revenues from this annexation will also allow some improvements that will benefit all who use Dillingham's harbor related facilities. In addition added revenue will allow enhanced coordination with the Alaska State Troopers, local search and rescue volunteers and others who together enact public safety response in Dillingham. The Alaska State Troopers will continue to be the primary first responders in Nushagak River and Bay as they are now, though the City will be better able to partner and assist when appropriate (refer to the Transition Plan). The City will also provide enhanced environmental protection through an added oil spill response cache.

Other municipalities in this part of Alaska, which are likewise fiscally dependent on fisheries revenue also include adjacent commercial fishing district waters within their corporate boundaries. This has been explicitly permitted by the Local Boundary Commission ("Commission" or "LBC") either as a part of initial municipal incorporation or through annexation. For example, in 1995 the LBC approved incorporation of the City of Egegik with 105 square miles of water to include the Egegik fishing district; in 1991 the LBC approved incorporating the City of Pilot Point with 115 square miles of water in the Ugashik commercial fishing district; in 1986 the LBC approved annexation of approximately 194 square miles of commercial fishing waters into the City of St. Paul; and in 1985 the LBC approved annexation of 183 square miles of water to the City of Togiak to bring in the Togiak Bay and its commercially fished waters into the City's corporate boundary.

These communities also levy a local raw fish tax (sales or severance), including several that are within a borough where both a local city and a borough raw fish is levied and collected. Local municipalities levying a raw fish tax include Saint Paul, Unalaska, Akutan, Togiak, King Cove, Sand Point, Chignik, Pilot Point, Egegik, Aleutians East Borough, Kodiak Island Borough, Bristol Bay Borough, and City and Borough of Yakutat (see map, Exhibit I).

The proposed annexation is in the best interest of the State, as it will promote maximum local self-government and the long-term economic vitality of the City of Dillingham, a regional hub in western Bristol Bay, Alaska.

Refer to Exhibit I - Supporting Brief, for additional detail on the reasons and justification for this annexation.

SECTION 7. LEGAL DESCRIPTIONS, MAPS, AND PLATS. 3 AAC 110.420(b)(7).

1. **Legal Description of the Territory Proposed for Annexation.** Exhibit A-1 provides a written metes and bounds legal description of the territory proposed for annexation.
2. **Legal Description of Existing City's Boundaries.** Exhibit A-2 provides a legal metes and bounds description of the existing city's boundaries.
3. **Legal Description of Proposed Post-Annexation Boundaries.** Exhibit A-3 provides a legal metes and bounds description of the proposed post-annexation boundaries of the city.
4. **Maps and Plats.** Exhibit A-4 provides a map showing the existing boundaries of the city and the boundaries of the territory proposed for annexation. Any plats required by the Department of Commerce, Community, and Economic Development to demonstrate the accuracy of the legal descriptions in Exhibits A-1, A-2 or A-3 are included with the map in Exhibit A-4.

SECTION 8. SIZE OF THE TERRITORY PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(8).

1. The existing city proposing annexation encompasses 33.6 square miles of land and 2.1 square miles of water.
2. The territory proposed for annexation encompasses approximately 395.84 square miles of water and 3.24 square miles of land (islands).
3. The existing city after the proposed annexation encompasses 36.84 square miles of land and approximately 397.94 square miles of water.

SECTION 9. DATA ESTIMATING THE POPULATION OF THE TERRITORY PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(9).

1. The population of the territory proposed for annexation is estimated to be 1,230 seasonal transient fishermen and crew working on (and in some cases living on) fishing vessels.
2. The population within the current boundaries of the city is estimated to be 2,347 (DOLWD, 2008). The summer seasonal workforce in Dillingham is estimated to be approximately 700.
3. The permanent population of the existing city after the proposed annexation is estimated to be 2,347. The seasonal increase in population is estimated to be approximately 1,930. The estimated total population in the summer (combined permanent and seasonal) after annexation is 4,277.

SECTION 10. INFORMATION RELATING TO PUBLIC NOTICE AND SERVICE OF THE PETITION. 3 AAC 110.420(b)(10).

As provided for in 3 AAC 110.450(a), among other publication requirements, no later than 45 days after receipt of the department's written notice of acceptance of the petition for filing, the petitioner shall publish public notice of the filing of the petition in a display ad format of no less than six inches long by two columns wide at least once each week for three consecutive weeks in one or more newspapers of general circulation designated by the department. If the department determines that a newspaper of general circulation, with publication at least once a week, does not circulate within the boundaries proposed for change, the department shall require the petitioner to provide notice through other means designed to reach the public. This public notice information regarding this annexation petition is provided in **Exhibit B**. 3 AAC 110.450's requirements pertain here.

SECTION 11. TAX DATA. 3 AAC 110.420(b)(12).

1. The assessed or estimated value of taxable property in the territory proposed for change.

This only applies for any proposed or existing municipal government for which a change is proposed that currently levies or proposes to levy property taxes.

a. This subsection lists estimates or actual figures concerning the value of taxable real property in the existing city.

ASSESSED OR ESTIMATED VALUE OF TAXABLE REAL PROPERTY WITHIN THE EXISTING CITY		
Borough, City, or Service Area	Estimated or Locally Assessed Value	Estimated or Actual Full and True Value
Dillingham (as of Jan. 1, 2009)	\$111,780,477	\$129,270,800
Source: 2009 Alaska Taxable		
Total (areawide)	\$111,780,477	\$129,270,800

b. This subsection lists estimates or actual figures concerning the value of taxable personal property in the existing city.

ASSESSED OR ESTIMATED VALUE OF TAXABLE PERSONAL PROPERTY WITHIN THE EXISTING CITY		
Borough, City, or Service Area	Estimated or Locally Assessed Value	Estimated or Actual Full and True Value
Dillingham (as of Jan. 1, 2009)	\$36,190,636	\$47,733,700
Source: 2009 Alaska Taxable		
Total (areawide)	\$36,190,636	\$47,733,700

c. This subsection lists estimates or actual figures concerning the value of taxable real property in the territory proposed for annexation.

ASSESSED OR ESTIMATED VALUE OF TAXABLE REAL PROPERTY WITHIN THE TERRITORY PROPOSED FOR ANNEXATION		
Borough, City, or Service Area	Estimated or Locally Assessed Value	Estimated or Actual Full and True Value
Area for annexation to Dillingham	\$0.00	\$0.00
Total (areawide)	\$0.00	\$0.00

d. This subsection lists estimates or actual figures concerning the value of taxable personal property in the territory proposed for annexation.

ASSESSED OR ESTIMATED VALUE OF TAXABLE PERSONAL PROPERTY WITHIN THE TERRITORY PROPOSED FOR ANNEXATION		
Borough, City, or Service Area	Estimated or Locally Assessed Value	Estimated or Actual Full and True Value
Area for annexation to Dillingham	\$0.00	\$0.00
Total (areawide)	\$0.00	\$0.00

e. This subsection lists estimates or actual figures concerning the value of taxable real property within existing city after the proposed annexation.

ASSESSED OR ESTIMATED VALUE OF TAXABLE REAL PROPERTY WITHIN THE EXISTING CITY AFTER THE PROPOSED ANNEXATION		
Borough, City, or Service Area	Estimated or Locally Assessed Value	Estimated or Actual Full and True Value
Dillingham (as of Jan. 1, 2009)	\$111,780,477	\$129,270,800
Source: 2009 Alaska Taxable		
Total (areawide)	\$111,780,477	\$129,270,800

f. This subsection lists estimates or actual figures concerning the value of taxable personal property in the existing city after the proposed annexation.

ASSESSED OR ESTIMATED VALUE OF TAXABLE PERSONAL PROPERTY WITHIN THE EXISTING CITY AFTER THE PROPOSED ANNEXATION		
Borough, City, or Service Area	Estimated or Locally Assessed Value	Estimated or Actual Full and True Value
Dillingham (as of Jan. 1, 2009)	\$36,190,636	\$47,733,700
Source: 2009 Alaska Taxable		
Total (areawide)	\$36,190,636	\$47,733,700

2. Projected taxable sales in the territory proposed for change.

- a. The projected value of taxable sales within the existing city is estimated to be \$41,166,667 for general sales, \$600,000 for transient sales, \$2,380,000 for liquor sales, and \$1,450,000 for gaming sales (FY 10 Dillingham revised budget)
 - i. At the general sales tax rate of 6%, it is projected that general sales tax revenues of the existing city will equal approximately \$2,470,000 annually; (FY 10 Dillingham budget)
 - ii. At the bed (lodging) sales tax rate of 10%, it is projected that bed sales tax revenues of the existing city will equal approximately \$60,000 annually; (FY 10 Dillingham budget)
 - iii. At the liquor sales tax rate of 10%, it is projected that liquor sales tax revenues of the existing city will equal approximately \$238,000 annually; (FY 10 Dillingham budget)
 - iv. At the general gaming tax rate of 6%, it is projected that gaming sales tax revenues of the existing city will approximately \$87,000 annually; (FY 10 Dillingham budget)
- b. The projected value of taxable severance or sale of raw fish within the territory proposed for annexation is estimated to be \$28,435,335 (2000, 2005, 2008 COAR and fish ticket data, ADF&G). At a severance or sales tax rate of 2.5%, it is projected that

revenues from the severance or sale of raw fish within the annexed territory will equal approximately \$710,883 annually. This tax will be structured similar to others in the region where a fish buyer (or harvester) is only responsible for paying a local raw fish tax once, either as a severance tax or as a sales tax.

- c. The projected value of all taxable sales within the existing city after the proposed annexation is estimated to be \$74,032,002. At the tax rates of 6% general sales, 10% bed tax sales, 10% liquor tax sales, 6% gaming tax sales and 2.5% raw fish severance or sales tax, it is projected that sales and severance tax revenues of the existing city after the proposed annexation will equal approximately \$3,575,883 each year.

3. Taxes currently levied by municipal governments within the territory proposed for annexation.

- a. The type and rate of each tax currently levied by municipal governments within the territory proposed for annexation is listed below:

Borough, City, or Service Area	Property tax (mills)	General sales Tax (%)	Transient sales tax (%)	Liquor sales tax (%)	Gaming sales tax (%)	Severance or Raw Fish Sales Tax (%) <u>New (with annexation)</u>
Dillingham	13.00	6%	10%	10%	6%	2.5%

SECTION 12. BUDGET INFORMATION. 3 AAC 110.420(b)(13).

1. Projected revenue for the period extending one fiscal year beyond the reasonably anticipated date of 3 AAC 110.420(b)(13)(A)-(C) for any existing municipality for which a change is proposed is presented in **Exhibit C-1**.
2. Operating expenditures for the period extending one fiscal year beyond the reasonably anticipated date of 3 AAC 110.420(b)(13)(A)-(C) for any existing municipality for which a change is proposed is presented in **Exhibit C-2**.
3. Capital expenditures for the period extending one fiscal year beyond the reasonably anticipated date of 3 AAC 110.420(b)(13)(A)-(C) for any existing municipality for which a change is proposed is presented in **Exhibit C-3**.
4. For subsections 1 through 3 above if 3 AAC 110.420(b)(13)(A)-(C) are not applicable then only one fiscal year is required.

SECTION 13. EXISTING LONG TERM MUNICIPAL DEBT. 3 AAC 110.420(b)(14).

Attach any information regarding existing long-term municipal debt as **Exhibit D**.

SECTION 14. MUNICIPAL POWERS AND FUNCTIONS. 3 AAC 110.420(b)(15).

Exhibit E provides a list of powers and functions of:

1. Any existing municipality for which a change is proposed, before and after the proposed change.
2. Alternate service providers within the territory proposed for city boundary change.

SECTION 15. TRANSITION PLAN. 3 AAC 110.420(b)(16).

As provided for in 3 AAC 100.900, **Exhibit F** presents a practical plan for the transfer and integration of all relevant and appropriate assets and liabilities in the territory proposed for annexation to the existing city:

1. A practical plan that demonstrates the capability of the existing city to extend essential municipal services (as determined under 3 AAC 110.970) into the territory proposed for annexation within the shortest practical time after the effective date of the proposed change (not to exceed two years).
2. A practical plan to assume all relevant and appropriate powers, duties, rights, and functions presently exercised by an existing borough, city, unorganized borough service area, or other appropriate entity located in the territory proposed for annexation. The plan must be prepared in consultation with the officials of each existing borough, city, and unorganized borough service area and must be designed to affect an orderly, efficient, and economical transfer within the shortest practical time, not to exceed two years after the effective date of the proposed change.
3. A practical plan to transfer and integrate all relevant and appropriate assets and liabilities of an existing borough, city, unorganized borough service area, and other entity located within the boundaries proposed for change. The plan must be prepared in consultation with the officials of each existing borough, city, and unorganized borough service area and must be designed to affect an orderly, efficient, and economical transfer within the shortest practical time, not to exceed two years after the effective date of the proposed change. The plan must specifically address procedures that ensure that the transfer and integration occur without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities.
4. The transition plan must state the names and titles of all officials of each existing borough, city, and unorganized borough service area that the Petitioner consulted. The dates on which that consultation occurred and the subject addressed during that consultation must also be listed.
 - a. If a prospective Petitioner has been unable to consult with officials of an existing borough, city, or unorganized borough service area because those officials have chosen not to consult or were unavailable during reasonable times to consult with a prospective Petitioner, the prospective Petitioner may request that the commission waive the requirement to consult those officials. The request for a waiver must document all attempts by the prospective Petitioner to consult with officials of each existing borough, city, or unorganized borough service area. If the commission determines that the prospective Petitioner acted in good faith and that further efforts to consult with the officials would not be productive in a reasonable period of time the commission may waive the requirement to consult.

SECTION 16. COMPOSITION AND APPORTIONMENT OF THE CITY COUNCIL. 3 AAC 110.420(b)(17).

Exhibit G presents information about the composition and apportionment of the existing city council proposing annexation both before and after the proposed change.

SECTION 17. CIVIL AND POLITICAL RIGHTS INFORMATION. 3 AAC 110.420(b)(18).

Information regarding any effect of the proposed annexation upon civil and political rights for purposes of the federal Voting Rights Act of 1965 (42.U.S.C. 1971 - 1974) is provided in

Exhibit H. The proposed change will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex or national origin.

SECTION 18. SUPPORTING BRIEF. 3 AAC 110.420(b)(19).

Exhibit I presents a supporting brief providing a detailed explanation of how the proposed annexation serves the best interests of the state and satisfies each constitutional, statutory, and regulatory standards set out in Article I, Section 1 and Article X of the Constitution of the State of Alaska; AS 44.33.812; AS 29.06.040(a); AS 29.06.040 (c)(1) and (c)(2); 3 AAC 110.090 – 3 AAC 110.150; 3 AAC 110.400 – 3 AAC 110.700; and 3 AAC 110.900 – 3 AAC 110.990, and any other pertinent laws, that are relevant to the proposed annexation.

SECTION 19. DOCUMENTATION DEMONSTRATING THAT THE PETITIONER IS AUTHORIZED TO FILE THE PETITION UNDER 3 AAC 110.410. - 3 AAC 110.420(b)(20).

A certified copy of the ordinance or resolution adopted by the City Council to authorize the filing of this Petition is provided as **Exhibit J**.

SECTION 20. PETITIONER'S AFFIDAVIT. 3 AAC 110.420(b)(22).

An affidavit from the petitioner's representative that, to the best of the representative's knowledge, information, and belief, formed after reasonable inquiry, the information in the petition is true and accurate is provided in **Exhibit K**.

SECTION 21. ADDITIONAL INFORMATION REQUIRED FOR ANNEXATION PETITION. 3 AAC 110.420(b)(23).

1. An affidavit from the petitioner's representative that details who provided the information in each section of this petition is provided in **Exhibit L**.
2. Other information or supporting material that the department believes the petitioner must provide for an adequate review of the proposal.

