

Dillingham Informational Meeting on Annexation
September 26, 2014 – Manokotak City Office Building
1:00 PM -3:30 PM
Meeting Summary

Attendance (see sign-in sheet)

Dillingham Mayor Alice Ruby and Manager Rose Loera welcomed all to the meeting. It was noted that invitations to meet had been sent to all the communities that received a copy of the draft petition for public display. Two communities had responded, Manokotak and New Stuyahok. The 2014 petition was a continuation of the process that was started in 2011/2012. The court didn't think the proper process was followed. They didn't throw out the tax or the geographic area, but had determined that instead of going to a vote of the Dillingham residents, the annexation should have gone to the legislature to decide the outcome. The Council has since held one public hearing [September 24] as required by the Local Boundary Commission. The City's expectation is that the petition would go before the LBC by 2016 unless it was expedited.

The following handouts were referenced and made available including the Frequently Asked Questions, the Nine Reasonably Anticipated Effects of Annexation, 2008/2013 Bristol Bay Harvest data, Transition Talking Points, Summary of the Legislative Review Process, and the Petition Summary.

Manokotak residents made the following comments or asked the following questions. After each, there was back-and-forth discussion, which is briefly summarized.

1. Why is the City annexing?
 - The COD is facing some financial challenges. As a first class city the COD has to support its schools; it has contributed \$1.3M the past several years.
 - The regional fisheries are already paying a tax, so decided to tap a resource that is not taxed. The raw fish tax applied in 2012 and 2013 was 2 ½%.
 - The City is not trying to grow services, but to pay for existing services.
 - The City taxes everything it can, but it is not enough to run the city. Property owners are already paying a high enough property tax.
2. Has the COD looked at a borough instead?
 - The COD had tried three times, but it never went. The people were concerned about combining schools and being with Dillingham, which they considered to be a big city.
 - The borough revenue would have just supported the schools. There would have been no revenue sharing.
3. A majority of Manokotak resident fishers fish in the Igushik. Would the COD be willing to decrease their boundaries and allow Manokotak to petition for their area?
 - The LBC has the authority to change the boundaries as well as the legislature. There is a process that Manokotak could file to annex on that area.

4. The COD would encourage the two cities to get together and discuss the annexation. There are a lot of other mutual areas that would be of interest to both of the communities, like schools, and substance abuse.
5. Will 2012/2013 raw fish taxes be refunded?
 - The court only required that the City go through the legislative process.
 - The COD received a letter from an attorney considering to take this on as a lawsuit, but it hasn't been legally filed.
6. How much did the City garner from the 2012/2013 fish tax?
 - The average over the two years was \$664,000.
7. A copy of the geographic area that the City was proposing to annex was displayed in a diagram that was one of the handouts. It does not include any land.
8. The revenue from the fish tax was used to set aside three percent of the tax collected to go toward a Borough Fund. Five percent was set aside for a Fisheries Infrastructure Fund (Regional Fisheries Improvement Fund), plus there was a refund program for low income fishers, and a refund program for real property owners owning land in Dillingham.
 - Low income fishers would need to meet the federal poverty guidelines for Alaska, same guidelines used for food stamp recipients.
 - It was noted most of the Manokotak fishermen would fall under the poverty levels.
9. One of the standards requires that a City provide services for the annexed area.
 - Only on the water. The City assists the Alaska State Troopers who are the primary responders on the water. If the City or AST couldn't respond the Coast Guard would be called in.
10. If there was an oil spill, how would COD respond?
 - Participating agencies would develop a command center, and the COD would monitor their progress; agencies including EPA, Coast Guard, etc.
 - The COD is in the process of purchasing oil spill response equipment.
11. Manokotak fishers were taxed for the fish that were given to the Lone Star and processed by Trident Seafoods.
 - That money went to the services the COD provides for fishermen.
 - COD doesn't know who the fishermen are unless they apply for a low income refund or a rebate against real property. The fish tax is collected by processors and forwarded to the City.
 - The COD did not collect a raw fish tax in 2014.
12. When the annexation was being filed, it had not been suggested to exclude Igushik.

- This would be for Igushik set net fishers, otherwise couldn't determine where the fish were coming from unless it was an Igushik fish opening only, not when the Nushagak was open to all.
 - It would make sense to annex the bay for outsiders that come in, but bring the message home that Manokotak is interested in annexing the Igushik for set netters.
 - Manokotak fishers are serious about their fishing. In years past, the entire community closed down, electricity was shut off, and everyone moved to Igushik to fish.
13. Next step after the public hearing is to adopt the petition as is or amend it. Then it would go to the LBC, who will hold a public hearing, and submit a draft to the legislature. Once it goes to the LBC it is out of the COD's control. The meeting September 24 was a public hearing as required by the LBC. The meeting in Manokotak is more informal.
14. Is there a possibility of revenue sharing?
- Would have to ask what formula would be used to share the revenue.
 - If we want to act like a borough, let's form a borough. This is too difficult to do as a City alone. The City council cannot obligate funds for a budgeted item for a future Council.
15. City could apply a rebate on personal property tax on boats, but couldn't discriminate who would receive the rebate.
16. COD would not own the Nushagak waters by annexing this area, the state owns the water. The COD would not be taxing any cabins on land, because it is not annexing any land in the proposed annexation.
- The COD excluded its 6% sales tax from goods and services purchased in the annexed area.
17. Why do SWRS, BBAHC, and BBEDC oppose the annexation?
- In general, they would like to see revenue sharing. They think borough formation is a better choice. SWRS felt this would add more expenses to their resident's pockets, and would affect the school count.
18. If Manokotak were to move ahead with annexation of the Igushik district, would the COD help process the paperwork?
- The COD hired a consultant, because there's a number of standards that need to be met and would definitely recommend hiring a consultant as well.
19. Why not tax the sport fish industry?
- It has looked at other ways to tax sport caught fish, but they were not viable. This annexation petition focuses on water. The COD already applies a 10% bed tax, and a 6% sales tax. Most of the sport fish are caught up the Nushagak.