

**I. CALL TO ORDER**

The Special Meeting of the Dillingham City Council was held on Wednesday, September 24, 2014, at the Dillingham City Council Chambers, Dillingham, Alaska. Mayor Alice Ruby called the meeting to order at 6:03 p.m. The teleconference line was opened at 5:45 p.m.

**II. ROLL CALL**

Mayor Alice Ruby was present.

Council Members present and establishing a quorum (a quorum being four):

Holly Johnson	Tracy Hightower
Chris Maines	Paul Liedberg
Bob Himschoot – attended via teleconference	

Keggie Tubbs - absent and excused

Staff in attendance:

Rose Loera	Jody Seitz	Dan Pasquariello
Janice Williams	Carol Shade	Bernadette Packa

Guests:

Attorney Brooks Chandler	Barb Sheinberg
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An attendance sheet for the public hearing is attached to these minutes.

**III. SPECIAL BUSINESS**

Mayor Ruby welcomed all to the meeting, and reviewed the process for conducting the public hearing for those that wanted to testify via the teleconference (1 person) and from the audience (22 people). It was noted copies of the petition were available on the table as well as at 17 locations as advertised on the City's website.

**A. PUBLIC HEARING**

1. Present Draft Petition to the Local Boundary Commission for Annexation of Commercial Salmon District Waters and Wood River Sockeye Salmon Special Harvest Area Waters and Land
  - a. Legislative Review Process and Procedures

Attorney Brooks Chandler provided the overview noting State law required that the City hold a public hearing to discuss certain information (four items listed under item A) before any annexation petition could be submitted to the Local Boundary Commission (LBC).

The draft is an update of the 2010 petition which was approved by the Council and a date set September 24 for public hearing. The requisite advertising was done 30 days prior to the public

to hold informational meetings, of which one was scheduled with the City of Manokotak, and another one pending with the City of New Stuyahok. The Council will have an opportunity to review any amendments made to the draft petition resulting from the public hearing at their October 2, Council meeting, and vote whether to submit the petition to the LBC. The process is similar to what was followed when the petition was submitted in 2010, and the City would be asking to expedite the process because many of the steps had already taken place with the 2010 petition, which was fully vetted and reviewed by LBC staff and passed by the LBC. If the LBC followed its standard process it would not formally vote on it until 6 - 12 months after submittal. If they approved the petition, it would be submitted to the Alaska Legislature. They would have an opportunity to veto it within 45 days. A legislative review from the LBC could only be submitted during the first ten days of a legislative session, Jan. 19-29. Deadline is the same for 2015 and 2016.

b. Annexation Standards and their Application to Petition

Consultant Barbara Sheinberg spent about 20 minutes explaining the annexation standards that were located in the draft petition Exhibit E. Supportive Brief. The LBC determined in December 2011 that the proposed annexation met each of the seven standards for annexation.

c. Reasonably Anticipated Effects of Annexation

Consultant Barbara Sheinberg shared a list of observations that were learned as the result of annexation being in place for two years:

1. Dillingham levied a 2.5% fish tax which brought in an average of \$664,000 after two full fishing seasons.
2. Dillingham was no longer the only commercial fishing district in the BB region without a local fish tax.
3. Dillingham made good on its word and provided tax relief to real property owners who owned property in Dillingham.
4. Dillingham made good on its word and provided a tax refund to low income fishers no matter where they resided.
5. Local fish tax didn't appear to be affecting local participation in the Nushagak fishery comparing 2008 data with 2013 (tax was in effect in 2013, the amount of the harvest was half in 2013, more local residents participating percentage wise 2013 over 2008).
6. Local fish tax was bringing in tax revenue to Dillingham from people that lived outside the region and state; in 2013 approx. 69% of the local fish harvested was caught by fishermen outside the region.
7. Dillingham was now collecting tax revenue from Nushagak Bay fish that no one was getting before. 46% of the Nushagak Bay fish were processed outside the region. When there's no local fish tax, the state fisheries business tax was based on the point of processing not harvest, so other regions would be getting that revenue.
8. Dillingham was already using some of the fish tax collected, including the emergency purchase of a new loader to put the harbor floats in when its loader was no longer usable.
9. If the annexation passed the legislative review process, Dillingham would again collect the local fish tax to help build the Nushagak Fish Tax fund for fisheries related expenditures, support a Fisheries Infrastructure Fund (Regional Fisheries Improvement Fund), support a Borough Study Fund, and property tax relief and low income refunds.

## d. Proposed Transition Plan

Manager Loera referenced Exhibit D in the draft petition. In the 2010 petition the City informed it would:

1. Levy and collect raw fish severance and sales tax. If the draft 2014 petition is approved, the transition to collecting taxes will be seamless since the City has already developed the system.
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.
3. Enhance public safety response and coordination by better support for volunteer search and rescue, enhanced coordination with Alaska State Troopers, and cross training and use procedures between harbor and police staff for use of the City skiff.

Progress in these areas include:

1. The COD developed the tax structure and a fish tax refund program for fishers owning real property, and for low-income fishers regardless of residency, and established the Regional Fisheries Improvement Fund.
2. The COD will be purchasing Oil Spill Response equipment this spring along with equipment for cleaning soiled material and a container to put the equipment in. This past spring the barge that spilled fuel on the Nushagak River was assisted by Harbor staff by lending pumps to wash down the oil sheen on Kanakanak beach.
3. Public Safety efforts to work out a mutual aide agreement with the Alaska State Troopers hit a dead end once the appeal was filed. Plan to have the AST remain the "first" responders on the water similar in other regions. Work on a MAA with AST.
4. The City of Dillingham Police and Alaska State Troopers has worked together numerous times to respond to emergencies in the annexed water using State boats. Public Safety and AST continues to work cooperatively together on drug issues and emergencies.
5. The DPD purchased rescue equipment and PFDs for all their patrol vehicles to respond to emergencies in and outside the harbor.
6. DPD participated in boat operation training sponsored by US Fish & Wildlife. Will continue to work with other agencies on joint training of staff.
7. The harbor skiff assists fishermen to secure and protect their boats.
8. Harbor staff worked with Coast Guard, F & G and other agencies to monitor the sinking of the Lone Star in Igushik during the 2013 commercial fishing season.