EXHIBIT A-1.
LEGAL METES AND BOUNDS DESCRIPTION OF THE TERRITORY
PROPOSED FOR ANNEXATION

1. Beginning at the point where the mean high tide line is on the west bank of the Wood River intersects the north boundary of Section 35, T12S, R55W, R55W, Seward Meridian (S.M.);
2. Thence, meandering north and northwesterly along a line paralleling the mean high tide line of the west bank of the Wood River to the intersection with 59 degrees 12.11 minutes North Latitude and 158 degrees 33.38 minutes West Longitude;
3. Thence, east across the Wood River to mean high tide line on the east bank of the Wood River at 58 degrees 12.11 minutes North Latitude and 158 degrees 33.11 minutes West Longitude;
4. Thence, meandering south and southeasterly along a line paralleling the mean high tide line of the east shore of the Wood River and the northeastern shore of the Nushagak River to the intersection with R55W, S.M.;
5. Thence, south along the eastern boundary of Sections 12, 13 and 24, T13N, R55W, S.M. to the intersection with mean high tide line on the southern shore of Nushagak River;
6. Thence, meandering southerly along a line paralleling the mean high tide line of the southeastern shore of Nushagak River and Nushagak Bay, including Grass Island, and excluding the corporate boundaries of the 2nd class city of Clark's Point (as shown on certificate recorded May 11, 1971, in Book XVII, Page 299, Records of the Bristol Bay Recording District, Third Judicial District), to a point at 58 degrees 39.37 minutes North Latitude and 158 degrees 19.31 minutes West Longitude;
7. Thence, southwesterly to 58 degrees 33.92 minutes North Latitude and 158 degrees 24.94 minutes West Longitude;
8. Thence, southwesterly to 58 degrees 29.27 minutes North Latitude and 158 degrees 41.78 minutes West Longitude at the mean high tide line along the eastern shore of Nushagak Bay;
9. Thence, meandering northerly along a line paralleling the mean high tide line to a point at the intersection of mean high tide line and the Igushik River at 58 degrees 43.841 minutes North Latitude and 158 degrees 53.926 minutes West Longitude;
10. Thence, easterly across the Igushik River to a point at the intersection of the Igushik River's mean high tide line on its eastern shore at 58 degrees 43.904 minutes North Latitude and 158 degrees 52.818 minutes West Longitude;
11. Thence, meandering northerly along a line paralleling the mean high tide line of Nushagak Bay to a point at the intersection of mean high tide line and the western shore of the Snake River at 58 degrees 52.879 minutes North Latitude and 158 degrees 46.710 minutes West Longitude;

12. Thence, easterly across the Snake River to a point at the intersection of the Snake River's mean high tide line on its eastern shore at 58 degrees 52.988 minutes North Latitude and 158 degrees 46.030 minutes West Longitude;
13. Thence, meandering northerly along a line paralleling the mean high tide line of the east shore of the Nushagak Bay, to the intersection of mean high tide line and the southwest boundary of the current City of Dillingham boundary at 59 degrees and 00 minutes North Latitude;
14. Thence, meandering in a northeasterly direction along a line 1,000 feet east of and paralleling the mean low tide line on the west banks of the Nushagak and Wood Rivers to the Point of Beginning, containing approximately 399.08 square miles (of which 395.84 is water), all within in the Third Judicial District, Alaska.

EXHIBIT A-2.
LEGAL METES AND BOUNDS DESCRIPTION OF THE EXISTING CITY

1. Beginning at the northwest corner of protracted Section 31, T12S, R56W, Seward Meridian (S.M.);
2. Thence, east to a point 1,000 feet east of the mean low water line on the west bank of the Wood River at 59 degrees 12.11 minutes North Latitude and 158 degrees 33.38 minutes West Longitude;
3. Thence, meandering in southeasterly, southerly and southwesterly directions along a line 1,000 feet east of and paralleling the mean low water line on the west banks of the Wood and Nushagak Rivers to a point at 59 degrees 00 minutes North Latitude;
4. Thence, west to the intersection with the line common to Sections 3 and 4, T14S, R56W, S.M.;
5. Thence, north to the northwest corner of Section 3, T13S, R56W, S.M.;
6. Thence, west to the southwest corner of Section 31, T12S, R56W, S.M.;
7. Thence, north to the northwest corner of Section 31, T12S, R56W, S.M., the point of beginning, containing 33.6 square miles of land and 2.1 square miles of water, all within in the Third Judicial District, Alaska.

EXHIBIT A-3.

LEGAL METES AND BOUNDS DESCRIPTION OF THE EXISTING CITY POST-ANNEXATION

Notes: A. All latitude and longitudes are in the NAD83 Geographic Coordinate System

B. This boundary was emailed to LBC staff as a GIS shapefile on April 27, 2010.

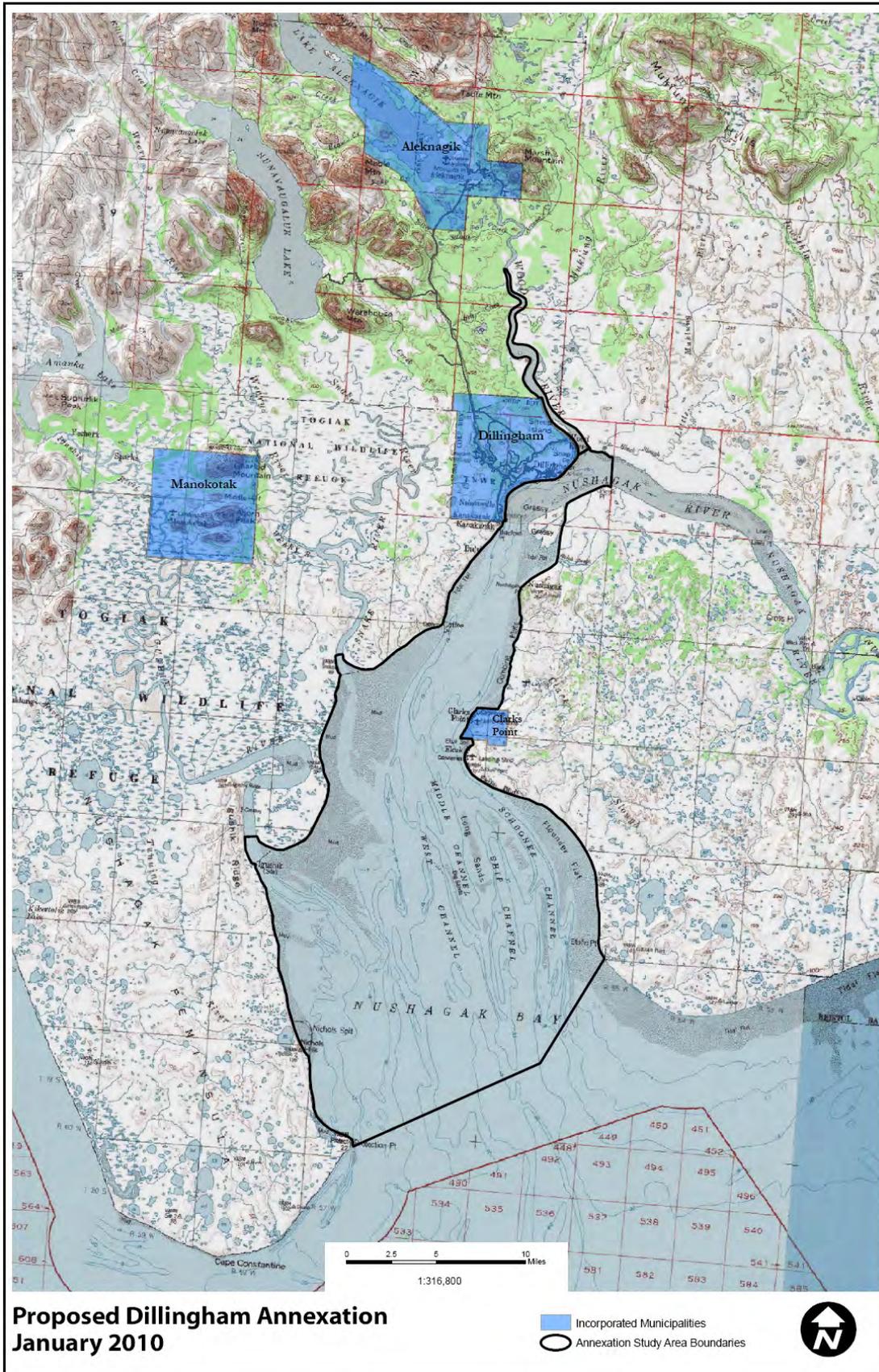
1. Beginning at the northwest corner of protracted Section 31, T12S, R55W, Seward Meridian (S.M.) (Map of USGS Quad Dillingham A-7, 1952);
2. Thence, east to the mean high tide line on the west bank of the Wood River;
3. Thence, meandering north and northwesterly along a line paralleling the mean high tide line of the west bank of the Wood River to the intersection with 59 degrees 12.11 minutes North Latitude and 158 degrees 33.38 minutes West Longitude;
4. Thence, east across the Wood River to mean high tide line on the east bank of the Wood River at 59 degrees 12.11 minutes North Latitude and 158 degrees 33.11 minutes West Longitude;
5. Thence, meandering south and southeasterly along a line paralleling the mean high tide line of the east shore of the Wood River and the northeastern shore of the Nushagak River to the intersection with R55W, S.M.;
6. Thence, south along the eastern boundary of protracted Sections 12, 13, and 24, T13N, R55W, S.M. to the intersection with mean high tide line on the southern shore of Nushagak River;
7. Thence, meandering southerly along a line paralleling the mean high tide line of the southeastern shore of Nushagak River and Nushagak Bay, including Grass Island, and excluding the corporate boundaries of the 2nd class city of Clark's Point (as shown on certificate recorded May 11, 1971, in Book XVII, Page 299, Records of the Bristol Bay Recording District, Third Judicial District), to a point at 58 degrees 39.37 minutes North Latitude and 158 degrees 19.31 minutes West Longitude;
8. Thence, southwesterly to 58 degrees 33.92 minutes North Latitude and 158 degrees 24.94 minutes West Longitude;
9. Thence, southwesterly to 58 degrees 29.27 minutes North Latitude and 158 degrees 41.78 minutes West Longitude at mean high tide line along the east shore of Nushagak Bay;
10. Thence, meandering northerly along a line paralleling the mean high tide line to a point at the intersection of mean high tide line and the Igushik River at 58 degrees 43.841 minutes North Latitude and 158 degrees 53.926 minutes West Longitude;

11. Thence, easterly across the Igushik River to a point at the intersection of the Igushik River's mean high tide line on its eastern shore at 58 degrees 43.904 minutes North Latitude and 158 degrees 52.818 minutes West Longitude;
12. Thence, meandering northerly along a line paralleling the mean high tide line of Nushagak Bay to a point at the intersection of mean high tide line and the western shore of the Snake River at 58 degrees 52.879 minutes North Latitude and 158 degrees 46.710 minutes West Longitude;
13. Thence, easterly across the Snake River to a point at the intersection of the Snake River's mean high tide line on its eastern shore at 58 degrees 52.988 minutes North Latitude and 158 degrees 46.030 minutes West Longitude;
14. Thence, meandering north easterly along a line paralleling the mean high tide line of Nushagak Bay to the intersection with the line common to the northwest corner of protracted T14S, R56W, S.M. (USGS map of Quad Nushagak Bay D-2, 1952, minor revision 1985);
15. Thence, west along the northern boundary of protracted Sections 1, 2, and 3, T14N, R56W, S.M. (USGS map of Quad Nushagak Bay D-2, 1952, minor revision 1985) to the northwest corner of Section 3;
16. Thence, north to the northwest corner of protracted Section 3, T13S, R56W, S.M. (USGS map of Quad Nushagak Bay D-2, 1952, minor revision 1985);
17. Thence, west to the protracted southwest corner of Section 31, T12S, R56W, S.M. (USGS map of Quad Dillingham A-7, 1952);
18. Thence, north to the northwest corner of protracted Section 31, T12S, R56W, S.M., the point of beginning, containing approximately 33.6 square miles of land and 390 square miles of water, more or less, all within in the Third Judicial District, Alaska (USGS map of Quad Dillingham A-7, 1952).

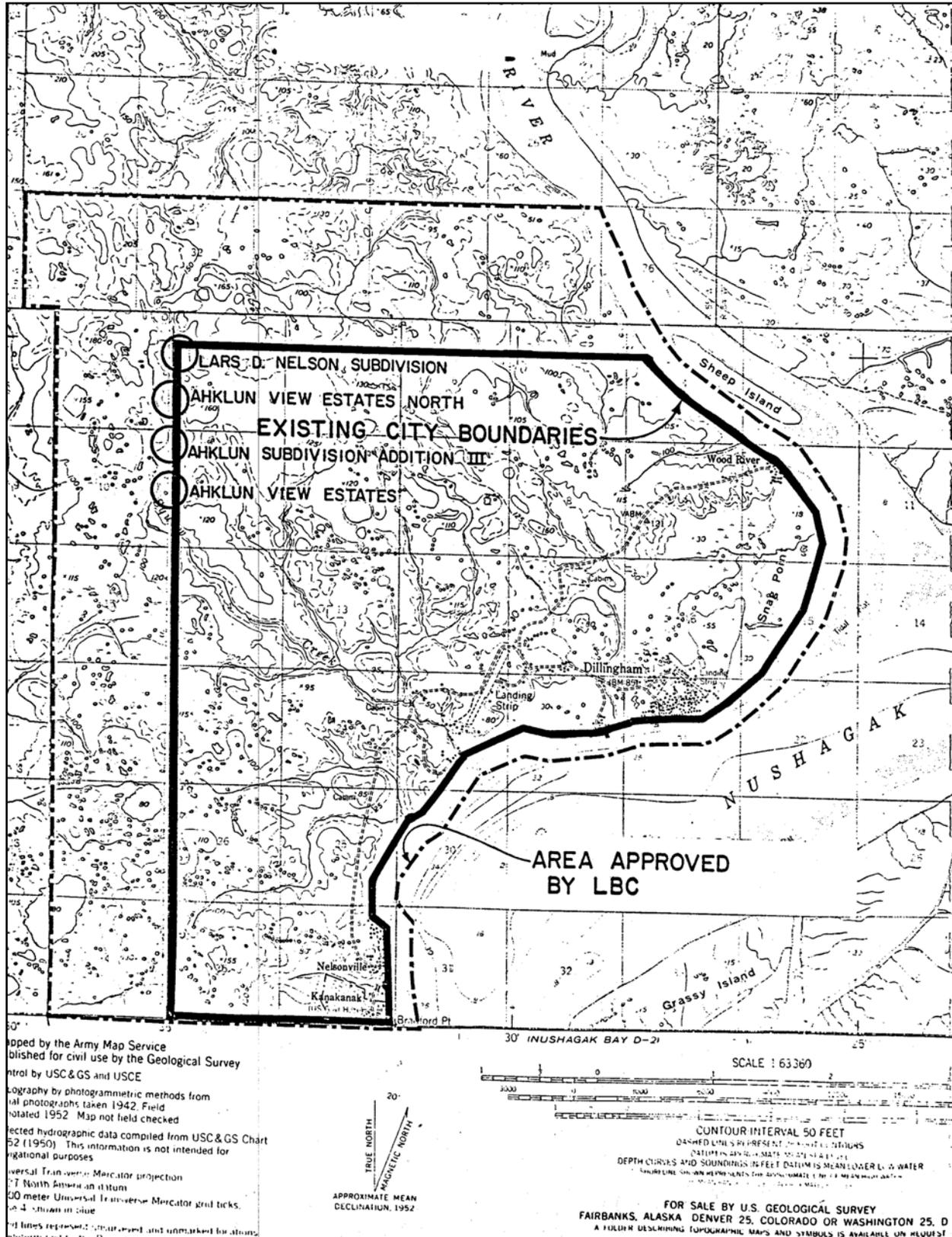
EXHIBIT A-4.
MAPS AND PLATS

Five maps are included in this Exhibit. A map showing the area proposed for annexation, a map showing the current boundaries of the City of Dillingham, a map showing the current boundaries of the City of Clarks Point, a map showing the Nushagak Commercial Salmon District, and a map of the Wood River Special Sockeye Harvest area.

