

Mayor Jane Gottshalk City of Aleknagik PO Box 33 Aleknagik, AK 99555

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Mayor Gottshalk:

The City of Dillingham has prepared a draft petition to annex the commercial fishing waters of Nushagak Bay and the part of Wood River where the special sockeye harvest sometimes occurs. We sent a copy of the draft petition for display and included copies of the summary petition for handouts, and asked if you could assist us by displaying them in your office during working hours.

We also enclosed a copy of the notice of the public hearing that is scheduled for September 24, 6 PM, in the Dillingham Council Chambers. We ask that you please replace it with the attached amended copy (Supplemental Notice) dated August 15, 2014.

Also enclosed are some comment cards with return envelopes to make available to the public. Comments will be accepted through September 30, postmark date. If you run out of comment cards, please contact Bernadette Packa at City Hall, at 842-5148, or email her at assistant@dillinghamak.us. Thank you for assisting us by making this material available.

This annexation will:

- Help Dillingham pay for services and infrastructure that commercial fishermen and the fleet use and will help make the community more financially sustainable. It will help cover real costs that the City of Dillingham bears to support Nushagak Bay fisheries.
- Allow Dillingham to capture some revenue that is escaping the area from fishermen that are not regional residents in Nushagak Bay, and, from Nushagak Bay fish that are processed outside the Bay.

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Sincerely,

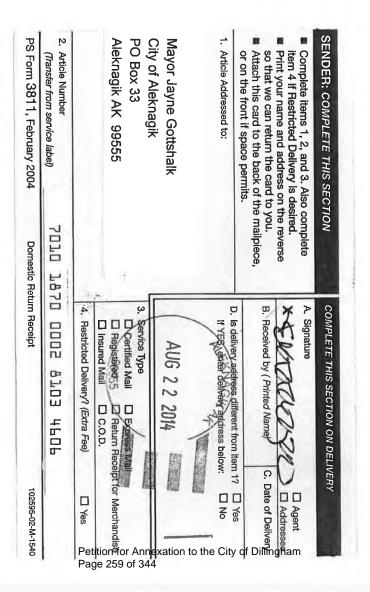
Alice Ruby, Mayor

Subject: City of Dillingham Petition to Annex Commercial Fishing Waters

Mailed: Certified/Receipt

Attachment: Supplemental Notice of Public Hearing - August 15, 2014

Comment Cards







Robert Heyano Ekuk Village Council PO Box 530 Dillingham, AK 99576

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Robert Heyano:

The City of Dillingham has prepared a draft petition to annex the commercial fishing waters of Nushagak Bay and the part of Wood River where the special sockeye harvest sometimes occurs. We sent a copy of the draft petition for display and included copies of the summary petition for handouts, and asked if you could assist us by displaying them in your office during working hours.

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Alice Ruby, Mayor

Subject: City of Dillingham Petition to Annex Commercial Fishing Waters

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Attachment: Supplemental Notice of Public Hearing - August 15, 2014

Comment Cards

PS Form 3811, February 2004 Domestic	2. Article Number (Transfer from service label) 7.010		Dillingham AK 99576	PO Boy 530	1. Article Addressed to: Robert Heyano Ekuk Village Council	 Attach this card to the back of the mailpiece, or on the front if space permits. 	 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse 	SENDER: COMPLETE THIS SECTION
Domestic Return Receipt	2010 3090 0000 9524 5683	4. Restricted Delivery? (Extra Fee)	aii Vai	3 Service Type	If YES, enter delivery address below:	B. Received by (Printed Name) Maxicul Dill (N) State D. Is delivery address different for	* Morin Bus	COMPLETE THIS SECTION ON DELIVERY
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Mayor Luki Akelkok Sr. City of Ekwok PO Box 49 Ekwok, AK 99580

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Mayor Akelkok Sr.:

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Sincerely,

Alice Ruby, Mayor

alice A. Ruly

141 Main Street • P.O. Box 889 • Dillingham, Alaska 99576 City Hall & Finance Dept. (907) 842-5211 • Fire Dept. 842-2288 • Library/Museum 842-5610 Police Dept. 842-5354 • Harbor Office 842-1069 • Public Works 842-4598 • Senior Center 842-1231