*(The meeting recessed around 7:03 p.m. for a short break.)*

## 2. Public Testimony on Draft Plan (Limited to Three Minutes)

Mayor Ruby reviewed the process for presenting testimony, limited to three minutes, same as Council meetings. Written testimony as well as verbal testimony would be submitted to the LBC.

Public testimony began at 7:10 p.m.

Tom Tilden, a drift fisher, lived on a Native allotment in Dillingham, paid boat and harbor fees, and was a recipient of other City services. He favored annexation. He wished the City would be talking about Borough formation instead of annexation, but favored the tax. Future predicted

State deficit-spending which would result in declining City revenues. Money will have to be made up somehow, or do without some services. BUT, we have to live with our neighbors, and hopes the City will work hard and close with local communities to give breaks.

Diane Wetter, Ekuk fisher. She felt collecting a tax on a public resource without sharing it with others was wrong. Asked not to approve annexation.

Norm Van Vactor, CEO of BBEDC. Spoke on behalf of BBEDC and the 17 communities they represent; New Stuyahok and Koliganik are not within the BBEDC governance. In 2010 BBEDC's Board opposed the annexation and raw fish tax, and that position has not changed. Spoke about the concern with sustaining communities and the fairness of placing a tax burden on the Nushagak fishery which would only benefit DLG. BBEDC questions- what conversations about fish-related issues affecting their communities have taken place, tax sharing with other communities. DLG is choosing to go down this path on its own, should be reaching out more to the surrounding communities, because their opinions matter.

Billy Maines, DLG resident and former council member who had pushed for annexation. When it was later put in place, he thought it was a done deal. He noted the numbers presented by the consultant spoke for itself. It was generating revenues that were now going away. There is a small group of homeowners (not on native allotments) that pay the bulk of city taxes. He was fully in favor of continuing the process and to continue to provide relief for low income and homeowners.

Ferdinand Sharp, Manokotak resident and an Igushik set netter. He noted that he did not receive any Dillingham services and that was why he opposed annexation. During the oil spill in Igushik, they did not get any service from Dillingham. They lost out on fishing that season. There were other incidents, when their cabins flooded, when they needed police service, that they did not get any service from DLG.

Carolyn Smith, Aleknagik resident, and a drift netter. Was in favor of the annexation petition, because she liked what taxes could do to sustain the ability of a community. She noted about 30-40 people drove to Dillingham which provided an economic opportunity. People that come here for a couple of months don't really support services. Maybe the extra fish tax could lead to sales tax exemption for food.

Moses Toyukak Sr., from Manokotak, speaking for his City Council. Thanked the Council for the upcoming visit to Manokotak for an informational meeting, for an opportunity to hear what their residents have to say. He asked to have the meeting treated as an official meeting and put on record for the LBC. He noted over 100 Manokotak vessels fished the Nushagak district. The proposed annexation was the biggest city annexation ever proposed in Alaska. Does not want DLG to control subsistence and economic resources and urged the City to drop the Igushik section from the proposed annexation. Also wanted revenue sharing and tax relief for village based fishermen. Manokotak was looking for grants to prepare their own annexation petition. (Copy of written testimony attached.)

Richard O'Connor, Ekuk set netter. He was opposed to annexation and the tax. He felt the two year test trial was a failure. He agreed the City needed revenue sources, but couldn't see where not sharing the tax with the neighboring communities was a good thing. He did not see

evidence of money actually spent to support commercial fishery industry. He felt the purchase of a loader did not count because it does other things than put floats in. He noted another example where the taxes would go to city streets, in the spring of 2013 at the end of Wood River Road, the road fell apart, and the City did not fix their own street, because they said Icicle had torn it up. Icicle had to pay a construction company to repair it. While the vessel was sunk in the Igushik, DLG was unable to respond to it. Petition said money would be put towards off shore spill response, but there was no response and DLG did not do anything to help Manokotak. We should not have collected tax from them that year, they had a hard year. Public safety went down when the City annexed the fishing district. State troopers were not willing to respond to calls of intoxicated vessel operators or domestic violence because they said it was Dillingham's jurisdiction. City did not have the personnel or equipment to respond.

Robert Heyano, represented Ekuk Village Council. (A copy of his written statement provided.) Judge Douglas's decision made it clear that the public hearing was the public's chance to put on record their opposition and for the City to hear those concerns. He questioned how serious the Council was taking this decision by allowing only three minutes for testimony. Economically and physically Dillingham was the envy of the region. He noted the commercial fishing industry already paid more than its fair share in taxes. Overall the fishing industry was a big financial plus for Dillingham not a financial liability. The City stated the importance of the people deciding the annexation. He felt the closeness of the election was evidence of the popularity of annexation.

Robert Clark worked for BBAHC. The Health Corp. was opposed. All the villages needed to share, if there was a regional entity that would be best. He wanted Dillingham to succeed, but not at the expense of the other villages. Even if there was a regional government there would still be a concern that DLG would get most of the benefit. He was concerned with the trails to town blocked off to snowmobilers from outlying villages. Shouldn't have to struggle to get their gas and food. Make Dillingham a welcome place. He saw lots of needs, and some improvements, if we want more, we need to find a way to pay for it. He felt there should be more meetings with the villagers, and look at a region-wide borough.

Jane Gottshalk, Mayor of Aleknagik. City of Aleknagik opposed the petition to annex. She presented a copy of Resolution 11-10 (copy attached) to replace resolution on p. 62 of the draft petition as it was incomplete.

Susan Jenkins Brito, Dillingham resident, and her husband owned and operated a drift boat. She was in favor with some serious reservations. She understood the need for a tax or some way to capture the revenue from the salmon resource to alleviate some of the burden put on the City's infrastructure. DLG was only one community of eight in the region who have fisheries that will inevitably fish in the district and pay the raw fish tax, but some of those communities may not use the services in Dillingham. Should have some tax revenue sharing in place. She was in favor of the low income fishers rebate and real property owner rebate. The City needed more outreach and education to make sure folks know rebates exist.