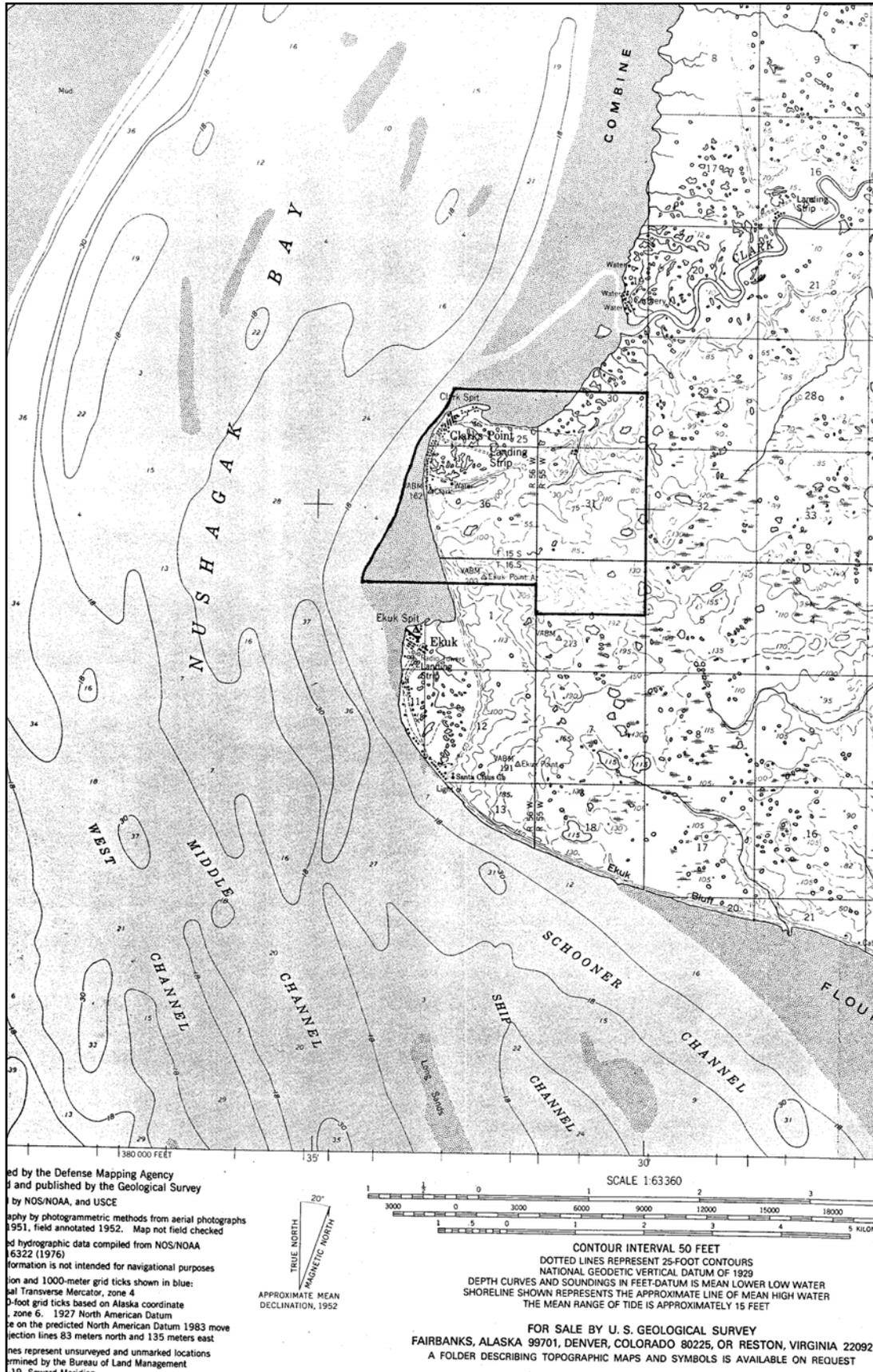
Proposed Annexation



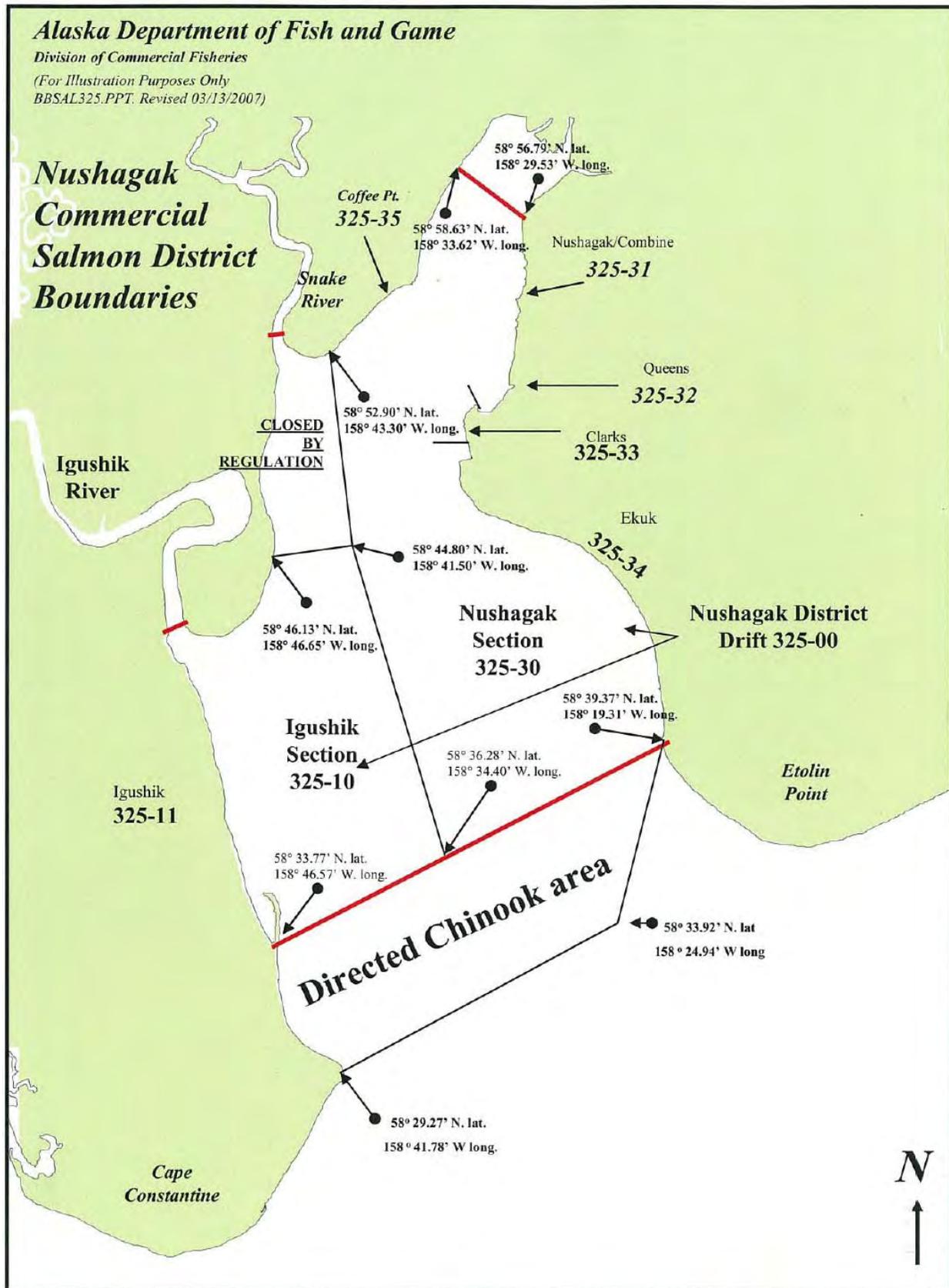
Current City of Dillingham



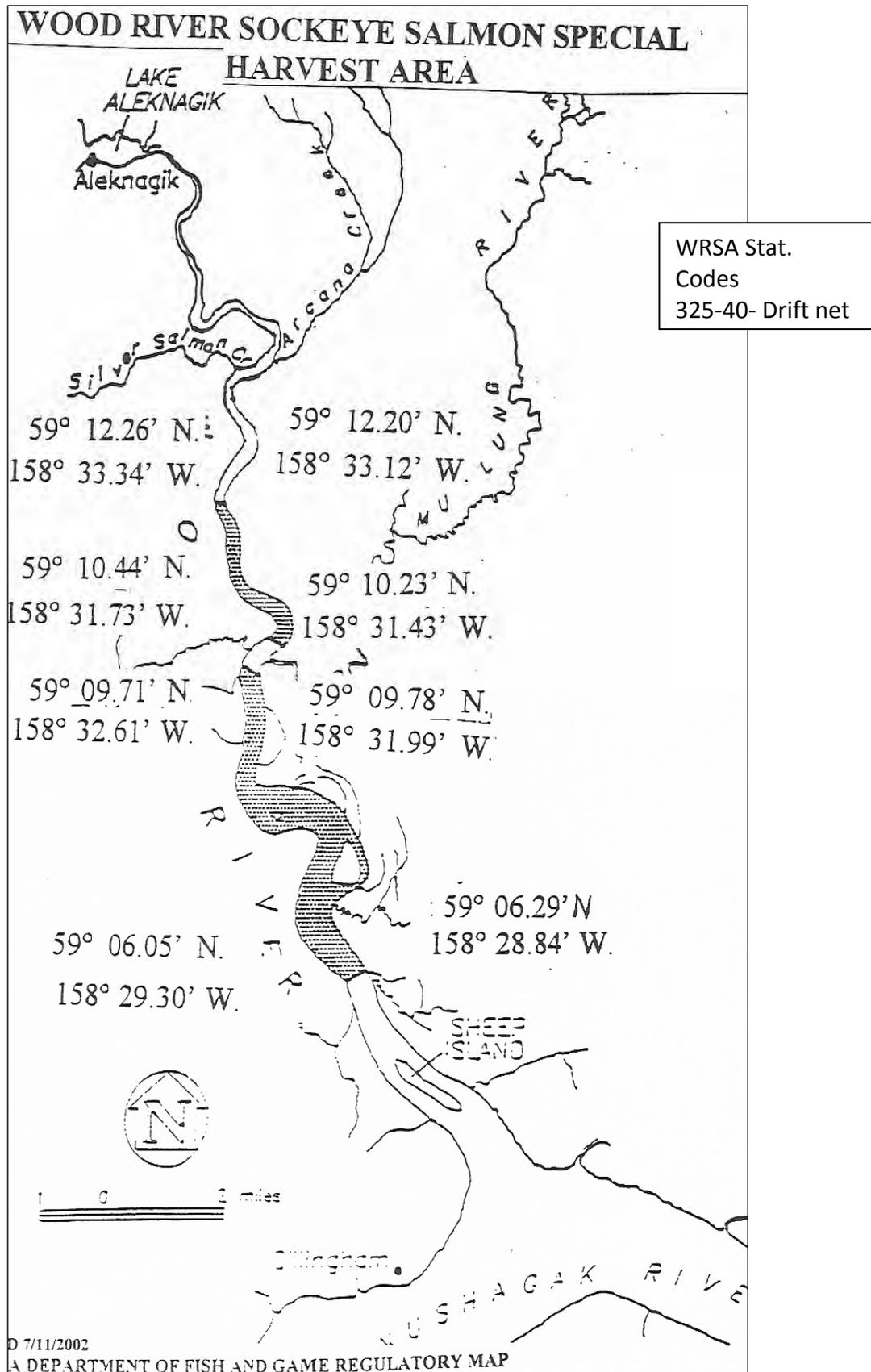
Current City of Clark's Point



Nushagak Commercial Salmon District



Wood River Sockeye Special Harvest Area



**EXHIBIT B.
INFORMATION RELATING TO PUBLIC NOTICE
AND SERVICE OF THE PETITION**

This exhibit provides information relevant to public notice of this annexation proceeding. The information includes specifics about local media; adjacent municipal governments; places recommended to post notices; location(s) where the Petition may be viewed; and persons who, because of their interests in this matter, may warrant individual notice of the annexation proceedings.

LOCAL MEDIA

The following lists the principal news media serving the territory within the current and proposed boundaries of the City:

Newspaper(s)

Name: The Bristol Bay Times
Mailing Address: 301 Calista Court, Suite B
Anchorage, Alaska 99518
Telephone: (907) 348-2417 (display advertising)
Fax number: (907) 272-9512
Email Address: classifiedlegal@alaskanewspapers.com

Name: The Anchorage Daily News
Mailing Address: 1001 Northway Drive
Anchorage, Alaska 99502
Telephone: (907) 257-4296 (advertising)
Fax number: (907) 279-8170
Email Address: legalads@adn.com

Radio station(s)

Name: KDLG Public Radio
Physical Address: Dillingham, Alaska
Mailing Address: P.O. Box 670
Dillingham, Alaska 99576
Telephone: (907) 842-5281
Fax number: (907) 852-5645
Email Address: kdlg@dlgs.org

Television (scanner and cable service)

Name: Nushagak Cooperative
Physical Address: Dillingham Alaska
Mailing Address: P.O. Box 350
Telephone: (907) 842-5251
Fax number: (907) 842-2799
Email Address: nushtel@nushtel.com

ADJACENT MUNICIPAL GOVERNMENTS

The following is a list of city governments and organized boroughs whose boundaries extend within twenty miles of the current or proposed boundaries of the City.

City of Clark's Point
P.O. Box 110
Clark's Point, Alaska 99569
Phone: 907-236-1221
Fax: 907-236-1412
E-mail: cityofclarkspoint@gci.net

City of Manokotak
P.O. Box 170
Manokotak, Alaska 99628-0170
Phone: 907-289-1027
Fax: 907-289-1082
E-mail: kmo_city@hotmail.com

City of Aleknagik
P.O. Box 33
Aleknagik, Alaska 99555
Phone: 907-842-5953
Fax: 907-842-2107
E-mail: cityalek@gmail.com

ADJACENT TRIBAL GOVERNMENTS OR VILLAGE COUNCILS

The following is a list of tribal governments whose boundaries extend within twenty miles of the current or proposed boundaries of the City.

Village of Clarks Point
P.O. Box 90
Clarks Point, AK 99569
Phone: 907-236-1263
Fax: 907-236-1428
Email: sharonclark@starband.net

Manokotak Village
P.O. Box 169
Manokotak, AK 99628
Phone: 907-289-2067
Fax: 907-289-1235
Email: inalakayak@yahoo.com

Ekuk Village Council
P.O. Box 530
Dillingham, AK 99576
Robert Heyano, President
Phone: 907-842-3842
Fax: 907-842-3843
Email: ekuktrib@starband.net

Native Village of Aleknagik
P.O. Box 115
Aleknagik, AK 99555
Phone: 842-2080
Fax: 842-2081
Email: alektrad@nushtel.com
South Shore Fax: 842-2831

Curyung Tribal Council
Dillingham, AK 99569
Phone: 842-2384, -4508 or -4509
Fax: 842-4510
Conference Hall: 842-4510

PLACES RECOMMENDED TO POST OFFICIAL NOTICES RELATING TO ANNEXATION

The following three or more prominent places, readily accessible to the public, within or near the boundaries proposed for change are recommended for posting of notices concerning this annexation proposal.

Clark’s Point

Clark’s Point City Office
 Clark’s Point Village Council Office
 Post Office
 School

City of Aleknagik

Aleknagik City Office
 Native Village of Aleknagik Office
 Post Office

City of Manokotak

Manokotak City Office
 Manokotak Village Council Office
 Post Office

Ekuk

Ekuk Village Council Office

The following three or more prominent places, readily accessible to the public, within the current boundaries of the City are recommended to post notices concerning this annexation proposal.

Dillingham City Offices
 Post Office
 Alaska Commercial
 N&N Market
 BBEDC Office
 Choggiung Office

BBNA Office
 Harbormaster/Port Director’s Office
 ADF&G Office
 Peter Pan Office
 Snow Pak Office

LOCATION(S) WHERE THE PETITION MATERIALS WILL BE AVAILABLE FOR PUBLIC REVIEW

The Petitioner proposes to comply with 3 AAC 110.460(b) by providing a full set of Petition documents for public review at the location(s) listed below which are open to the public on the days and times listed below.

