

SUMMARY OF THE CITY OF DILLINGHAM'S PETITION TO THE LOCAL BOUNDARY COMMISSION FOR ANNEXATION OF NUSHAGAK COMMERCIAL SALMON DISTRICT WATERS AND WOOD RIVER SOCKEYE SALMON SPECIAL HARVEST AREA WATERS AND LAND

The City of Dillingham has prepared a Petition to add to city boundaries. This summarizes the contents of the Petition by: 1) Describing what area is proposed to be added to Dillingham; 2) Describing why the City is asking to be bigger; 3) Explaining how the draft Petition meets the legal rules for making the City larger; and 4) Explaining the next step in the annexation process.

AREA PROPOSED TO BE ADDED TO THE CITY OF DILLINGHAM

Two commercial fishing districts- Nushagak Commercial Salmon District and Wood River Sockeye Salmon Special Harvest Area. This is shown on the map on page 4 of this Summary.. It is 396 square miles of water and 3 square miles of islands.

WHY DILLINGHAM IS ASKING TO BE BIGGER

The City of Dillingham provides many valuable services to people who do not live in the city and do not pay city property tax. Limited entry permit holders harvest millions of dollars of fish from the front door of Dillingham but do not pay a lot of local taxes. Most of these people live outside the Bristol Bay region and more than 1 in 3 do not live in Alaska. Yet the services paid for by taxes from Dillingham residents are used to support non-resident commercial fishing in the two fishing districts. This leaves the residents of Dillingham to pay for the docks, harbor, roads, water, sewer and landfill used by the canneries and the fishing fleet. Dillingham residents also pay to provide public safety services and generally fund the entire support structure allowing those fishing just outside city boundaries to make money from fishing. Some of this structure has been built with State money but the City alone pays to operate and maintain it. So the City needs to expand its tax base to raise money needed to operate and maintain basic services like the small boat harbor, All-Tide dock, police department, landfill, water and sewer utilities. Many of these improvements are getting older and more expensive to maintain.

When these two fishing districts become part of the city a fish tax will apply to sales of fish harvested from these districts. The fish tax is estimated to raise \$710,000 per year. (Page 17). In the two years it was in place it raised about \$665,000 per year. (Exhibit C-1). Some of this money has been saved for funding a study looking into forming a borough if other communities in the region agree this should be done and also contribute. (Exhibit C-2). Some of this money has been used to help pay costs of operating city services used by those fishing for salmon. (Page 12).

Expanding the tax base is critical to the City's future. Otherwise eventually the City will not be able to take care of the harbor, docks, roads, landfill and water and sewer used by those

fishing in the two fishing districts. The obvious way to expand the tax base is to enlarge city boundaries and have a fish tax just like they do in most of the other Bristol Bay municipalities next to commercial salmon fishing districts.

The petition explains this in detail with statistics about the number of non-resident commercial fishing permit holders, (Page 7), the total value of the salmon harvested in the two districts (Page 17-18), the expense of operating city services used by the commercial fishing fleet and processors (pages 8-12 and Exhibit C-1), how the small boat harbor is subsidized by taxes because harbor fees do not cover operating costs (Page 12), the current state of city finances (Exhibit C-2), the expense of recent upgrades of the landfill and waste water treatment plant, and the cost of providing public safety services and how the demand for public safety services rises during the fishing season (Pages 8-12).

HOW THE DRAFT PETITION MEETS THE LEGAL RULES FOR MAKING A CITY LARGER

The Alaska Legislature and the Local Boundary Commission have adopted rules about making a city larger. Some of these rules are mandatory but most of them just identify things for the people on the Local Boundary Commission to think about before they decide on an up or down vote on a City's petition. Exhibit E to the petition explains how the proposed expansion of the City's boundaries meets the rules and also explains how the Local Boundary Commission has already decided that making the City bigger is in the best interest of the State of Alaska and meets all the rules for adding area to an existing City. This includes an explanation of how the City is providing services already to this area and has the capability to continue to do so and how these fishing grounds are logically considered part of the fishing community of Dillingham.

Sections of the Petition other than what have been described above are as follows:

Section 9 explains there are about 1,000 people working during the fishing season in the two fishing districts and about 2,400 residents of the City of Dillingham.

Section 10 and Exhibits B, I and J explain that public notice of the petition and this draft was given by posting in public places, by advertising in the newspaper, by announcements on the radio and by posting on the City's web site. These also explain past public notices and consultation about annexation.

Section 11 has information about the total existing tax base of the City of Dillingham (total valuation of property is about \$121,000,000 in real property and \$40,000,000 in personal property), annual sales tax without a fish tax equals about \$2,860,000) and also estimates how much additional tax money will be received from the fish tax if the City adds the two fishing districts (estimated at \$710,000 per year, two years of actual data averaged \$665,000 per year).

Section 13 shows the long term debt of Dillingham. (\$15,105,000).

Section 14 lists city powers (planning, education, police, tax collection, water and sewer, ports and harbors).

Exhibit D explains how the current city will take on the extra area and what new services will be provided in the fishing districts in addition to the services that have been provided in those districts for decades.

Section 16 has information about how many people are on the City Council (7) and how they are elected under a designated seat system.

Section 18 has information about the impact of enlarging the city on civil and political rights.

Section 19 and Exhibit G will show the City Council authorized filing the petition. This has not happened yet so this exhibit is blank.

WHAT HAPPENS NEXT

This petition is only a draft. It still needs to be officially and finally approved by the Dillingham City Council before it is submitted to the Local Boundary Commission. Before the Dillingham City Council makes that decision it will hold one public hearing. People can talk to the City Council about whether they think adding to the City is a good idea. The public hearing will be held September 24 at 6 p.m. in the City Council chambers as a special meeting of the Dillingham City Council. The City Council invites all those with an interest in this subject to talk at this meeting or to submit written comments to the City Council. Written comments must be received by 5 p.m. on September 25. There may be changes to the petition that are made as a result of comments made about the draft petition. In addition to the public hearing representatives of the City have offered to travel to other places where permit holders who fish in the two districts live to explain the petition and take more comments. If this offer is accepted these sessions will be advertised by posting in these communities and on KDLG. Please participate in this most important process.

DILLINGHAM - PROPOSED ANNEXATION BOUNDARIES