Dan Dunaway, Dillingham resident, and his son was a commercial fisher. He strongly supported the annexation. He felt the original annexation effort was done properly and Judge Douglas was wrong and did not do her due diligence. He sat in on efforts to form a borough two or three times and it was shot down. The LBC required that Dillingham do additional hearings and meetings

and it was shot down. The LBC required that Dillingham do additional hearings and meetings after annexation. Some of the communities that say they have not had a say could never organize a meeting for the representatives of the City to go and talk to them. Time to move on. DLG essentially acts like a borough already, providing the essential infrastructure with its harbor, docks, airports, and a lot of other facilities. Most every villager benefits somewhat from strength and the function of the infrastructure the City provides. He was concerned that the harbor would slowly slough off, because the City now had to come up with matching funds to fix it, and where would the money come from. He would like to see a plan for other communities to join/merge with DLG and explore revenue sharing. Alternative funding sources are drying up. Fish tax here evens out the competitive advantage, attractiveness of this bay to people coming from other areas, reduces the competition if we locally fish here. He respected the concerns of his neighbors.

Mike Davis, was a fisher and property tax payer and supported the annexation petition. He hoped an outcome would result in working more closely with other communities and move towards the formation of a borough.

Curt Armstrong, in favor of annexation. He commended the Council for pursuing the annexation, noting borough formation had been an issue since 1961. He felt it was a smokescreen at this time; the villagers claimed they wanted more sharing, but believed a borough was the way to go but the villages were resistant. He felt Judge Douglas had made an error in her decision. The local voter option provided more opportunity to participate, glad that occurred first, and now the City should move forward. He noted this was a revenue source that was not being collected. 70% went to Washington and Oregon. In his view the election was not a close election. With all the effort that went into ax the tax, he felt the election was a landslide.

Tina Tinker, Vice Mayor of Aleknagik, opposed annexation. She felt that now there would be support for a borough, and there should be revenue sharing. She noted in Aleknagik's resolution there was reference to forming a borough.

Joe Faith, opposed annexation and the tax proposed. Commercial fishing already pay business tax, personal property tax on boats, fisheries business tax passed through to DLG, sales tax related to commercial fishing, real property tax. He had never seen data on revenue realized from commercial fishing. If there was a fish tax there should be revenue sharing within region and sharing with other villages. Borough formation has not happened, because the villages do not want to be dominated by Dillingham. He thought changes in state tax on fishing should be explored.

Kay Andrews, Aleknagik resident, Ekuk set netter. She noted she was giving the same testimony presented in 2010 with a few changes. She was asking the Council to reconsider the petition, because it is a shared natural resource and infringes on the boundaries of existing communities. She noted it is not cheap to move a family to Ekuk for the fishing season. She believes in local support, and purposely purchases all her goods, supplies and fuel in DLG and uses the local barge service. She understood the need to tax and the potential benefits, but she was opposed to seeing DLG benefitting and would rather the revenue go to where it was derived from. The tax is lost revenue to the families that already don't have much. How does this help the Nushagak communities collectively? Does it help with their infrastructure and basic essential needs? Only see City of Dillingham reaping the benefits. The petition would essentially be

their communities. Hoped the City would have an opportunity to visit the communities so they could share their concerns. Commended the City of Dillingham for looking for revenues for its needs impacted by public users, but we all share in the same dilemma. Leave the money on the table until it can be shared.

Jerry Liboff noted he was resubmitting the testimony previously given to LBC (copy attached). He was still opposed to annexation. One thing he has learned is that the local tradition is one of sharing. A common belief is Dillingham is only for Dillingham. He was still in favor of some kind of Borough. He thinks it will be more difficult to get people to form a borough unless additional steps are taken: 1) Travel to every village to listen in public hearings; 2) should have another opportunity for people to speak who didn't get their entire presentation in three minutes. It would go a long way; 3) Need to include revenue sharing and will get lots more support.

Patricia Treydte, taxpaying resident of Dillingham, various majority of her income derives from commercial fishing. She felt with the tax she was getting a double whammy supporting the City. Acknowledged the City needed money, but this was an unfair way to get money. There is a good reason we are the only district that does not have fish tax. When the season was poor in 2013, the number of residents weren't deterred, but were paying a bigger percentage. We are taxing region fishers out of proportion. A lot has been made that we want to tax the outside fishermen, they catch more fish per boat, therefore they will pay more tax, but that is not how it works. The expenses are the same no matter how many fish you catch. We are being taxed an income tax on gross income. Take the expenses away, we are taxing ourselves a way higher percent, percentage-wise. For a resident of Manokotak that is the majority of their income. They are being taxed a way higher percentage. If we share the revenue, which we should do, will we be ahead or not? There must be a more fair way.

Dave Piazza, Superintendent with SW Region School District. Read from a resolution opposing annexation that was adopted 9/23/14 (copy attached).

Dave Gladden. He was opposed to annexation for all reasons stated in the testimony. He felt the new tax would drive people away, that it getting so expensive to live here. We need to be back at borough formation before we have annexation discussion. Should have done this first.

Frank Woods, Dillingham resident all his life and a commercial fisher. He commercial fishes in pretty much every district. In favor of fish tax because he pays a fish tax everywhere else no matter where he goes. It is not a hindrance. Our infrastructure lacks because we do not have a tax, noting the comparison with Naknek and its large fishing dock. The harbor is expensive to run, and the infrastructure around that harbor should be developed on both sides. There is no infrastructure to handful the fleet other than PAF boatyard and a handful of outsiders providing services. There is enough business that people could move in set up shop and make a living year round. Would like to see the property refund go towards the property tax on his boat.

Mayor Ruby noted it was not too late to enter comment cards or additional written testimony. The due date to submit is by September 30, at 5 PM. (Information can be found on the notice of the public hearing and on the City's website.)

The hearing portion of the meeting concluded at 8:34 PM.

**IV. CITIZEN'S DISCUSSION**

Kay Andrews:

- Commended the COD for its recent improvements including the store renovations, the gardening, building murals, repairs to the roads and airport; and
- Asked how a record of the testimony would be submitted.

Mayor Ruby answered the minutes would be taken, and a disk copy of the recorded meeting submitted to the LBC.