Location	Days and Times Open to the Public
Dillingham City Hall, “Reception Area” Desk	8 am – 5 pm , M-F
Dillingham Library	8 am-6 pm M-F 10 am-2 pm Sat 2 nd & 4 th Tues- open at 10:30 am
City of Dillingham Website http://www.ci.dillingham.ak.us/index.htm	Anytime

INDIVIDUALS AND ENTITIES WHO MAY WARRANT INDIVIDUAL NOTICE OF THE FILING OF THE ANNEXATION PETITION

The following lists names and addresses of persons whose potential interest in the annexation proceedings may warrant individual notice of the filing of the petition:

City and Tribal governments listed in Exhibit B		
Snopac Products, Inc. Attn: Nancy Blakey	6118 12 th Ave South	Seattle, WA 98018
Icicle Seafoods, Inc	P.O. Box 79003	Seattle WA 98119
Peter Pan Seafoods ATTN: Yvonne Cole	2200 6 th Ave #1000	Seattle, WA 98121-1820
Peter Pan Seafoods ATTN: Tom Whinihan	P.O. Box 410	Dillingham, Alaska 99576
Alaska Wild Salmon Gems	P.O. Box 82	Dillingham, AK 99576
Kathy Ann c/o Mathia O'Connel	P.O. Box 331	Dillingham, AK 99576
Leader Creek Fisheries LLC	112 North 84 th Street	Seattle, WA 98103
Paul Friis-Mikkelsen	P.O. Box 276	Dillingham, AK 99576
Three Winds c/o Ronald Latsha	P.O. Box 1343	Dillingham, AK 99576
Yardarm Knot Fisheries LLC	2440 W Commodore Way, Ste 200	Seattle, WA 98199-1228
Friedman Family Fisheries	6109 Pimlico Road	Baltimore, MD 21209
Bristol Bay Economic Development Corporation ATTN: Robin Samuelson	P.O. Box 1464	Dillingham, AK 99576
Bristol Bay Native Association	P.O. Box 310	Dillingham, Alaska 99576
Trident Seafoods Corporation	5303 Shilshole Ave. N.W.	Seattle, WA 98107-4000
Norquest Seafoods	5245 Shilshole Ave NW	Seattle, WA 99107-4833
Alaska Department of Natural Resources ATTN: Tom Irwin, Commissioner	550 W. 7 th Avenue, Suite 1400	Anchorage, AK 99501
Alaska Department of Commerce, Community and Economic Development ATTN: Michael Black, Deputy Commissioner	550 W. 7 th Avenue, Suite 1770	Anchorage, AK 99501

EXHIBIT C-1. PROJECTED REVENUES

CITY OF DILLINGHAM - REVENUES				Yr 1 annexation (includes 1-time expenses)	Yr 2 annexation (longer term)
		FY 2010	FY 2011	FY 2012	FY 2013
LOCAL					
1	PERSONAL PROPERTY TAX	\$480,770	\$480,770	\$480,770	\$480,770
2	REAL PROPERTY TAX	\$1,480,600	\$1,480,600	\$1,480,600	\$1,480,600
3	6% SALES TAX	\$2,470,000	\$2,470,000	\$2,470,000	\$2,470,000
4	10% TRANSIENT LODGING TAX	\$60,000	\$60,000	\$60,000	\$60,000
5	10% ALCOHOL SALES TAX	\$238,000	\$238,000	\$238,000	\$238,000
6	6% GAMING TAX	\$87,000	\$87,000	\$87,000	\$87,000
7	2.5% RAW FISH SEVERANCE & SALES TAX	n/a	n/a	\$710,883	\$710,883
8	<i>subtotal, local taxes</i>	<i>\$4,816,370</i>	<i>\$4,816,370</i>	<i>\$5,527,253</i>	<i>\$5,527,253</i>
9	PENALTY AND INTEREST (on property and sales tax)	\$52,000	\$52,000	\$52,000	\$52,000
10	<i>subtotal penalties re: taxes</i>	<i>\$52,000</i>	<i>\$52,000</i>	<i>\$52,000</i>	<i>\$52,000</i>
11	AMBULANCE FEES	\$56,000	\$56,000	\$56,000	\$56,000
12	ADMINISTRATIVE OVERHEAD	\$356,400	\$356,400	\$356,400	\$356,400
13	<i>subtotal, other local user fees and revenue</i>	<i>\$412,400</i>	<i>\$412,400</i>	<i>\$412,400</i>	<i>\$412,400</i>
14	<i>subtotal, all local revenue</i>	<i>\$5,280,770</i>	<i>\$5,280,770</i>	<i>\$5,991,653</i>	<i>\$5,991,653</i>
STATE					
15	SHARED FISHERIES BUSINESS	\$28,450	\$28,450	\$28,450	\$28,450
16	ELECTRIC AND TELEPHONE	\$66,000	\$66,000	\$66,000	\$66,000
17	RAW FISH TAX	\$176,000	\$176,000	\$176,000	\$176,000
18	REVENUE SHARING	\$217,000	\$217,000	\$215,000	\$215,000
19	JAIL CONTRACT GRANT	\$428,963	\$428,963	\$428,963	\$428,963
20	DMV COMMISSION REVENUE & MOTOR VEHICLE TAX	\$67,100	\$67,100	\$64,000	\$64,000
21	LIBRARY	\$23,450	\$23,450	\$23,450	\$23,450
22	INTEREST REVENUE	\$70,000	\$70,000	\$115,000	\$115,000
23	MISC REVENUE	\$106,390	\$106,390	\$97,850	\$97,850
24	<i>subtotal, all state revenue</i>	<i>\$1,183,353</i>	<i>\$1,183,353</i>	<i>\$1,214,713</i>	<i>\$1,214,713</i>
FEDERAL					
25	PAYMENT IN LIEU OF TAXES	\$414,700	\$414,700	\$414,700	\$414,700
26	<i>subtotal, all federal revenue</i>	<i>\$414,700</i>	<i>\$414,700</i>	<i>\$414,700</i>	<i>\$414,700</i>
SPECIAL REVENUE FUNDS (water & sewer, ports & docks, harbors, landfill etc.)					
27	SPECIAL REVENUE FUND (Inc state 70% bond reimbursement)	\$3,252,140	\$3,229,140 ***	\$3,229,140	\$3,229,140
28	<i>subtotal, special revenue</i>	<i>\$3,252,140</i>	<i>\$3,206,140</i>	<i>\$3,206,140</i>	<i>\$3,206,140</i>
Total Revenue		\$10,130,963	\$10,084,963	\$10,827,206	\$10,827,206

EXHIBIT C-2. PROJECTED EXPENDITURES

CITY OF DILLINGHAM - EXPENDITURES					Yr 1 annexation (includes 1-time expenses)	Yr 2 annexation (longer term)
			FY 2010	FY 2011	FY 2012	FY 2013
	GENERAL					
30	CITY COUNCIL		\$99,300	\$99,300	\$99,300	\$99,300
31	ADMINISTRATION		\$303,950	\$303,950	\$314,950 <i>(note 1)</i>	\$308,950
32	FISHERY ADVISORY CONSULTANT/ ENFORCEMENT				\$50,000 <i>(note 2)</i>	\$25,000
33	CITY CLERK		\$116,200	\$116,200	\$116,200	\$116,200
34	FINANCE		\$509,930	\$509,930	\$534,930 <i>(note 3)</i>	\$509,930
35	LEGAL		\$30,000	\$30,000	\$50,000 <i>(note 4)</i>	\$30,000
36	INSURANCE		\$112,700	\$112,700	\$112,700	\$112,700
37	CITY SCHOOL		\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000
38	NON-DEPARTMENTAL		\$174,050	\$174,050	\$174,050	\$174,050
39	PLANNING		\$117,250	\$117,250	\$117,250	\$93,750
40	DISPATCH		\$387,540	\$387,540	\$387,540	\$357,540
41	PATROL		\$903,130	\$903,130	\$923,130 <i>(note 5)</i>	\$923,130
42	CORRECTIONS		\$455,225	\$455,225	\$455,225	\$455,225
43	DMV		\$75,640	\$75,640	\$75,640	\$75,640
44	FIRE		\$283,150	\$283,150	\$283,150	\$283,150
45	ANIMAL		\$90,850	\$90,850	\$90,850	\$90,850
46	BUILDINGS AND GROUNDS		\$250,100	\$250,100	\$250,100	\$250,100
47	SHOP		\$215,150	\$215,150	\$215,150	\$215,150
48	STREETS		\$562,280	\$562,280	\$562,280	\$562,280
49	PUBLIC WORKS		\$119,560	\$119,560	\$119,560	\$119,560
50	COMMUNITY SERVICES (LIBRARY, MISC)		\$120,440	\$120,440	\$120,440	\$120,440
51		subtotal, general expenses	\$6,226,445	\$6,226,445	\$6,352,445	\$6,222,945
	BOND RELATED					
52	BOND DEBT SERVICE PAYMENT		\$495,000	\$520,000	\$545,000	\$570,000
53	BOND INTEREST PAYMENT		\$682,590	\$644,840	\$618,215	\$590,340
54		bond total	\$1,177,590	\$1,164,840 ***	\$1,163,215***	\$1,160,340***

CITY OF DILLINGHAM - EXPENDITURES (CONTINUED)				Yr 1 annexation (includes 1-time expenses)	Yr 2 annexation (longer term)
		FY 2010	FY 2011	FY 2012	FY13
OPERATING FUND TRANSFERS TO SUPPORT ENTERPRISE FUNDS					
55	TRANSFER TO LANDFILL	\$200,290	\$200,290	\$200,290	\$200,290
56	TRANSFER TO HARBOR	\$110,135	\$110,135	\$230,135 <i>(note 6)</i>	\$210,135
57	TRANSFER TO DEBT SERVICE	\$170,000	\$339,452***	\$348,695	\$348,102
58	TRANSFER TO SENIOR CENTER	\$301,568	\$301,568	\$301,568	\$301,568
59	TRANSFER TO AMBULANCE RESERVE	\$56,000	\$56,000	\$56,000	\$56,000
60	TRANSFER TO EQUIPMENT REPLACEMENT	\$50,000	\$50,000	\$50,000	\$50,000
61	<i>Total Transfers</i>	<i>\$887,993</i>	<i>\$1,057,445</i>	<i>\$1,186,688</i>	<i>\$1,166,095</i>
SPECIAL REVENUE FUND EXPENDITURES					
62	LANDFILL, HARBORS, PORTS & DOCKS, SENIOR CENTER, ETC.	\$3,087,576	\$3,087,576	\$3,087,576	\$3,087,576
63	TOTAL EXPENDITURES	\$10,202,014	\$10,371,466	\$10,626,709	\$10,476,616
64	OVERALL SURPLUS / DEFICIT	-\$71,051*	-\$286,503*	\$200,497	\$350,590

Summary of Expenses Due to Annexation: Reasonably anticipated new expenses of the City that would result from annexation are \$246,000 the first year (\$11,000 to administration, \$50,000 for fishery advisor, \$25,000 for finance, \$20,000 for legal, \$20,000 for police, and \$120,000 to harbor). The second year and thereafter anticipated expenses are \$150,000 (\$5,000 to administration, \$20,000 to police and \$100,000 to harbors).

- Note 1** FY 2012 (year 1) added expenses: \$3000 election, \$8,000 for public notification and relations campaign. FY 2013 (Year 2) added expenses: \$5000 for continued public notification and relations efforts. Funding covers copying, postage, media time etc.
- Note 2** FY 2012 (year 1) added expense: \$50,000; then \$25,000 for years 2-4 (est.) for a fishery advisor/consultant(s) to assist the City in identifying those that need to register for tax, help with enforcement etc.
- Note 3** FY 2012 (year 1) added expenses: \$25,000 to create system to registering fishermen and processors, track tax data, etc.
- Note 4** FY 2012 (year 1) added expense: \$20,000 for raw fish severance and sales tax ordinance, forms and process development
- Note 5** Every year: added expense of \$20,000 to support enhanced public safety coordination, support and training
- Note 6** Every year: Additional \$100,000 to harbor for fisheries support and development. Also in FY 2010 (year 1) added expense of \$20,000 to purchase/ install oil spill cache.
- *** Generally, expenses and revenues are held constant in this budget to highlight the effects of annexation. The one exception is the bond payment schedule.
- * Dillingham has an approximately \$3 million general reserve or 'rainy day' fund that it can use to fill a gap such as this. However, it is not sustainable to use this fund in this manner.

**EXHIBIT C-3.
PROJECTED CAPITAL EXPENDITURES.**

The only capital expenditure immediately associated with the annexation is the purchase and installation an oil spill equipment cache in year 1, for \$20,000. This expense is shown on the annual operating budget in Exhibit C-2 (rather than here) as a year-1 \$20,000 increase in the TRANSFER TO HARBORS line item.

**EXHIBIT D.
EXISTING LONG TERM MUNICIPAL DEBT.**

The following lists any existing long-term municipal debt in annexing city and the territory proposed for annexation.

<u>NAME/TYPE OF BOND</u>	<u>PURPOSE OF BOND</u>	<u>DATE FULLY PAID</u>
General Obligation School Bond Series A 2008	School Remodel	Fully paid \$15,105,000 in 2028 Annual debt service is \$1,200,000 (State reimburses City for 69% per Alaska Legislature approved School Construction Debt Reimbursement)

**EXHIBIT E.
MUNICIPAL POWERS AND FUNCTIONS.**

MUNICIPAL POWERS AND FUNCTIONS OF ANY EXISTING MUNICIPALITY FOR WHICH CHANGE IS PROPOSED BEFORE THE PROPOSED CHANGE

Powers currently exercised by the City of Dillingham are the following: Police/E911/Jail/Animal Control; Planning & Zoning/Platting/Land Use Regulation/Building Codes; Library/Museum; Utilities; Ports & Harbors; Economic Development; Education; Taxation; Streets and Street Maintenance; Parks and Recreation. Dillingham may exercise all powers not expressly prohibited by other provisions of state or federal law.

MUNICIPAL POWERS AND FUNCTIONS OF ANY EXISTING MUNICIPALITY FOR WHICH CHANGE IS PROPOSED AFTER THE PROPOSED CHANGE

There are no new powers or functions. However, as a result of annexation, the City of Dillingham, will change some existing powers and functions as follows:

- 1) Levy and collect a raw fish severance and sales tax;
- 2) Provide increased environmental protection within City boundaries by purchasing and maintaining an oil spill response cache at the City Boat Harbor and possibly in other areas; and
- 3) Enhance public safety response and coordination by better support for volunteer search and rescuers, enhanced coordination with Alaska State Troopers, and cross-training and use procedures between harbor and police for the city skiff. While the City intends to continue to assist and sometimes take the lead on public safety incident response within one-quarter to one mile off shore, the Alaska State Troopers will retain jurisdiction as the primary first responders in Nushagak River and Bay.

CURRENT ALTERNATIVE SERVICE PROVIDERS IN THE TERRITORY PROPOSED FOR ANNEXATION

Provider	Service or Function
Alaska State Troopers	Public Safety Fish and Wildlife Enforcement

**EXHIBIT F.
 TRANSITION PLAN**

The City of Dillingham powers and functions that will change as a result of annexation are:

- 1) Levy and collect a raw fish severance and sales tax;
- 2) Provide increased environmental protection within City boundaries by purchasing and maintaining an oil spill response cache at the City Boat Harbor and possibly in other areas; and
- 3) Enhance public safety response and coordination by better support for volunteer search and rescuers, enhanced coordination with Alaska State Troopers, and cross-training and use procedures between harbor and police staffs for use of the City skiff. While the City intends to continue to assist and sometimes take the lead on public safety incident response within one-quarter to one mile off shore, the Alaska State Troopers will retain jurisdiction as the primary first responders in all of Nushagak River and Bay.

No assets or liabilities will be transferred or integrated as a result of the proposed annexation.

A step-by-step guide to the orderly assumption of these powers and services is provided below.

	Task	Timing	Responsible Party
1	Selecting Preferred Fish Tax Structure and Implementation Method		
	Talk with city finance officers, managers and attorneys from other municipalities in region that levy a raw fish severance, sales or flat tax. Include Lake and Peninsula Borough, Bristol Bay Borough, Aleutians East Borough, Kodiak Island Borough, Togiak, Egegik, Sand Point, Chignik, Pilot Point and others. <ul style="list-style-type: none"> • Collect ordinances, forms, and procedures for administering local raw fish severance and sales taxes. 	Apr 2010	City Manager ^{3**}
	Prepare cross reference table to compare.	Apr 2010	City Manager**
	Council work session(s) to confirm best method for Dillingham.	Apr-Jul 2010	City Manager**
	Prepare ordinance to codify. Prepare forms and public information materials.	Jun-Jul 2010	City Clerk, Finance and Attorney**
	Identify a fisheries advisor/enforcement consultant.	Prior to LBC approval (expected approx 6-10 months after petition submitted)	City Council

^{3 **}= Consultant Assistance

	Task	Timing	Responsible Party
2	Local Election on Annexation		
	Prepare public information material.	May - June 2010	City Clerk & Manager**
	Attend neighborhood and community meetings to explain petition, answer questions.	2010	City Council
	Hold local election.	Within 45 days of LBC approval (tentative election date is June 2011)	City Clerk
3	Initiate Raw Fish Taxes		
	Finance department builds database of fishermen and processors.	Within 30 days of election (tentatively due by July 2011)	Dillingham Finance and Clerk
	Initiate public information campaign to let fishermen and processors know about new taxes.	Within 30 days of election (tentatively due by July 2011)	Dillingham Finance and Clerk
	Distribute registration and collection forms.	Within 30 days of election (tentatively due by July 2011)	Dillingham Finance and Clerk
4	Public Safety		
	<p>Host pre-vote coordination meeting with Dillingham dispatch director, police and fire chiefs, port director, city manager and Alaska State Troopers. Discuss coordination and any change in procedures for public safety in areas to be within city after annexation. Expected scenarios:</p> <ol style="list-style-type: none"> 1. Alaska State Troopers to retain primacy on Search and Rescue operations in all areas. 2. Alaska State Troopers retain all fish and wildlife powers and enforcement. 3. Develop protocol for communication between harbor and police so that the city skiff (now exclusively used by harbor) is also available for public safety. 4. Determine whether there is any combination of area (e.g. one quarter mile from former City boundary shoreline) or incident (e.g. public inebriation in a vessel) where public safety first responder responsibilities should shift between Alaska State Troopers to City of Dillingham police, with AST back-up. 	Fall 2010	Dillingham Police (lead) parties to include are Alaska State Troopers, Dillingham Fire Chief, Dillingham Snow Machine Club, Dillingham Port Director, etc.

	Task	Timing	Responsible Party
	Coordination meeting with police-dispatch-fire-harbor- troopers-other IF any transfer of responsibilities is to take place to affirm procedures and protocols	Within 6 months after annexation approved (tentatively due by Dec 2011)	
	Identify and implement training schedule (harbor, police) relative to boat use and safety	Within 6 months after annexation approved (tentatively due by Dec 2011)	Dillingham police, harbor, others
5	Oil Spill Protection		
	Identify whether a City oil spill response cache is needed in any area in addition to the boat harbor.	Within 6 months after annexation approved (tentatively due by Dec 2011)	Port Director
	Identify and purchase needed gear; locate cache.	Within 6 months after annexation approved (tentatively due by Dec 2011)	City Council, Port Director
	Continue annual joint response exercises. Program practice responses in at-risk or environmentally sensitive areas in Wood River and Nushagak Bay.	ongoing	Port Director

OFFICIALS CONSULTED FOR THE TRANSITION PLAN			
Name	Title & Organization	Date Consulted	Subject Discussed
Janice Shilanski	Dillingham City Manager	Throughout Nov 2009 – Feb 2010	All
Jean Barnett	Dillingham Port Director	Dec 2010- Feb 2010	Boat harbor services
Dan Pasquariello	Dillingham Acting Police Chief	Jan-Feb 2010	Public safety
Sergeant Randy McPherron**	Alaska State Trooper, Dillingham	Jan-Feb 2010	Public safety
Frank Barrus	Dillingham Finance Officer	Throughout Nov 2009-Feb 2010	All
Lamar Cotton**	Lake and Peninsula Borough Manager	Jan-Feb 2010	Steps , forms, initiating a system to levy and collect local raw fish taxes
Maile Zimin**	Lake and Peninsula Borough Assistant Finance Officer	Jan-Feb 2010	Steps , forms, initiating a system to levy and collect local raw fish taxes
Jody Seitz**	Dillingham Planning Director	Jan-Feb 2010	All

** This person was a source of information, they did not review the Transition Plan.

**EXHIBIT G.
COMPOSITION AND APPORTIONMENT OF THE EXISTING CITY COUNCIL.**

This exhibit presents information about the current composition and apportionment of the City Council. It also describes any change to the composition and apportionment of the City Council following annexation.

Current Composition of City Council

Alice Ruby, Mayor
Carol Shade
Keggie Tubbs
Bob Himschoot
Tim Sands
Sue Mulkeit
Steve Hunt

The annexation will cause no change to the composition of the City Council or apportionment. The City of Dillingham Council is composed of a Mayor and six Council members, all of whom are elected from the city at large. The Mayor is also elected for a term of three years.

**EXHIBIT H.
CIVIL AND POLITICAL RIGHTS INFORMATION.**

This Exhibit provides Information regarding any effects of the proposed annexation upon civil and political rights for purposes of the federal Voting Rights Act.

The proposed change will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex or national origin.

A. the purpose and effect of annexation as it pertains to voting;

The annexation will not add any residents to the City of Dillingham.

B. the extent to which the annexation excludes minorities while including other similarly situated persons;

The annexation does not exclude minorities while including other similarly situated persons.

C. the extent to which annexation reduces the City's minority population percentage;

There will be no reduction of the City's minority population percentage.

D. whether the electoral system of the City fails fairly to reflect minority-voting strength;

The electoral system of the City of Dillingham reflects minority-voting strength through at-large elections for all offices.

E. participation by minorities in the development of the annexation proposal;

The public had the opportunity to speak to this proposed annexation at: 1) the Council work sessions held by the City Council as part of their consideration of the annexation in March and October 2009, and January 2010; and during several public outreach subcommittee meetings between March and June 2010; 2) when the resolution/ordinance was adopted authorizing the filing of this petition. In addition, the public has the right to speak during the "Citizens Comments" portion of every regular meeting of the Dillingham City Council.

F. designation of an Alaska Native for U.S. Department of Justice contact regarding the proposed annexation;

Alice Ruby, Mayor
City of Dillingham
P.O. Box 889
Dillingham, AK 99576
907-842-5211

G. statement concerning the understanding of English in written and spoken forms among minority residents of the City and the territory proposed for annexation;

English is spoken and understood throughout the City of Dillingham and the annexed area.

**EXHIBIT I.
SUPPORTING BRIEF**

This Exhibit consists of a supporting brief that provides a detailed explanation of how the proposed annexation satisfies each constitutional, statutory, and regulatory standard that is relevant to the proposed annexation. The factual analysis in the Petition will be summarized to provide the analysis with reference to the main text. To avoid repetition, references are made to the appropriate section of the Petition.

The regulations adopted by the Local Boundary Commission (“Commission” or “LBC”) are contained in the Alaska Administrative Code, § 3 AAC 110.090-150.⁴ These standards are discussed sequentially and include the factors to be considered according to the regulations.

3 AAC 110.090 Need.

a) The territory must exhibit a reasonable need for city government. In this regard, the commission may consider relevant factors, including:

(1) existing or reasonably anticipated social or economic conditions, including the extent to which residential and commercial growth of the community has occurred or is reasonably expected to occur beyond the existing boundaries of the city during the 10 years following the effective date of annexation;

The existing economic condition of the territory proposed for annexation is based on a sustainable seasonal harvest of salmon. The economics of local fisheries are subject to fluctuations based on the health and management of fishery resources and the world market for wild Alaska salmon. It is reasonably anticipated that typical fluctuation in these economic conditions will occur during the next ten years. There will not be any residential growth in the area proposed for annexation. It is not practical for persons to live on the islands within the territory proposed for annexation. Economic activity in the form of commercial fishing and harvesting is addressed in 3 AAC 110.090 (a)(3) and 3 AAC 110.090(a)6).

⁴ Article X of the Alaska Constitution was enacted to provide for the maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdiction. Powers of local governmental units shall be given a liberal construction. See Alaska Constitution, Art. X, §1.

The Local Boundary Commission was created by the Alaska Constitution, Art. X, § 12. The commission is to consider proposed local government boundary change and present the proposed change to the legislature. The commission may establish procedures whereby boundaries may be adjusted by local action.

Alaska Statute 44.33.812 implements the constitution and authorizes the Local Boundary Commission to adopt regulations providing standards and procedures for municipal annexation. The Local Boundary Commission may consider, amend, or impose conditions on any proposed municipal boundary change. The commission is also charged with establishing procedures for annexation by municipalities by local action. AS 29.06.040.

(2) Existing or reasonably anticipated health, safety, and general welfare conditions;

Health, safety and general welfare conditions are directly related to city owned and operated port and harbor facilities that support commercial fishing. It is anticipated that the fishing industry will continue to need port and harbor facilities, will continue to need roads over which to travel to vessels using those ports and harbor facilities, and will continue to desire emergency response and rescue operations to be available.

The City intends to enhance public safety response and coordination by: 1) Better support for volunteer search and rescuers (There currently is an all-volunteer group not associated with the City. The City does not intend to 'take on' search and rescue, however the City will look to more actively support these volunteers who assist the Alaska State Troopers on Search and Rescue operations); 2) Enhanced coordination with Alaska State Troopers; and 3) Cross-training and developing use procedures between harbor and police staffs for use of the City skiff. While the City intends to continue to assist and sometimes take the lead on public safety incident response within one-quarter mile of shore and to assist in incident response to areas further offshore within the territory to be annexed, the Alaska State Troopers will retain jurisdiction over these areas and will remain the primary first responders in all of Nushagak River and Bay. In the territory proposed for annexation, Alaska State Troopers (AST) report that in 2008, AST had no public safety responses and in 2009, there were four calls for assistance in these areas of which three were search and rescue⁵.

Increased responsibilities in the harbor and adjacent offshore areas along with increased revenue will allow the City to purchase and maintain an oil spill response cache in the harbor to enhance environmental protection in the commercial fishing waters. Please refer to the Transition Plan (Exhibit F).

(3) Existing or reasonably anticipated economic development;

Commercial fish harvest, processing and provisioning in Nushagak Bay, and at times in Wood River, is expected to continue. A stronger financial picture for the City of Dillingham as a result of annexation will allow it to better assist and support this economic development through improved facilities and services (see section (6) below for detail).

(4) Adequacy of existing services;

Existing service to the commercial fishing waters proposed for annexation and resource users therein is adequate, but can be improved. Currently user fees are not commensurate with the

⁵ Personal communications and research, January 2010, Sergeant Randall McPherron, Alaska State Troopers, Dillingham.

cost of providing facilities and services at the boat harbor, city dock and boat ramps that the commercial fishing fleet uses (see section (6) below for detail).

(5) Extraterritorial powers available to the city to which the territory is proposed to be annexed and extraterritorial powers of nearby municipalities;

The City does not exercise extraterritorial powers in the territory proposed for annexation nor do any other municipalities. Such powers are “available” under AS 29.35.020, however, the City has not sought to exercise power outside municipal boundaries. Annexation and full inclusion into the City is preferable to an extraterritorial or service area relationship. See, Alaska Constitution, Art. X, Sec. 5 (“[a] new service area shall not be established if, consistent with the purposes of this article, the new service can be provided by . . . annexation to a city”).

(6) Whether residents or property owners within the territory receive, or may be reasonably expected to receive, directly or indirectly, the benefit of services and facilities provided by the annexing city.

There are no permanent residents or property owners within the territory. Seasonal population within the area proposed for annexation are commercial fishermen and fish buyers during May through September. This population currently receives, directly and indirectly, the benefit of services and facilities provided by the City of Dillingham in the form of port and harbor facilities and related services. These services will continue to be provided and will be enhanced as identified previously. Services and facilities include, but are not limited to, a small boat harbor, an all-tide dock, boat launch ramps, parking, water and ice availability at the harbor, trash collection at the harbor and dock areas, access to a full complement of vessel repair, equipment and storage businesses as well as seafood processing facilities, and access to a regional hospital and airport and to commercial stores for provisioning. Dillingham also provides public safety, utilities, and road maintenance services to both permit holders transiting through Dillingham on their way to the fishing grounds and to protect the shore-based fish processing facilities critical to purchase and sale of salmon harvested by permit holders in the territory to be annexed.

The City of Dillingham provides the listed services and facilities to many non-residents, reflecting the regional nature of the support Dillingham provides. These seasonal residents generally transit through Dillingham, often several times during a season as they move to and from the Nushagak fishing grounds. In 2008, there were 807 unique individuals with landings in the Nushagak Commercial Salmon district, yet only 155 (19 percent) were Dillingham residents and 35 percent were non-Alaskans. In 2008, only 20 percent of the vessels with commercial fish harvest in the Nushagak District were registered to Dillingham residents and 40 percent were registered to non-Alaskans.⁶ These non-residents are directly and indirectly, receiving the

⁶ Source: CFEC gross earnings files and CFEC Vessel files.

benefit of the Dillingham small boat harbor, an all-tide dock, boat launch ramps, parking, water and ice availability at the harbor, trash collection at the harbor and dock areas, access to a full complement of vessel repair, equipment and storage businesses as well as seafood processing facilities, and access to a regional hospital and airport and to commercial stores for provisioning.

Of the fish harvested commercially from the Nushagak district, an estimated 40 to 56 percent (depending upon the year) is process outside of the Nushagak district or adjacent municipalities (Dillingham or Clark’s Point) so no Nushagak area community is receiving a portion of the State business fishery tax from this harvest. Yet, Dillingham residents are bearing costs to provide services and support for the harvest of this fishery resource. The fees and taxes paid to the City of Dillingham by its resident and summer fisheries-related visitors are not commensurate with the cost to the City to provide the services and facilities that support area commercial fisheries. Every year Dillingham uses general operating fund money (76% of which is from local property and sales tax revenue) to subsidize services and infrastructure that are used by the permit holders in the region. Just a few examples that account for a minimum of \$330,000 in costs to Dillingham in fiscal year (FY) 2009 to help serve the regional fisheries are:

Harbors

- In Fiscal Year (FY) 09 approximately \$110,000 from Dillingham’s general operating fund was transferred to harbors to make up the difference between harbor fees and the harbor’s annual operating expenses. This figure does not include harbor administrative services also funded from the general operating fund.