Misty Savo:

- noted those that had adhered to the three minute time limit were put to a disadvantage, had they known they could have had a longer time would have had a stronger position, but did not think others going over the time limit had been allowed in a biased way.

Dan Dunaway:

- Stated he was frustrated with the poor road construction, soft spots, near Scandinavian Creek, had shared a number of complaints with the project manager.

**V. COUNCIL COMMENTS**

Paul Liedberg:

- Thanked everyone for coming out and being part of the public process, that's what was needed, don't have all the answers.

Chris Maines:

- Echoed Paul's comments; learned a lot.

Holly Johnson:

- Thanked everyone for coming out that it was important that the communities are recognized.

Tracy Hightower:

- Thanked everyone for coming out; was listening to all the comments.

Bob Himschoot:

- Thanked everyone for the participation and to ensure the Council was listening.

**VI. MAYOR'S COMMENTS**

Mayor Ruby:

- Received responses from Manokotak and New Stuyahok to hold meetings, asked Council members to inform her if they had scheduling conflicts; and
- Appreciated Dan being the road advocacy, good to have citizen input.

**VII. ADJOURNMENT**

Mayor Ruby adjourned the meeting at 8:42 p.m.

  
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Mayor Alice Ruby

ATTEST:

[SEAL]

  
\_\_\_\_\_  
Janice Williams, City Clerk

Approval Date: 10/2/14



CITY OF DILLINGHAM  
PUBLIC HEARING - ANNEXATION OF COMMERCIAL FISHING WATERS  
SPECIAL COUNCIL MEETING HELD SEPTEMBER 27, 2014, 6 PM, COUNCIL CHAMBERS

#	PRINT NAME LEGIBLY	CITY (and STATE if OUT OF STATE)	DO YOU WISH TO PROVIDE TESTIMONY? YES / NO
✓1.	Thomas Tilden	Dillingham	YES
2.	Janice Williams	"	N
✓3.	Diane Wetter	Dig	yes
✓4.	Noana Var Vector	Dig	Yes
✓5.	Billy Mannes	Dig	Yes
✓6.	Richard O'Connor	Dig	Yes
✓7.	Moses Toyakak Sr	Manokotak	yes
✓8.	Sosie Jenkins-Brito	DLG	yes
9.	Bronson Brito	DLG	No
✓10.	Dan Dunaway	DLG	yes

**CITY OF DILLINGHAM  
PUBLIC HEARING - ANNEXATION OF COMMERCIAL FISHING WATERS  
SPECIAL COUNCIL MEETING HELD SEPTEMBER 27, 2014, 6 PM, COUNCIL CHAMBERS**

#	PRINT NAME LEGIBLY	CITY (and STATE if OUT OF STATE)	DO YOU WISH TO PROVIDE TESTIMONY? YES / NO
1.	DAVID PIAZZA	Dillingham AK	<del>NO</del> Yes
✓ 2.	Carolyn Smith	Heenagik, AK	yes
3.	Tony Clancy	Sinking, AK	NO
✓ 4.	Robert Heyano	Dillingham, AK	Yes
5.	MKE WASON	DLG, AK	NO
✓ 6.	Reb J. Clark	DLG, AK 99576	yes
✓ 7.	JAN GOFFSCHALK	HEENAGIK	yes.
✓ 8.	Mike Davis	DLG	YES
9.	Misty Savo	DLG	NO
✓ 10.	Curt Armstrong	Dillingham	Yes

CITY OF DILLINGHAM  
PUBLIC HEARING - ANNEXATION OF COMMERCIAL FISHING WATERS  
SPECIAL COUNCIL MEETING HELD SEPTEMBER 27, 2014, 6 PM, COUNCIL CHAMBERS

#	PRINT NAME LEGIBLY	CITY (and STATE if OUT OF STATE)	DO YOU WISH TO PROVIDE TESTIMONY? YES / NO
✓ 1.	Tina Tinker	Aeknagik	<del>NO</del> yes
2.	Jon Corbett	Dillingham	No
3.	BRENT WETTER	Dillingham	No
4.	Cody O'Connor	Dillingham	NO
✓ 5.	Joe Faith	Dillingham	Yes
6.	Rene O'Connor	DLG	<del>YES</del> NO
✓ 7.	KAY ANONEWS	Aeknagik	Yes
8.			
9.			
10.			

CITY OF DILLINGHAM  
PUBLIC HEARING - ANNEXATION OF COMMERCIAL FISHING WATERS  
SPECIAL COUNCIL MEETING HELD SEPTEMBER 27, 2014, 6 PM, COUNCIL CHAMBERS

#	PRINT NAME LEGIBLY	CITY (and STATE if OUT OF STATE)	DO YOU WISH TO PROVIDE TESTIMONY? YES / NO
1.	DANE BENDINGER	DLG	NO
2.	Jerry Liboff	DLG	Yes
3.	Patricia Treydte	DLG	Yes
4.	Dave Gladden	DLG	Yes
5.	Frank Woods	DLG	Yes
6.	Ferdinand Sharp	teleconference Manokotak	Yes
7.	Nancy Sharp	teleconference Manokotak	No
8.			
9.			
10.			

Statement on Dillingham Annexation Proposal  
Pre-filing Hearing, Dillingham, Alaska, September 24, 2014

by

Moses Toyukak, Sr.

City of Manokotak City Council

Good evening, Mayor Ruby and City Council members. I am Moses Toyukak, Sr. I'm on the Manokotak City Council. I'm here representing my City and its residents.

First, we want to thank you for planning an informational meeting in Manokotak. It's good for the City of Dillingham to go and hear what other Manokotak people have to say. Not everyone can pay to come to Dillingham for your hearing here tonight. But an informational meeting is not the same as an official hearing like this, where everything goes on record for the LBC. We asked for a pre-filing hearing in Manokotak, but the City didn't agree. Therefore, we respectfully ask that the City record and document what is said at the meeting in Manokotak, just like LBC regulations require for this pre-filing hearing. Manokotak people deserve to have what they say saved and put on record for the LBC. If the City thinks our part of Nushagak Bay is close enough to annex, then we're not too far away to be heard in the official record. We hope the City will respectfully agree to this.