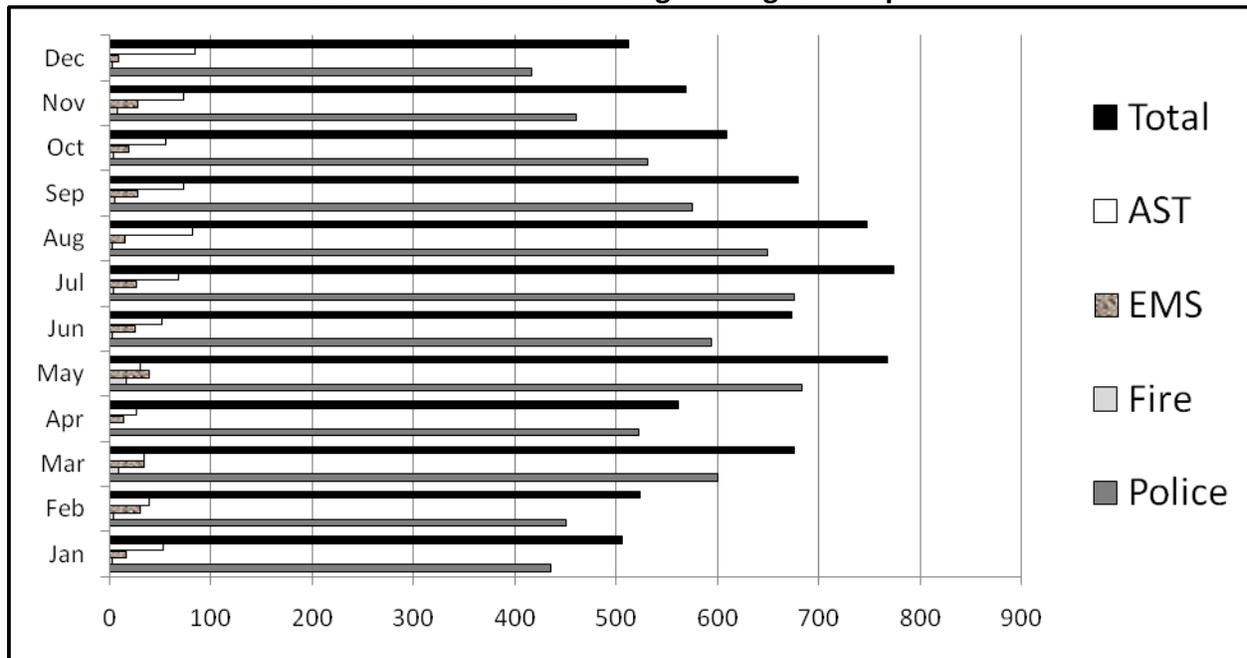
Public Safety (police, fire, EMS)

- 10% of 2009’s total calls for service (Dillingham city dispatch) are from the fishery-related areas (the boat harbor, Wood River boat launch, city dock or processing plants).
- 20% of all calls for service in June and July are from these areas.
- 10% of the FY 2010 public safety budget is \$211,990 (*public safety includes patrol, dispatch, corrections, fire, animal services*).
- There is no additional public safety staff in summer.

YEAR 2009 Dillingham Dispatch Data	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	total
Total Calls for Service	506	524	676	562	768	674	774	748	680	609	569	512	7602
Number in fishery related areas*	24	18	29	19	89	135	153	112	71	62	49	26	787
Percent of total in fishery related areas*	5%	3%	4%	3%	12%	20%	20%	15%	10%	10%	9%	5%	10%

*= Boat Harbor, City Dock, Wood River Launch, Canneries

2009 Calls for Service through Dillingham Dispatch



Source: Dillingham Police Department

Landfill

- Six large dumpsters are installed at the harbor and city dock seasonally (summer months) and generally emptied twice a day, adding about 25% to the volume of trash being hauled during those months.
- In 2009, this cost to the city in fees paid for fishery related trash hauling was approximately \$9,000 paid from the general operating fund.
- In FY 2009, the City of Dillingham also transferred over \$200,000 of general operating fund money to the landfill to cover costs that exceeded fee revenue. This figure does not include landfill administrative services also funded from the general operating fund.

Revenue resulting from this annexation will allow Dillingham to help cover the costs listed above and will allow Dillingham to provide better service to its resident and non-resident commercial fishermen who use the City-maintained harbor, docks, boat ramps, restrooms, and bath house, and benefit from trash-hauling, street maintenance and general public safety services.. Revenues from this annexation will allow some improvements to be made to benefit all who use the City's boat and harbor facilities. The post annexation budget is detailed in Exhibit C-1 and C-2 and in this brief's section 3 AAC 110.110 Resources, show how the additional revenue generated from annexation will be used to enhance harbors and public safety response capability of the City post-annexation.

Added revenue will allow enhanced coordination with the Alaska State Troopers, local search and rescue volunteers and other public safety responders in Dillingham. The Alaska State Troopers will continue to be the primary first responders in Nushagak Bay and River as they are now but the City will be better able to partner and assist the Troopers. The City will also provide enhanced environmental protection through an added oil spill response cache.

Detail on Dillingham Harbor, Launch and Port Facilities serving the Commercial Fisheries Fleet

The Dillingham small boat harbor was constructed in 1960 as a half tide harbor. It is used as a commercial fishing base by Dillingham and surrounding community's residents, and plays a large role in the economic base of the community. Both the harbor staff and police dispatch monitor VHF Channel 16, 24 hours a day to provide public safety services to the fishing fleet. The harbor department has a 22 ft. skiff with multiple engines available for its use. Within the City, the police and fire departments provide emergency response and outside the City, the Alaska State Troopers are the primary responders.

The Dillingham boat harbor has two seasonal floats located on the east and south harbor banks. During the summer and non-ice months, vessels (when not fishing) are commonly rafted to one another and to the seasonal floats. Many live aboard their vessels during fishing season. The lighted small boat harbor offers safe haven and access to town, the airport and hospital. Services available at the harbor include a crane, 20-ton ice machine, new bathhouse and showers, limited electricity available onshore, potable water available on each float, and garbage and oil collection. Other City of Dillingham services that significantly increase in the summer to help support the fishing fleet and processing industry include police, fire and EMS calls, use of the hospital and medical clinic, and increased streets, grounds and facility maintenance.

Deposition from the silty Nushagak River requires dredging of the Dillingham small boat harbor every year. After the ice is out and beginning about May 15 each year the Corps of Engineers funds a full month of 24 hours a day/7 days a week dredging to lower the harbor to -2 ft. below sea level. Erosion of the harbor's banks and walls is occurring throughout. Erosion at the west bank of the harbor entrance is jeopardizing a major fuel distribution center. Erosion along the east bank is eliminating parking, affecting operation of the floats, reducing the access road width, and jeopardizing electrical and water service.

The City of Dillingham has implemented steady upgrades to the harbor. During 2008-2009, improvements included installation of a new north boat ramp of interlocking precast concrete planks, addition of an 0.8 acre parking area, addition of 150 ft. of shoreline protection, float extensions installed along the east side of the harbor, installation of a tote dumper and hopper system, and new concrete pads for the south boat ramp. During summer of 2010, a 250 ft. long sheetpile bulkhead extension and fill will be installed at the north end along with a new crane that will allow up to ½ ton of ice at a time to be lowered onto boats. Many of these

improvements are funded by federal or state grants, however, the cost of maintaining the expanded facilities will fall entirely on the City.

The harbor still needs several improvements. Continuing installation (beyond the 250 ft. to occur in 2010) of a sheetpile bulkhead around the north, east and south sides of the harbor would create a true basin and contain erosion and siltation. Bulkhead installation along the east side should be accompanied by electrical and water upgrades and sewer installation. Existing utilities are now in jeopardy of exposure due to erosion and are also subject to freeze/thaw problems. Fire hydrants should be installed or upgraded. Upgrade and installation of utilities along the east side of the harbor is also needed where there is strong interest in making lots available for lease. In addition to utilities, the property boundary on the east end of the harbor needs better definition, possibly accompanied by relocating the access road and PAF Marine to easterly. New floats designed to rise and drop with the tides, rather than the pivoting arm design now employed, should be installed to allow boats to get closer to the bulkhead. This will increase the number of vessels that can safely moor and will provide more secure vessel loading and unloading.

The Corps of Engineers has recommended installation of a rock revetment to prevent erosion on the south side of the harbor adjacent to the Peter Pan Seafoods processing plant. This will also offer wave and wind protection.

The open space at the southeast end of the boat harbor is Dillingham's only waterfront public space and heavily used by the community. There are multiple large events there each summer. This area needs water and electricity, restrooms and a pavilion and a ramp for access to the beach.

There is also interest in installation of a 24 by 100 ft. grid for working on boats on the east side of the new bulkhead at the north end of the harbor. This would allow users to repair or service vessels during low tides without having to pull the boat completely out of the water and onto shore. Another potential improvement to assist with boat repair and maintenance would be installation of a facility to allow a vessel to tie to a bulkhead and sit evenly on its keel as tides change.

The Wood River boat launch is regularly used by area residents, the commercial fishing fleet, hunters and sport fishermen. Improvements are needed to the parking area next to the launch. The river course has changed and is now depositing a lot of silt in front of the old wooden bulkhead. A steel bulkhead is needed with an access ramp positioned in the middle. A fleet of setnetters launch from Dillingham's Kananak boat launch each year. This facility needs a parking area, access road upgrade, and ramp improvements to make it accessible at a wider tidal range.

The narrative above describes some of the improvements to be constructed and maintained by the City of Dillingham that the territory's fishing fleet can reasonably expect to receive and benefit from over time

3 AAC 110.090 (b) Territory may not be annexed to a city if essential municipal services can be provided more efficiently and more effectively by another existing city or by an organized borough, on an areawide basis or nonareawide basis, or through a borough service area that, in the determination of the commission, was established in accordance with art. X, sec. 5, Constitution of the State of Alaska.

There is no existing city or borough that can provide services and facilities more efficiently or effectively to the Nushagak Bay commercial fleet and the Wood River fishermen.

3 AAC 110.970(d) indicates a city's essential municipal services may include, levying and collecting taxes, operating a public school system, land use regulation, providing public safety services and "other services the Commission deems reasonably necessary to meet the local government needs of the residents of the community". As previously discussed, the "community" within the territory proposed for annexation is a seasonal commercial fishing community whose need for public services is limited to port and harbor facilities, landfill services, and public safety. All of these services may be provided more efficiently by Dillingham than by any other existing city or by the Bristol Bay or Lake and Peninsula Boroughs.

The Local Boundary Commission has deliberated in the past about competing proposals for annexation of these waters. In the past creating a deterrent to formation of a new political subdivision (borough) was among the Commission's concerns. The next part of this brief will review this history, review current conditions and demonstrate that essential municipal services cannot be provided more efficiently or effectively by another city or borough

In April 1986, the City of Dillingham passed a resolution supporting filing a petition to annex approximately 918 square miles of land and water. Also in April 1986, the City of Clark's Point submitted a petition for annexation of 242 square miles of land and water that overlapped the territory proposed for annexation by Dillingham. In October and November 1986, during and right after LBC public hearings in Dillingham and Clark's Point, both Dillingham and Clark's Point presented revised and reduced boundaries. The LBC concluded that the communities were competing in order to obtain revenue generated by raw fish taxes, and directed the two cities to examine their conflicts and present any compromise on boundaries, or agreements for the sharing of revenues and municipal services. The two cities were unable to come to an agreeable solution. In December 1986, the Commission approved the annexation of 40 square miles immediately surrounding Dillingham, which is the City's municipal boundary today. In December 1986, the Commission rejected the City of Clark's Point proposed annexation.

The Commission's decision in December 1986 on the Clark's Point proposed annexation noted that, "*Clearly the problems of service delivery, revenue enhancement, public health and welfare*

threats, and management of 'development' are shared by these two cities located 15 miles apart. The Cities claim these problems are largely generated by an industry upon which they both share an economic dependence. With these concerns in mind, the door must remain open for these regional problems to be addressed by a regional form of government, approval of this annexation would discourage this from happening" (finding of fact 11, page 5).⁷

Similarly, on the same day in 1986, on the City of Dillingham petition the Commission stated that, *"If either city annexes any of the waterways as proposed than the City can expect to receive increased [state] raw fish taxes. This would not only allow the City to obtain additional revenues without the encouragement to pursue borough formation, but it would constrain the area in terms of a potential revenue base for any future borough. The ultimate result would be a disincentive for borough formation"* (finding of fact 11, page 5)⁸

These 1986 Commission findings do not describe conditions "on the grounds" twenty four years later. Fisheries support is no longer split between Dillingham and Clark's Point. Moreover, the intent of the current regulations (which were not in place in 1986) focuses on existing local governments not theoretical future governments. That is why the words "existing", "organized" and "established" are used in 3 AAC 110.090(b). Of all the existing local governments the City of Dillingham is best able to provide essential public services for the area to be annexed. The estimated population of Dillingham today is 2,347; the population of Clark's Point is 54 (ADOLWD).

Many fishermen in addition to Dillingham residents' commercial fish in Nushagak Bay, and sometimes from Wood River, however, services and facilities that support these fisheries are now provided almost exclusively by and through the City of Dillingham. When the Commission considered similar petitions in 1986, Clark's Point had a large seafood support facility within its corporate boundary that supported the fleet by providing a dock, storing boats, providing a place to work on fishing boats, housing fishermen, feeding fishermen etc. However, in 2000-2001, Trident shuttered and disassembled its Clark's Point plant. There is no public dock, boat harbor or other facilities or services in Clark's Point any longer that support the fishing fleet. Today, the Nushagak Bay's only public harbor, dock and many other support services are in Dillingham.

⁷ Local Boundary Commission Statement of Decision in the matter of the petition for the annexation of territory to the City of Clark's Point, Alaska. December 10, 1986

⁸ Local Boundary Commission Statement of Decision in the matter of the petition for annexation of territory to the City of Dillingham, Alaska. December 10, 1986

Inclusion of offshore commercial fishing waters within a city and levying a local fish tax has not reduced incentives for borough formation in the area.

Even if concerns about “disincentives” for future governmental entities was part of the LBC ‘s overall consideration of this petition, inclusion of offshore commercial fishing waters within Dillingham does not reduce incentives for borough formation in this area. Allowing Dillingham to annex these commercial fishing waters and levy a local raw fish tax will not inhibit borough formation. Many communities in the region, both cities and boroughs, have enacted local raw fish taxes that are paid in addition to the State business fishery tax.

For example, when Lake and Peninsula Borough formed and levied a raw fish tax, it encompassed the existing City of Chignik, which already levied a raw fish tax on the 101 square miles of offshore water (Egegik Salmon District) within its city boundary. Including an existing city with offshore waters and that levied its own raw fish tax, within the borough was not an obstacle to forming a successful borough, nor has the combination of a city and borough fish tax inhibited either municipality’s economic sustainability. In fact, in the Bristol Bay region there are six communities where both a local city and borough raw fish tax is levied: City of King Cove, City of Sand Point, City of Chignik, City of Egegik, City of Pilot Point, and City of Akutan. The annexation of commercial waters to Dillingham with an attendant local raw fish tax will not be an impediment to future borough formation, as it has not been an impediment to formation of either the Lake and Peninsula Borough or the Aleutians East Borough both of which have been created since 1986 (see map on next page of this petition).

If a borough was to form at some point in this area, the State fisheries business tax revenue distribution formula provides that over a five-year period half the State fisheries business tax will go to the borough. This would provide revenue from the Nushagak and other fisheries to a prospective future borough.

No Uplands are Included.

The 1986 annexation petition filed by the City of Dillingham included large remote tracts of land whose inclusion drew strong objection from landowners. No uplands (other than a few islands within either Nushagak Bay or Wood River) are included in this petition. This petition focuses solely on the commercial fishing waters for which Dillingham provides significant services and facilities.

Dillingham has identified the real costs it bears annually to support regional fisheries.

Dillingham has looked carefully at use data to understand and estimate what increment of the services and facilities it provides can be attributed to the fishing fleet, and compared this to user fees it receives, to identify the real costs it bears to support regional fisheries

Please refer to section 3AAC110.090(a)(6) of this brief (pages 41-44) of this brief, and to Section 6-Reasons for the Proposed Boundary Change (pages 6-8) to review the many people in addition to Dillingham residents and fishermen who use Dillingham's harbor, docks and boat launches and more, and, the real costs to Dillingham annually that are paid through its general fund (primarily from property and sales tax revenue) to subsidize services and infrastructure that is used by commercial fishing permit holders and sport fishermen harvesting natural resources in the region. This data is not repeated here.

Dillingham is now proposing local raw fish taxes in conjunction with annexation, rather than relying upon increased State revenue, to enhance its financial sustainability.

Dillingham is not depending upon or anticipating a great increase in State fisheries business tax revenue due to annexation, as it is not clear that significantly more processing will take place within its enlarged boundary. In contrast to the previous petition, Dillingham is proposing a combined local severance and raw fish sales tax. This will provide revenue directly related to use of existing port and harbor facilities to allow Dillingham to maintain and improve those facilities. It will also allow enhanced public safety coordination in the area that will benefit the commercial fishing fleet.

Regardless of whether the Dillingham Census Area (or some variation) ever forms a borough, Dillingham will still be the major port and access to the Nushagak Bay for fishermen. A borough is not going to build an entirely new port or harbor facility at some other location outside Dillingham. Dillingham is today and will always be the most logical local government to provide essential public services and facilities to support the commercial fishing fleet harvesting salmon in Nushagak Bay.