Now, everyone here should know that we Manokotak people use the Igushik and Snake Rivers to go to Nushagak Bay. We go back every year to the old Igushik village site where some of us were born. We go back to our fish camps and set net sites near the river mouths and up and down the coastline. We fish Nushagak Bay for subsistence and commercial fishing, and for other traditional food-gathering as well. Almost all the set netters and drift netters who fish our part of the Bay are from Manokotak. The Manokotak fleet numbers over 100 vessels ranging from 14 feet to 32 feet. The commercial fishermen deliver mostly to tenders stationed nearby. Most of the local fishermen store their boats near Manokotak. Few of them use Dillingham's harbor facilities.

So, we object to this big annexation that Dillingham is proposing, the biggest city annexation ever proposed in Alaska. Manokotak isn't looking to take anything away from Dillingham. We don't want Dillingham to take anything away from us, especially control over our subsistence and economic resources, and make us pay for the favor.

We urge you to drop the Igushik Section of the Nushagak Commercial Salmon District from your annexation proposal.

Then, if Dillingham decides to go for a major annexation and a raw fish tax elsewhere in the Bay, we urge these two things. First, the Dillingham should provide revenue sharing with other Nushagak Bay communities. Second, Dillingham should provide tax relief for village-based commercial fishermen. If tax relief is right and fair for Dillingham fishermen, then it's even more right and fair for village fishermen who don't even live in Dillingham or use its boat harbor much.

Lastly, I want to tell you that the City of Manokotak is looking now for grant funds to prepare our own annexation petition. We just want to annex our part of Nushagak Bay, the part that Manokotak people have used traditionally and use and rely on today.

In addition to my statement, I am also submitting for the record comments collected from Manokotak residents. I hope what you hear at the informational meeting in Manokotak becomes part of the record, too.

Thank you.

**Statement of Robert Heyano  
President of Ekuk Village Council**

**Public Hearing on the City of Dillingham's Draft Annexation Petition for  
Annexation of Nushagak Commercial Salmon District Waters and Wood  
River Sockeye Salmon Special Harvest Area Waters and Land**

**City of Dillingham  
September 24, 2014**

Good evening Mayor Ruby and City Council members. I am Robert Heyano and I'll provide a print copy of my statement for the record. I am speaking mainly for the Ekuk Village Council. But my comments will also include many concerns that tribal, city, and regional organizations and many subsistence and commercial fisherman raised about the City's last failed annexation attempt. You are considering a new petition, so those concerns have to be restated for you and for the LBC's record.

I welcome this chance to speak at this pre-filing hearing, before you finalize any annexation petition. Judge Douglass's decision vacating the last annexation attempt made one thing clear. This hearing is an important opportunity that the public was denied the last time around. Judge Douglass also made it clear that this hearing is not meant to be an empty exercise. It's the public's chance to put on record its concerns about a proposed annexation. And it's the City's chance to hear and consider those concerns before it finalizes any petition.

My first point is this. The Nushagak Bay villages and Dillingham have shared the bounty of Nushagak Bay since long before any of us here today got here. They have also shared the burden of supporting each other's fishermen and the commercial fishing industry. No single community monopolized the bounty. No single community monopolized the burden. We shared then and we share now.

During the LBC's comment period and public hearing, the City's last petition roused many concerns throughout the region. All of those concerns apply to the current petition as drafted, plus one new important concern that I'll come back to later. The City's draft petition is very long and full of details, too much to reply to here. Instead, my statement focuses on three central issues. It:

1. Underlines some of the widespread concerns about the geographic scale of the proposed annexation;
2. Points out some practical revenue alternatives the City might pursue before settling on an excessive annexation; and

3. Suggests ways to design any eventual annexation petition so that it meets the City's revenue needs **and** respects the territorial and economic interests of others who share the Bay with Dillingham.

First, let me underline some of the main concerns people throughout the region have about the proposed annexation.

1. The village fishermen of Ekuk, Clark's Point, Manokotak, Aleknagik, New Stuyahok, Koliganek, and Ekwok are all deeply concerned. They have traditionally used and continue to use Nushagak Bay and/or Wood River for subsistence and commercial fishing. The Alaska Department of Fish and Game and other researchers have documented their use in many studies. Various tribal and city councils, village corporations, and regional agencies have documented it in resolutions to the LBC opposing annexation. The residents of these villages are concerned that Dillingham is seeking city jurisdiction over their traditional subsistence and commercial fishing grounds. Since most of their resident commercial fishermen make little or no use of Dillingham's boat harbor or related services, they think it's unfair to tax them for Dillingham's benefit.
2. Similarly, many non-resident commercial fishermen who fish distant Nushagak Bay make little or no use of Dillingham's facilities and services. Many deliver their catch to near-shore tenders and on-shore processors far from Dillingham. They think it unfair for Dillingham to tax them for services and facilities they do not need or much use.
3. The Bristol Bay Native Association opposed the last annexation. BBNA noted that several Nushagak Bay villages – not just Dillingham - deliver various shore-based services to the Nushagak Bay commercial fishery in their vicinity.
4. The Bristol Bay Area Health Corporation opposed the last annexation. BBAHC was concerned that the annexation and new raw fish tax would disrupt the ability of village health clinics to continue local delivery of services. BBAHC also noted that the villages throughout Nushagak Bay help fund local health clinics that serve the fishing industry.

5. The Southwest Region School District urged the LBC to deny the last petition. The District cited annexation's negative impact on the economic, health, and educational well-being of the villages it serves, and on the viability of any future borough.
6. The President/CEO of the Bristol Bay Economic Development Corporation told the LBC about how approving the annexation and raw fish taxes that Dillingham sought would further undermine the economic sustainability of the village-based commercial fishery in Nushagak Bay.

These are not baseless or trivial concerns. They all deserve to be taken into account by the City before it finalizes any annexation petition. The city would do itself good to hold more face-to-face hearings like this one in other communities of the region, so that people living there can believe they have been truly heard before a petition is filed with the Local Boundary Commission.

Now, let's turn to the main issue that seems to be driving the City's annexation effort – more money for city services.