3 AAC 110.100 Character.

The territory must be compatible in character with the annexing city. In this regard, the commission may consider relevant factors, including the:

(1) Land use, subdivision platting, and ownership patterns;

This is not directly applicable as there is no land (other than small uninhabitable islands) within the commercial fishing waters proposed for annexation.

(2) Salability of land for residential, commercial, or industrial purposes;

This is not directly applicable as there is no land (other than small uninhabitable islands) within the commercial fishing waters proposed for annexation.

(3) Population density;

This is not directly applicable as there is no permanent population within the commercial fishing waters proposed for annexation.

(4) Cause of recent population changes;

This is not directly applicable as there is no permanent population or population changes within the commercial fishing waters proposed for annexation. The population of Dillingham has been slowly increasing over the last decade. The combined number of unique drift gillnet and set gillnet fishermen with commercial landings in the Nushagak Salmon Commercial district has decreased about 20 percent since 2000⁹. In any one season the number of permit holders fishing in the Nushagak District may vary depending on individual permit holder decisions. Region-wide, the number of Bristol Bay watershed residents holding permits in area drift gillnet fisheries continues to decline, and, after a period of decline the number of Bristol Bay watershed residents holding permits for the set gillnet fishery has stabilized¹⁰.

(5) Suitability of the territory for reasonably anticipated community purposes;

The territory proposed for annexation is the adjacent commercial fishing waters. This territory is suitable and compatible with community purposes because it holds the resource upon which Dillingham's economic well-being depends. A demonstrated strong and compatible relationship between the City and the use of the waters proposed for annexation is described in this brief at section 3AAC 110.090 Need.

(6) Existing and reasonably anticipated transportation patterns and facilities; and

Fishing and other vessels, ice-supplying vessels, processors and tenders, and commercial barges and tugs regularly ply the waters proposed for annexation. They travel between Dillingham - the western Bristol Bay region's service and transportation hub - and other destinations. As noted already, Dillingham's harbor and port facilities are regularly used by these vessels traversing the waters proposed for annexation.

(7) Natural geographical features and environmental factors.

The proposed annexation conforms to the fishery management units of two waterbodies: the Nushagak Commercial Salmon District waters, and the Wood River Sockeye Special Harvest waters.

⁹ Source: CFEC Gross Earnings files

¹⁰ Northern Economics, Inc. *The Importance of the Bristol Bay Salmon Fisheries to the Region and its Residents*. Prepared for Bristol Bay Economic Development Corporation. October 2009.

3 AAC 110.110 Resources.

The economy within the proposed expanded boundaries of the city must include the human and financial resources necessary to provide essential municipal services on an efficient, cost-effective level. In this regard, the commission may consider relevant factors, including the:

(1) Reasonably anticipated functions of the city in the territory being annexed;

The only changes in functions are discussed in 3 AAC 110.090(a)(2) (p.40). Reasonably anticipated functions of the City in the territory being annexed include enhanced public safety and spill prevention, economic development, ongoing support of a small boat harbor, an all-tide dock, boat launch ramps, parking, water and ice availability at the harbor, trash collection at the harbor and docks (and subsequent disposal in a city operated landfill), access to a full complement of vessel repair, equipment and storage businesses as well as seafood processing facilities, and access to a regional hospital and airport and to commercial stores for provisioning.

(2) Reasonably anticipated new expenses of the city that would result from annexation;

Reasonably anticipated new expenses of the City that would result from annexation are \$246,000 the first year and \$150,000 annually thereafter. See Exhibit C-1 and C-2.

(3) Actual income and the reasonably anticipated ability to generate and collect local revenue and income from the territory;

Reasonably anticipated revenue from the territory to be annexed is \$710,883 annually, based on a 2.5% local raw fish severance and sales tax. This estimated tax revenue is based on actual salmon harvests in Nushagak Bay in 2000, 2005, 2008 (ADF&G fish ticket data), the price paid for salmon those years in Bristol Bay (COAR data), and the amount of State Business fisheries tax shared those years with Dillingham and Clark's Point (see work sheets on next two pages). Actual revenue will vary depending on the annual harvest and price. Dillingham is not assuming that it will receive an increased share of State business fishery tax as a result of annexation, although this could be the case some years.

There should be no difficulty collecting this revenue. Twelve or thirteen other municipalities in the region levy either a raw fish severance or sales or flat tax. Dillingham will likely structure its tax similar to Lake and Peninsula Boroughs' where a buyer of resources pays either a sales or severance tax on the value of the raw fish harvested, but not both. We have already talked with a few municipalities levying taxes about their forms, ordinances, code and process. The City of Dillingham does not anticipate any capacity problems in implementing this tax. The first year's budget includes additional funding for finances and administration to set up and provide public notice of the new tax rules and process. The proposed transition budget also includes funding for a compliance/fishery advisor position.

	A	B	C	D	E	F		H	I	J	K	L	M
CALCULATED VALUE OF FISH (AND STATE RAW FISH TAX) FROM NUSHAGAK BAY NOT BEING PROCESSED IN AREA													
	Year		Landed Pounds in Nushagak Bay from Fish Ticket Data (excludes confidential data)		Species	price/pound from COAR data for Bristol Bay		calculated value of raw fish landed in Nushagak Bay	calculated value for year	3% state tax (some 4.5, 5%)	1/2 is shared w munis	fisheries business tax actually shared w DLG, CLK PT (2 years after calendar year)	difference (calculated value of tax landed in NB & processed elsewhere)
1	2000 Total		180,573		chinook	\$0.46		\$ 83,064					
2	2000 Total		703,846		chum	\$0.09		\$ 63,346					
3	2000 Total		859,274		coho	\$0.41		\$ 352,302					
4	2000 Total		132,335		pink	\$0.08		\$ 10,587	\$25,938,349	\$778,150	\$389,075	\$309,733	\$79,342
5	2000 Total		37,953,806		sockeye	\$0.67		\$25,429,050				DOR FY 01 (DLG/DCCED FY02)	
6	2005 Total		1,050,152		chinook	\$0.58		\$ 609,088					
7	2005 Total		6,184,869		chum	\$0.11		\$ 680,336					
8	2005 Total		285,332		coho	\$0.29		\$ 82,746					
9	2005 Total		1,785		pink	\$0.02		\$ 36	\$28,928,044	\$867,841	\$433,921	\$177,217	\$256,704
10	2005 Total		44,444,902		sockeye	\$0.62		\$27,555,839				DOR FY06 (DLG/DCCED FY 07)	
11	2008 Total		278,683		chinook	\$0.83		\$ 231,307					
12	2008 Total		2,957,453		chum	\$0.17		\$ 502,767					
13	2008 Total		478,878		coho	\$0.55		\$ 263,383					
14	2008 Total		491,076		pink	\$0.17		\$ 83,483	\$30,439,612	\$913,188	\$456,594	\$288,045	\$168,549
15	2008 Total		39,673,881		sockeye	\$0.74		\$29,358,672				DOR FY 09 (DLG/DCCED FY 10)	
16								AVES	\$28,435,335	\$853,060	\$426,530	\$258,332	\$168,198
	Sources:	ADF&G, Commercial Fisheries Research (fish ticket and COAR)											
		ADF&G Dillingham											
		Sheinberg Associates											

Alaska Department of Fish and Game

Division of Commercial Fisheries

Title: Nushagak Alaska Commercial Salmon Harvest Information, 2004-2008

For: Barbara J. Sheinberg, AICP, Sheinberg Associates, 907-586-3141, bsheinberg@gci.net

Contact: Mike D. Plotnick; PO Box 115526, Juneau, AK 99811, 907-465-6133; mike.plotnick@alaska.gov

Data Source: Fish Ticket Databases; Run 08/26/2009

POUNDS OF SALMON HARVESTED IN NUSHAGAK COMMERCIAL FISHING DISTRICT

Processor location within the Nushagak District:							
Year	Chinook	sockeye	coho	pink	chum	Total	
2004	788,215	16,353,854	11,086	57,071	1,173,431	18,383,657	
2005	540,060	17,427,475	16,089	1,770	2,166,846	20,152,240	
2006	658,645	21,063,287	262,467	139,749	2,046,436	24,170,584	
2007	357,504	19,026,839	167,454	1,326	1,596,790	21,149,914	
2008	153,774	14,494,219	192,478	290,567	833,627	15,964,665	
Processor location outside the Nushagak District							
Year	Chinook	sockeye	coho	pink	chum	Total	
2004	691,975	20,359,743	307,651	50,479	1,716,571	23,126,419	
2005	510,109	27,017,427	269,243	20	4,018,024	31,814,822	
2006	737,036	40,352,030	11,047	1,032	5,247,746	46,348,891	
2007	295,550	28,984,573	24,709	1,807	4,019,224	33,325,863	
2008	124,909	25,182,060	286,588	200,702	2,124,174	27,918,433	

(4) Feasibility and plausibility of those aspects of the city's anticipated operating and capital budgets that would be affected by the annexation through the period extending one full fiscal year beyond the reasonably anticipated date for completion of the transition set out in 3 AAC 110.900;

Please see Exhibits C-1 and C-2. No difficulties are anticipated.

(5) Economic base of the territory within the city after annexation;

The economic base within the City after annexation will be the harvest, processing and support of commercial fisheries and Dillingham's place as a regional service hub for western Bristol Bay.

(6) Valuations of taxable property in the territory proposed for annexation;

There is no taxable real or personal property in the territory proposed for annexation.

(7) Land use in the territory proposed for annexation;

"Land" use in the territory proposed for annexation is commercial fish harvesting, sale, transfer, support and processing.

(8) Existing and reasonably anticipated industrial, commercial, and resource development in the territory proposed for annexation;

As previously indicated, the City assumes the value of salmon harvested from the area proposed for annexation will fluctuate within past historical ranges.

(9) Personal income of residents in the territory and in the city;

The most recent comprehensive data is from the 2000 US Census. At that time, the per capita income of Dillingham was \$21,537, the median household income was \$51,458 and the median family income was \$57,417. There are no additional permanent residents in the territory proposed for annexation. The only income data from the area proposed for annexation is the gross value of salmon harvested from the area that is included in the Petition at Section 11, Tax Data.

(10) Need for and availability of employable skilled and unskilled persons to serve the city government as a result of annexation.

No additional employees are anticipated as a result of annexation. There will be increased work for the clerical positions engaged with tax collection. This additional work can be accomplished with current staff given the budgeted professional assistance to help establish the system. Additional maintenance work on port and harbor facilities is not anticipated to require additional full time positions. It may require seasonal positions that will easily be filled by current Dillingham residents. Port and harbor improvement projects made possible through additional tax revenue from the annexed territory will most likely be contracted out as public works projects.

3 AAC 110.120 Population.

The population within the proposed expanded boundaries of the city must be sufficiently large and stable to support the extension of city government. In this regard, the commission may consider relevant factors, including:

(1) Census enumerations;

The population within the proposed expanded City of Dillingham has two components: 1) permanent residents living within existing city boundaries, and 2) estimated population of seasonal residents working within both existing city boundaries and the area proposed for annexation. As to the first component, Dillingham's population is 2,347. See (4) below for the second, seasonal component.

(2) Duration of residency;

The City has a stable and slowly growing population with many long-term residents.

(3) Historical population patterns;

Dillingham's permanent resident population has been slowly growing since the 1920's, including over the last decade when many rural communities in the state and region experienced population declines. Slow growth in Dillingham is expected to continue.

(4) Seasonal population changes;

Dillingham's current population is approximately 2,347. The City of Dillingham's population about doubles during the peak fisheries months of May through August as summer visitors come to town to commercial fish in Nushagak Bay and other places in Bristol Bay or work in Dillingham-based seafood processing plants. An estimated additional 1,250 seasonal commercial fishery permit holders and crew are working in Nushagak Bay during the summer,¹¹ many of whom spend some time in Dillingham. In addition, the Dillingham summer population swells by about 700 with seafood processing plant and other seasonal workers.

(5) Age distributions;

The 2000 Census identifies the following age distributions among Dillingham's permanent residents:

Dillingham 2000 Census	
Male:	1,273
Female:	1,193
Age 4 and under:	241
Age 5 - 9:	228
Age 10 - 14:	257
Age 15 - 19:	178
Age 20 - 24:	113
Age 25 - 34:	290
Age 35 - 44:	464
Age 45 - 54:	381
Age 55 - 59:	122
Age 60 - 64:	69
Age 65 - 74:	81
Age 75 - 84:	31
Age 85 and over:	11
Median Age:	32.8
Pop. Age 18 and over:	1,612
Pop. Age 21 and over:	1,538
Pop. Age 62 and over:	154

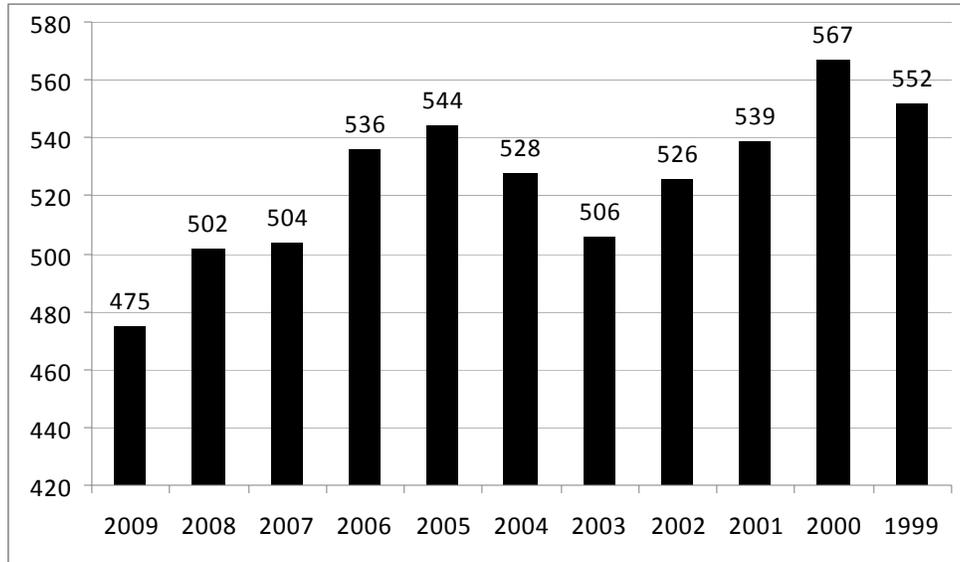
Regular CFEC permit records do not establish age distributions among permit holders.

¹¹ Average of the number of year 2000, 2005, 2008 non-Dillingham residents, and vessel owners, commercial fishing in the Nushagak district, and an additional assumed 1:1 crew ratio. Sources: CFEC Gross earnings files; CFEC Permits and permit holders data.

(6) Contemporary and historical public school enrollment data; and

Like most places in Alaska, school enrollments in Dillingham are declining as statewide demographics vary. There are no students in the area proposed for annexation.

Dillingham K-12 School Enrollments
(as of Oct 1 year noted)

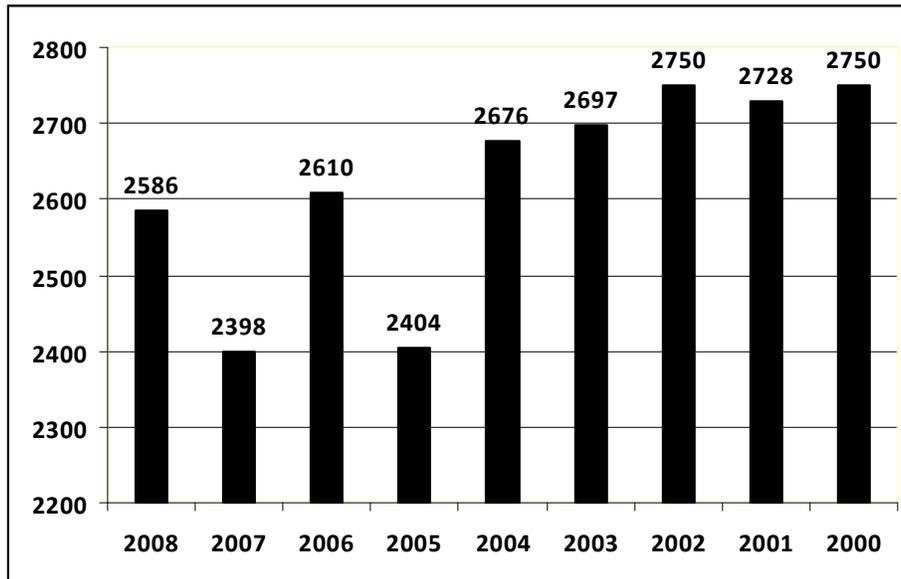


Source: Alaska Department of Education and Early Childhood Development data

(7) Non-confidential data from the Department of Revenue regarding applications under AS 43.23 for permanent fund dividends.

The number of permanent fund dividends in Dillingham has declined in the 2000's, though population has slightly increased.

Dillingham Permanent Fund Dividends



Source: Alaska Department of Revenue, PFD Division data

3 AAC 110.130 Boundaries.

(a) The proposed expanded boundaries of the city must include all land and water necessary to provide the development of essential municipal services on an efficient, cost-effective level. In this regard, the commission may consider relevant factors, including:

(1) Land use and ownership patterns;

The proposed annexation conforms exactly to a use area, the fishery management units of two waterbodies: the Nushagak Commercial Salmon District waters, and the Wood River Sockeye Special Harvest waters.

(2) Population density;

The population density of the existing City of Dillingham based on the 2008 Alaska DOLWD figure of 2,347, and there are 35.7 square miles of land and water within the City of Dillingham, yielding a density of 65.7 persons per square mile. The area to be annexed is commercial fishing waters and has no permanent population. The estimated seasonal population of 1,250 divided by the 399.25 square miles of water and land (includes 3.24 square miles of small uninhabitable islands) yields a seasonal population density of 3.1 persons per square mile of water.

(3) Existing and reasonably anticipated transportation patterns and facilities;

See the information provided in at section 3 AAC 110.100 (6) in this brief.

(4) Natural geographical features and environmental factors;

The proposed annexation conforms exactly to the fishery management units of two waterbodies: the Nushagak Commercial Salmon District waters, and the Wood River Sockeye Special Harvest waters.

(5) Extraterritorial powers of cities.

3 AAC 110.130 (b) Absent a specific and persuasive showing to the contrary, the commission will presume that territory that is not contiguous to the annexing city, or that would create enclaves in the annexing city, does not include all land and water necessary to allow for the development of essential municipal services on an efficient, cost-effective level.

The proposed annexation is contiguous with the annexing city and does not create enclaves in the annexing city.

3 AAC 110.130 (c) To promote the limitation of community, the proposed expanded boundaries of the city (1) must be on a scale suitable for city government and may include only that territory comprising an existing local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of annexation; and (2) May not include entire geographical regions or large unpopulated areas, except if those boundaries are justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.135 and are otherwise suitable for city government.

The Local Boundary Commission has allowed cities in this region to incorporate or annex adjacent contiguous commercial fishing waters, which could be construed as large geographic regions and are only populated seasonally by those engaged in commercial and sport fishing. The Commission has recognized that in this part of Alaska, this territory is suitable for city government, needed to provide financial stability to cities, and fishery activities are commonly directly supported by the annexing local community allowing for reasonably predictable growth, development and public safety needs. The scale of this annexation petition is consistent with these past approvals. The City of Dillingham, having provided public services and facilities to the Nushagak Bay commercial salmon fisheries for years, is not biting off more than it can chew with this proposal.

For example, in 1994, the Commission approved incorporation of the City of Egegik, with approximately 30 miles of land and 105 miles of offshore waters, which conformed to the Egegik Fishing District. In the LBC's Statement of Decision, it acknowledges how important including fishing waters and levying a raw fish tax are on the economic success of the city, *"The levy of a City of Egegik tax similar to the Lake and Peninsula Borough's sales/use tax on commercial raw fish sales in the district would provide ample tax base for a City of Egegik."* (page 7) ¹²

¹² Local Boundary Commission Statement of Decision in the matter of the March 15, 1994 petition for incorporation of the city of Egegik. January 11, 1995.

In its decision to approve incorporation of Egegik, the LBC recognized the link between the summer fisheries-related transient population and the demand for city services, *“Finding. The large seasonal transient population influx experienced during the commercial salmon harvest support the need for a city government to meet demands for seasonal services.”* (page 9)

Likewise, when considering 3 AAC 110.130 Boundaries [19 AAC 10.040 at that time], the Commission noted that, *“Finding. Although much of the territory proposed for incorporation is offshore, the seasonal influx of transients associated with commercial fishing activity justifies inclusion of the entire area within the boundaries of the proposed City of Egegik.”* (page 10)

In 1986, the LBC approved annexation to the City of St. Paul of approximately 194 square miles consisting of Otter Island, Walrus Island and the territory three nautical miles seaward from these islands. In its deliberations and approval the Commission recognized the link between large unpopulated commercial fishing waters and the adjacent community when it found, , *“...that the City of St Paul is developing a port facility to promote local development of the bottom fishing industry (finding 1)...provides potable water to floating processors and fishing boats operating offshore (finding 3)...the City will likely require additional revenue to provide basic services in the maritime territory proposed for annexation...”*(finding 10)¹³

In 1985, the Commission approved annexation to the City of Togiak of Togiak Bay, an area of intense commercial fishing activity that comprised approximately 183 square miles of water. The Commission’s decision authorized annexation of a geographical region (commercial fishing waters) that is only populated during a commercial fishing season. The area approved for annexation had, *“no permanent residents, with the possible exception of a watchman employed by Togiak Fisheries Inc. However, the area experiences a large seasonal influx of population associated with commercial fishing, fish processing and related activities during the spring and summer months.”*(page 1)¹⁴

Similarly, in 1997 when the LBC reconsidered the incorporation of Pilot Point in 1997, Section III - Findings and Conclusions, the Commission noted that, *“Municipalities(?) are increasingly compelled to rely on locally generated revenues to provide municipal services. It is appropriate*

¹³ Summary of Proposed Action, Findings of Fact, Conclusions of Law, Statement of Decision in the matter of annexation by the City of St Paul, Alaska of approximately 194 square miles consisting of Otter Island, Walrus Island and the territory three nautical miles seaward from these islands. January 19, 1986

¹⁴ Local Boundary Commission Summary of Proposed Action, Findings of Fact and Statement of Decision in the matter of the annexation by the City of Togiak, Alaska , of Togiak Bay consisting of approximately 183 square miles. January 18, 1985.

for the City to tax the only abundant local resource [fish] to fund provision of municipal services.” (page 4)¹⁵

3 AAC 110.130 (d) If a petition for annexation to a city describes boundaries overlapping the boundaries of an existing organized borough, the petition for annexation must also address and comply with the standards and procedures for either annexation of the enlarged city to the existing organized borough or detachment of the enlarged city from the existing organized borough. If a petition for annexation to a city describes boundaries overlapping the boundaries of another existing city, the petition for annexation must also address and comply with the standards and procedures for detachment of territory from a city, merger of cities, or consolidation of cities.

The proposed annexation does not overlap the boundaries of any organized city or borough.

3 AAC 110.135 Best interests of state. In determining whether annexation to a city is in the best interests of the state under AS 29.06.040(a), the commission may consider relevant factors, including whether annexation:

- (1) promotes maximum local self-government, as determined under 3 AAC 110.981;**
- (2) Promotes a minimum number of local government units, as determined under 3 AAC 110.982 and in accordance with art. X, sec. 1, Constitution of the State of Alaska; and**
- (3) Will relieve the state government of the responsibility of providing local services.**

The petition application enlarges the boundaries of an existing city. Accordingly, no additional governmental unit is created. The proposal is to require voter approval of annexation. This is a pure expression of local self-government- a direct vote of the people. Since no new government unit is being created the proposal promotes a minimum number of local government units- namely no more than exist today. The petition will not relieve state government from the responsibility of providing public safety services in the annexed area, however, it will create additional support for the exercise of public safety services in the annexed area.

In the LBC’s reconsideration of the incorporation of Pilot Point in 1997, the Commission considered the possibility that the Lake and Peninsula Borough could deliver additional local services to Pilot Point through the establishment of one or more service areas. The Commission concluded service area establishment was not a preferred option because of the wide range of local services provided by the City and recognized that a city government offers maximum flexibility to meet local service and general government requirements. Further, the Alaska Supreme Court formally recognized in the Pilot Point appeal that city incorporation is favored over formation of a service area. Specifically, the Court indicated, *“there is a statutory*

¹⁵ Local Boundary Commission Decisional Statement, Reconsideration of Pilot Point City Incorporation Proposal. May 7, 1997

and constitutional preference for incorporation of cities over the establishment of new service areas.”

The same is true regarding annexation to an existing city. Article X, Section 5 of the Constitution provides that, a new service area *“shall not be established if, consistent with the purpose of this article, the new service can be provided by an existing service area, or by incorporation as a city, or by annexation to a city”* (emphasis added, page 11, Egegik decision).

Also, please refer to narrative in brief at section 3 AAC 110.130(c)(1-2)

3 AAC 110.981. Determination of maximum local self-government.

In determining whether a proposed boundary change promotes maximum local self-government under art. X, sec. 1, Constitution of the State of Alaska, the commission will consider:

(7) for city incorporation or annexation in the unorganized borough, whether the proposal would extend local government to territory and population of the unorganized borough where no local government currently exists;

The proposed annexation would extend local government to territory of the unorganized borough where no local government currently exists by enlarging the jurisdictional boundaries of the existing city of Dillingham rather than creating a new city or borough or service area. Please also refer to narrative in brief at section 3 AAC 110.090(b), 3 AAC 110.130 (c)(1-2), and 3AAC 110.135, portions of which specifically address these issues.

**EXHIBIT J.
DOCUMENTATION DEMONSTRATING THAT THE PETITIONER IS
AUTHORIZED TO FILE THE PETITION UNDER 3 AAC 110.410.**

See resolution next page

Meeting Date: February 11, 2010

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2010-10

**A RESOLUTION OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE MAYOR TO
SUBMIT A PETITION TO THE ALASKA LOCAL BOUNDARY COMMISSION FOR
ANNEXATION OF COMMERCIAL FISHING WATERS TO THE CITY OF DILLINGHAM –
USING THE LOCAL VOTER APPROVAL PROCESS.**

WHEREAS, fishery resources and the commercial fishing and seafood processing industries are the backbone of Dillingham's economy and integral to many residents' livelihoods and way of life; and

WHEREAS, the Dillingham population more than doubles during the peak fisheries months of May through August as summer visitors come to town to commercial fish in Nushagak Bay and other places in Bristol Bay or work in Dillingham-based seafood processing plants; and

WHEREAS, these many people beyond Dillingham residents and fishermen use the City-maintained harbor, docks, boat ramps, restrooms, bath house, and benefit from trash-hauling, street and grounds maintenance needs, etc. harbor, docks and boat launches; and

WHEREAS, this annexation and its accompanying local severance and sales tax on raw fish will provide more revenue to the City of Dillingham to help pay for services and infrastructure that the region's commercial fishermen and fleet use while in town and will help make the community more financially sustainable; and

WHEREAS, services determined to be essential city services under 3 AAC 110.970 can be provided more efficiently and more effectively by the City of Dillingham than by another existing city or by an organized borough on an area wide basis or non-area wide basis; and

WHEREAS, the territory proposed for annexation is compatible in character with Dillingham; and

WHEREAS, the territory proposed for annexation is contiguous to the existing boundaries of Dillingham and would not create enclaves in the expanded Dillingham boundary; and

WHEREAS, the proposed expanded boundaries of the City includes the Nushagak Commercial Salmon District and Wood River Sockeye Salmon Special Harvest area as justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.135; and

WHEREAS, annexation to the City is in the best interests of the State under AS 29.06.040(a) and 3 AAC 110.135;

NOW, THEREFORE, BE IT RESOLVED that The Petitioner, the Dillingham City Council, is authorized to file a petition for annexation by local voter approval, to the Alaska Local Boundary Commission, of the Nushagak Commercial Salmon District; and, the Wood River Sockeye Salmon Special Harvest area.

MEETING: February 11, 2010

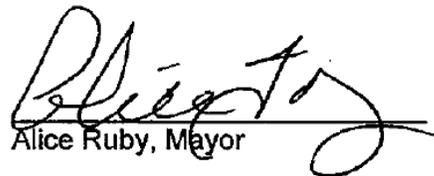
The Mayor or City Manager is designated as the representative of the City for all matters relating to the annexation proceeding.

The annexation will be on the terms and conditions in the Petition, as modified during the Local Boundary Commission review and approval process, and then approved by the voters of Dillingham.

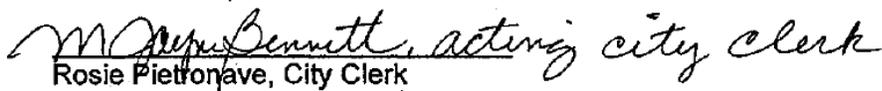
ADOPTED by the City of Dillingham City Council on February 11, 2010.

SEAL:




Alice Ruby, Mayor

ATTEST:


Rosie Pietronave, City Clerk

June 14, 2010

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

□ 550 WEST 7TH AVENUE, SUITE 1400
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

May 14, 2010

The Honorable Alice Ruby, Mayor
City of Dillingham
P.O. Box 889
Dillingham, Alaska 99576

SUBJECT: NON-OBJECTION FOR DILLINGHAM ANNEXATION

Dear Mayor Ruby:

In response to your letter of April 27, 2010, the Department of Natural Resources has reviewed the City of Dillingham's proposal to annex the Nushagak Commercial Salmon District and Wood River Sockeye Salmon Special Harvest area waters into the City of Dillingham. These waters are largely, if not entirely, state owned tidelands, submerged lands and shorelands managed by the Department of Natural Resources.

The various Divisions within the Department have reviewed the proposal, and we have also consulted with the Department of Fish and Game. The Department does not object to the annexation of these lands. The annexation does not transfer ownership of any of the lands nor will it increase the city's municipal entitlement. We understand that these state lands are currently included in the Bristol Bay Coastal Resource Service Area Coastal District under the Alaska Coastal Management Program and the annexation will not alter this. Should the annexation be approved, the Department requests that we be consulted on any proposed planning, zoning, or other land use ordinances that includes these state lands.

We understand that the annexation proposal still needs to be considered by the Local Boundary Commission and is subject to public comment, including the opportunity for comments from other nearby communities. While the Department does not object to including these state lands within the city boundaries, we are not taking a position in support of the annexation.

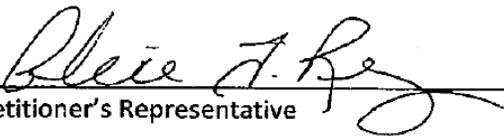
Sincerely,


Thomas E. Irwin
Commissioner

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cc: Commissioner Emil Notti, Department of Commerce, Community and
Economic Development
Commissioner Denby Lloyd, Department of Fish and Game
Ellen Simpson, ADFG
Brent Williams, Local Government Specialist, DCCED Local Boundary
Commission
Dick Mylius, Director, DNR Division of Mining, Land and Water
Randy Bates, Director, DNR Division of Coastal and Ocean Management
James King, DNR, director, DNR Division of Parks and Outdoor Recreation
Kevin Banks, DNR, Director of Oil and Gas

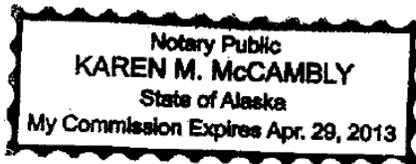
- (k) In Exhibit H, the information concerning the Voting Rights Act of 1965 was provided by Barbara Sheinberg.
- (l) The supporting brief in Exhibit I of the Petition was prepared by Barbara Sheinberg and reviewed by City Attorney Brooks Chandler.
- (m) The information in Exhibit J demonstrating that the Petitioner is authorized to file this petition was provided by Rosie Pietronave, City Clerk.

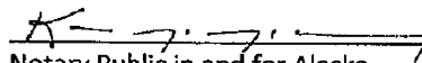


Petitioner's Representative

SUBSCRIBED AND SWORN TO before me on March 2, 2010

[notary seal]





Notary Public in and for Alaska
My Commission expires: 4.29.2013