Dillingham is by far the region's richest community. It enjoys by far the region's best-funded city facilities and services. Economically and fiscally, Dillingham is the envy of the region. For this, Dillingham owes thanks largely to the commercial fishing industry. The fishing industry already pays more than its fair share in sales taxes, property taxes, user fees, etc., to fund city services, including city schools and many other facilities and services non-local fisherman do not use. Overall, the fishing industry is a big financial plus for the City of Dillingham, not a liability.

But if the City still needs some more revenue for its small boat harbor or harbor-side trash collection, there is a simple and fair solution. Charge everyone who uses those services – city and non-city residents alike – honest user fees that cover the cost of the services. Or just make them user-funded enterprises like a lot of other cities do. And if Dillingham-based processors don't pay their way for the City, then the City should

charge them their honest costs. End of fiscal problem. These are not wild ideas. They are ideas that the LBC staff guidebook on annexation recommends that cities consider first as alternatives to annexation. Another money-saving idea from the LBC guidebook: look at cutting back on services the city delivers outside its boundaries.

If the City doesn't like any of these fiscal solutions, well, its latest financial report shows it has a general fund balance of \$5,664,380 as of July 31, 2014. That's a pretty healthy unbudgeted surplus. The city should consider using a small part of this surplus, much of which came from the fishing industry, to help cover harbor operations.

But if after considering all these alternatives, the City still thinks it must pursue some sort of boundary change, then I suggest this: that the City and other impacted parties in the region first work together to see if there might be a new will to create a regional borough designed to meet the needs of the city and the communities that may wish to join. If that fails, then I suggest a joint effort to develop a scaled-back annexation proposal that meets the City's legitimate need for money **and** respects the legitimate concerns of the rest of the region **and** that all parties can accept and support before the LBC. Depending on the extent of a reduced annexation, a revised annexation that involves a new raw fish tax may need to offer substantial tax relief for all affected resident commercial fishermen in the region, not just Dillingham residents. And it may need to include some revenue sharing with the other communities that share the bounty and burden of the Bay's commercial fishery.

To sum up, I think there are workable solutions to the City's fiscal needs that do not involve an urgent and aggressive annexation that offends almost everyone in the region outside Dillingham. The City does not have to hurry itself and the Local Boundary Commission and the rest of the region down the path of another contentious, costly and risky annexation attempt.

Now, earlier I said that the current petition raises one important new concern. I remember something Mayor Ruby swore to here in Dillingham at the LBC's hearing on

the failed petition. Mayor Ruby told the Commission why the city council wanted a vote of the residents before the petition and tax became final. Mayor Ruby said then that, "The city council in Dillingham strongly and unanimously supported the community election route. They felt very strongly this is an important decision and it's best made by the people directly impacted and who will live with the consequences in the future".

The city council got that part right then, even if only some of the people directly impacted got to vote. As the closeness of the election showed, the annexation and new fish tax isn't all that popular in Dillingham either. The city council should do it right again, if it pursues another annexation. The City should put approval of annexation and a new raw fish tax to a vote by its residents.

To sum up my remarks, I urge the City to:

1. Give full consideration to all the concerns voiced by the other impacted people who share Nushagak Bay with Dillingham;
2. Pursue practical revenue alternatives to meet the City's money needs before pursuing annexation; and
3. If the City chooses to pursue annexation, work with other directly impacted people in the Bay area to draft an annexation petition that can win broad regional support and sure success before the LBC.

Thank you.

CITY OF ALEKNAGIK  
Resolution 11-10

A RESOLUTION OF THE ALEKNAGIK CITY COUNCIL TO APPOINT A  
REPRESENTATIVE TO NEGOTIATE ON BEHALF OF THE CITY OF ALEKNAGIK  
ON POST-ANNEXATION FINANCIAL MATTERS

**WHEREAS,** the Local Boundary Commission has approved an annexation petition submitted by the City of Dillingham dated June 14, 2010.

**WHEREAS,** in its petition the City of Dillingham would be permitted to annex the waters of the Nushagak Commercial Salmon District and the Wood River Sockeye Special Harvest Area. Upon approval of the annexation by the qualified voters of the City of Dillingham, the city would impose a 2.5 cent tax on the sales of raw fish within the annexed territory.

**WHEREAS,** the petition was granted on the condition the City of Dillingham attempted to meet with the cities of Aleknagik, Clark's Point, New Stuyahok, Ekwok, and Manakotak and the entities of New Koliganek Village Council (dba Native Village of Koliganek) and the Native Village of Ekuk regarding post-annexation financial matters affecting such parties due to the annexation and file a report of the meeting attempts, whether or not held, and meetings held, if any with the Local Boundary Commission by no later than 11/30/2011.

**WHEREAS,** it is in the best interest of the Western Bristol Bay Region that the communities listed above collectively form a board of individuals appointed from each community for the purpose of meeting with the City of Dillingham to discuss a fair and equitable solution to post-annexation financial matters.

**NOW THEREFORE BE IT RESOLVED THAT:**

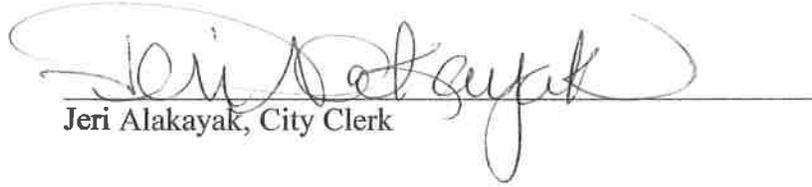
- (1) The Council of the City of Aleknagik appoints Berna Andrews to serve as its representative on a board made up of representatives of the municipalities and entities named in the Local Boundary Commission decision. This representative has the authority to negotiate on behalf of the City of Aleknagik to arrive at a fair and equitable solution to post-annexation financial matters affecting the residents of the City of Aleknagik.
- (2) The appointed representative shall inform the council members during the course of the meetings in a timely manner
- (3) The City of Aleknagik continues to oppose the annexation of the Nushagak Commercial Salmon District to the City of Dillingham and in furtherance of that opposition will contribute a pro-rata part of the cost incurred by the Native Village of Ekuk of appealing the decision of the Local Boundary Commission to

the Superior Court of the State of Alaska. It is the intent of this resolution that the contribution will not exceed \$3,000.

SIGNED:

  
Mayor

ATTEST:

  
Jeri Alakayak, City Clerk

APPROVED JUN 18 REC'D

CITY OF ALEKNAGIK

**RESOLUTION 11-16**

A RESOLUTION SUPPORTING AN ENGAGEMENT TO THE  
FORMATION OF A WESTERN BRISTOL BAY REGION  
BOROUGH

**WHEREAS**, the City of Aleknagik in resolution 97-20 supported a petition to annex with Lake and Peninsula Borough; and,

**WHEREAS**, the City of Dillingham conducted a Dillingham Area Analysis of a Borough Formation that included Dillingham, Aleknagik, Ekuk, Clarks Point, Portage Creek, Ekwok, New Stuyahok, and Koliganek, September 2003; and,

**WHEREAS**, the City of Dillingham petitioned the Alaska State Local Boundary Commission on June 14, 2010 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) of which 99.2 % is water, using the local option (voter approval) method; and,

**WHEREAS**, the City of Aleknagik is therefore committed to assisting in organizing a Bristol Bay Western Region Borough that could include the communities of Aleknagik, Dillingham, Ekuk, Clarks Point, Portage Creek, Ekwok, New Stuyahok, Koliganek, Manokotak, and Togiak; and,

**WHEREAS**, formation of a Bristol Bay Western Region Borough would allow unincorporated communities an opportunity to continue to share in the Bristol Bay Commercial Salmon District Waters including the Wood River Sockeye Salmon Harvest Area Waters and its potential to provide revenue which is a primary economic resource engine for all communities in Bristol Bay; and,

**WHEREAS**, all communities mentioned herein are tributaries of the Western Bristol Bay Region; and,

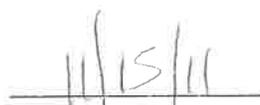
**WHEREAS**, fiscal independence from uncertain forms of revenue for overall governmental operations is critical for all communities;

**NOW, THEREFORE BE IT RESOLVED;** that the Council and the Mayor or Designee is directed by this resolution to encourage the City of Dillingham to postpone the annexation vote in order to allow said communities an opportunity to engage in the formation of a borough that would allow all to share in the primary economic resource of the Bristol Bay Commercial Salmon Fishery Industry of Western Alaska.

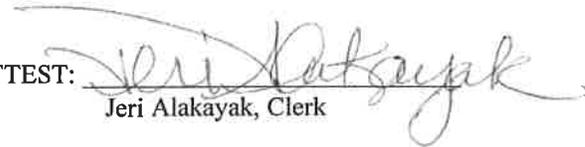
Passed and approved by a duly constituted quorum of the City of Aleknagik this 15<sup>th</sup> day of November 2011.

SIGNED:

  
Carolyn M. Smith, Mayor

  
DATE

ATTEST:

  
Jeri Alakayak, Clerk

  
DATE

## LIBOFF TESTIMONY BEFORE THE BOUNDARY COMMISSION

### 1. MY CREDENTIALS....

My name is Jerry Liboff. I have been a resident of BB since 1969 and a resident of Dilly since 1980.

I commercial fish for salmon and have been doing so for over 35 years.

I manage 2 small Ak Native Village Corporations.... Koliganek and Igiugig.

I am a loan correspondent for CFAB Bank, helping local fishers fill out loan apps for boats and permits.

And, I have a tax preparation business, which I have operated since 1971. I file taxes for many people here in Dilly, and the surrounding villages. This year I did approximately 100 taxes for residents of Dilly, and about 150 taxes for folks from Clarks Point, Manokotak, Aleknagik, Ekwok, Stuyahok, Togiak, Twin Hills, and Koliganek. Approximately ½ of these taxes were for people who commercially fished.

I sit on a number of local boards, including : KDLG radio station advisory board, BBCRSA board, and the BBNC Ed Foundation Board.

I WISH TO EMPHASIZE THAT I AM SPEAKING ONLY FOR MYSELF, AND NOT FOR ANYONE ELSE.

### 2. I HAVE 3 CONCERNS WITH THE CITY ANNEXATION PROPOSAL WHICH I WOULD LIKE TO SHARE WITH YOU

- a. The process of developing the proposal to annex and tax the fishery did not include the surrounding villages.
- b. The results of the annexation, if approved, will leave the surrounding villages with no revenue from the tax collected,
- c. AND, the tax will impose a disproportionate burden on fishers from the villages

### 3. FIRST.... THE PROCESS

Just like Dillingham. Services which include fishery related infrastructure, like boat storage, boat hauling, and road maintenance. If a fish tax transpires, should not these city governments get monies from this tax? I THINK SO. Do they not have community service needs equal to or maybe greater than Dillingham? I THINK SO. IF THERE IS A TAX, IT SHOULD BE SHARED BY ALL THE SURROUNDING VILLAGES. Especially since the villages have a larger share of its residents who are poor and out of work.

#### 5. MY THIRD CONCERN.....

The BBEDC commissioned a study in 2009 by Northern Economics called "The importance of the BB Salmon Fisheries to the region and its residents". This study talks in length about the outmigration of permits for BB watershed residents. Resident BB drift permits have dropped from about 700 in 1980 to about 400 today. BB resident setnet permits have dropped from about 450 to 300 in the same period. And, they continue dropping. The percentage of permit loss, in my opinion, is even greater in the villages, than in Dillingham.

AND, to compound the loss, every drift fisher hires 2-3 crewmen. In the villages, these crewmen are generally family or neighbors from the village. So a permit lost to a community here, results in the loss of 3-4 village seasonal jobs.

The fishery has been very profitable for some people, but for most locals, it has not been very profitable. The NES indicates that the average BB watershed resident DRIFT FISHER grossed \$35000-\$45000/year in the period 2005-2008. My experience as a tax preparer for fishers in the area tells me that, on average, a fisher will take home about 20%-30% of his gross income after expenses. This equates to \$7000-\$14,000 for local permit holders. The study also shows that only 25% of resident fishers have other jobs. So, 75% of resident BB fishers had no other jobs, and earned only \$7000-\$14,000/year during the years 2005-2008. It was worse in the period from 1999-2005 when prices and average catches were less. This is less than minimum wage. My experience doing taxes in the surrounding villages tells me that this percentage of non working fishers is even more pronounced in the villages outside Dillingham. I think only 10%-15% of village fishers have other work in their communities. It is no surprise that we see an outflow of permits in the bay. Many of Our locals are barely surviving in the fishery. SHOULD WE BURDON THESE VILLAGERS WITH AN ADDITIONAL 2 1/2% tax? Drifters are already paying a 1% tax to support the Regional seafoods marketing association. I think it will just add to their difficulty in surviving in the fishery. Therefore, I believe, if a tax scheme is imposed, it should give these fishers some credits and reductions in the tax they pay.

SUMMARY....

Dillingham is a HUB for all the surrounding communities, and even more, is a REGIONAL HUB for all 32 BB villages. Its long term health and success as a community requires healthy villages around it, growing communities which will come to Dillingham to shop, go to the regional hospital, take classes at the local branch of the University of Alaska,, stop in to the regional offices of the State and Federal Government, and utilize Dillingham's fishery related services. If our villages wither and die, if the villages and their local governments cant sustain themselves, then Dillingham will surely follow. I think passing this proposal as written, will add one more nail to the coffin . None of us who live here want that. That much we all agree on.

I thank the city fathers of Dillingham for being concerned enough about the health of our community to bring this issue to the table for discussion. I commend them for their time and effort. We all agree that we must find a way to pay for the services we want. I believe that if we go back to the drawing board, and address the issues I outlined above, AND, bring into the discussions , leaders from the surrounding villages, we will come up with an equitable plan that we all can support.

Thank You for Your time.....



**Southwest  
Region  
School  
District**

*P.O. Box 90  
574 Kenny Wren Road  
Dillingham, AK 99576*

*(907) 842-5287 • Phone  
(907) 842-5428 • Fax*

September 24, 2014

City of Dillingham  
Attn: Mayor Alice Ruby  
141 Main Street  
P.O. Box 889  
Dillingham, AK 99576

To Mayor Ruby:

Please find attached a resolution in which the Southwest Region School District opposes the City of Dillingham efforts for annexation because it would impose taxes on the residents of the area without provision of services which reduction income is likely to negatively impact the health of families in the area with attendant decreases in student's educational performance or force families to move from the communities, leaving insufficient populations to support school sites.

The Resolution was passed, approved and adopted by the School Board of the Southwest Region School District on September 23, 2014.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David Piazza", is written over a faint, circular official stamp.

David Piazza  
Superintendent

*Aleknagik*

*Clark's Point*

*Ekwok*

*Koliganek*

*Manokotak*

*New Stuyahok*

*Portage Creek*

*Togiak*

*Twin Hills*

SOUTHWEST REGION SCHOOL BOARD

RESOLUTION NO. 15-03

A RESOLUTION REGARDING THE PETITION FOR ANNEXATION BY THE CITY OF DILLINGHAM

WHEREAS Southwest Region School District serves students in a Regional Educational Attendance Area bordered by Bristol Bay to the south, the Kuskokwim Mountains to the west and north, and the Aleutian Range to the east including the communities of Aleknagik, Ekwok, Koliganek, Manokotak, New Stuyahok, Togiak, and Twin Hills;

WHEREAS the villages served by Southwest Region Schools are located 15 to 75 miles from Dillingham, the largest community in the region. Of the seven villages, only Aleknagik is accessible by road from Dillingham and all of the other villages are accessed by air, primarily using small, single engine planes;

WHEREAS the families of a significant percentage of the students served by Southwest Region Schools live below the poverty line;

WHEREAS the region's primary economic base is commercial fishing in the summer, and subsistence hunting and fishing in the winter. The permanent populations of some of the communities served by Southwest Region schools are relatively small;

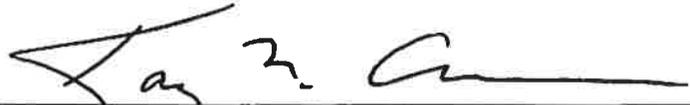
WHEREAS the Southwest Region School District is concerned that if the fishermen who live in the communities whose students it serves are required to pay new taxes to the City of Dillingham without receiving equivalent services in exchange, those fishermen may not have sufficient funds available to take care of the basic needs of themselves and their families, resulting in reductions in the quality of life of school children and associated decreases in educational performance or in families being forced to leave the village and thereby decreasing the permanent population below levels necessary to support a school;

WHEREAS the proposed annexation may also affect the Southwest Region School District, which has the power to petition to create a borough in the region, 3 AAC 110.410(a)(5). If Dillingham annexes and taxes fishing activity in territory that is part of the region, but not really part of the community of Dillingham, then that may lessen the capacity of surrounding areas to produce or maintain revenue to support a borough or may foster Dillingham opposing borough formation. In light of these dynamics, the boundary commission should consider the appropriateness of creating a borough before permitting the City of Dillingham to claim that territory;

NOW THEREFORE BE IT RESOLVED that the Southwest Region School District affirms the need for stable minimum populations in the communities it serves to provide sufficient numbers of students to maintain its school sites;

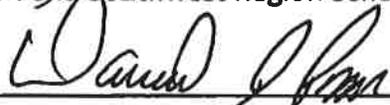
BE IT FURTHER RESOLVED that Southwest Region School District urges the Local Boundary Commission to deny the petition for annexation because it would impose taxes on the residents of the area without provision of services which reduction income is likely to negatively impact the health of families in the area with attendant decreases in student's educational performance or force families to move from the communities, leaving insufficient populations to support school sites.

PASSED, APPROVED AND ADOPTED BY THE SCHOOL BOARD OF THE SOUTHWEST REGION SCHOOL DISTRICT THIS 23<sup>RD</sup> DAY OF SEPTEMBER, 2014:

  
\_\_\_\_\_  
President, Southwest Region Schools

9-23-14

Date

  
\_\_\_\_\_  
Superintendent, Southwest Region Schools

9/23/14

Date