Subject: City of Dillingham Petition to Annex Commercial Fishing Waters

Mailed: Certified/Receipt

Attachment: Supplemental Notice of Public Hearing - August 15, 2014

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Domestic Return Receipt	7010 3090 0000 9524 5690	B. Received by (Printed Name) C. Date of E C. St < (C C C C S D. Is delivery address different from item 1? The S If YES, enter delivery address below: 3. Service Type Contified Mail Registered Insured Mail Restricted Delivery? (Extra Fee) 3. Restricted Delivery? (Extra Fee) 1 Add C C Date of E C. Da	A. Signature
102595-02-M-1540		ery address below: C. Date of Delivering	HY Anant E





Allen Ilutsik Village of Aleknagik PO Box 115 Aleknagik, AK 99555

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Allen Ilutsik:

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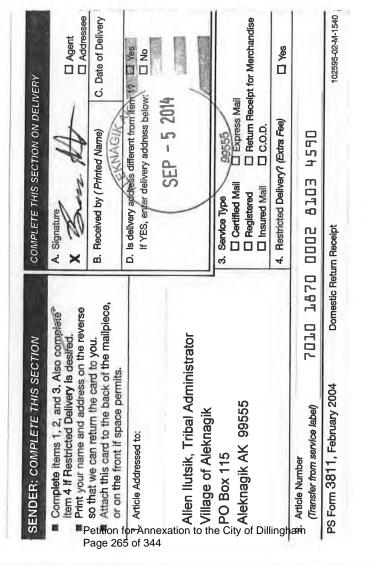
Alice Ruby, Mayor

Subject: City of Dillingham Petition to Annex Commercial Fishing Waters

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Attachment: Supplemental Notice of Public Hearing - August 15, 2014

Comment Cards







Dorothy Larson Curyung Tribal Council PO Box 216 Dillingham, AK 99576

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Dorothy Larson:

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Alice Ruby, Mayor

alice A. Kuly

www.dillinghamak.us

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Attachment: Supplemental Notice of Public Hearing - August 15, 2014

Comment Cards

(Transfer from service lause) Des Ecrim 3811. February 2004 Domestic F		Curyung Tribal Council PO Box 216 Dillingham AK 99576	Article Addressed to: Dorothy Larson, Tribal Administrator	 Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the malipiece, or on the front if space permits. 	■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	SENDER: COMPLETE THIS SECTION
Domestic Return Receipt 102595-02-M-1540	7010 3090 0000 9524 5676	3. Service Type Certified Mail	If YES, enter delivery address bosons	B. Received by (Printed Name) C. Date of Delivery D (1.26/14) D. Is delivery address different from item 1? No o o	X Gignature G G Agent and G Addressee G G G Addressee G G G G G G G G G G G G G G G G G	THIS SECTION ON DELIVER

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Mayor Randy Hastings City of New Stuyahok PO Box 10 New Stuyahok, AK 99636

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Mayor Hastings:

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Sincerely,

Alice Ruby, Mayor

Blice A. Kuly

Subject: City of Dillingham Petition to Annex Commercial Fishing Waters

Mailed: Certified/Receipt

Attachment: Supplemental Notice of Public Hearing - August 15, 2014

Comment Cards





Herman Nelson Sr. New Koliganek Village Council PO Box 5057 Dillingham, AK 99576-5057

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Herman Nelson Sr.:

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Mailed: Certified/Receipt
Attachment: Comment Cards



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1. Article Addressed to:	D. Is delivery address different from item 1?
Herman Nelson Sr. New Koliganek Village Council	
PO Box 5057	3. Service Type
Koliganek AK 99576-5057	
	4. Restricted Delivery? (Extra Fee)
2. Article Number (Transfer from service label)	7010 1870 0002 8103 4651
PS Form 3811, February 2004 Domest	Domestic Return Receipt



Charlie Johnson Portage Creek Village Council 1327 E. 72nd, Unit B Anchorage, AK 99515

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Charlie Johnson:

The City of Dillingham has prepared a draft petition to annex the commercial fishing waters of Nushagak Bay and the part of Wood River where the special sockeye harvest sometimes occurs. We sent a copy of the draft petition for display and included copies of the summary petition for handouts, and asked if you could assist us by displaying them in your office during working hours. We also enclosed a copy of the notice of the public hearing that is scheduled for September 24, 6 PM, in the Dillingham Council Chambers.

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Charlie Johnson Portage Creek Village Council				4
Anchorage, AK 99515		3. Service Type Certified Mail Registered Insured Mail	☐ Express Mail ☐ Express Mail ☐ Return Receipt for Merchandise ☐ C.O.D.	or Merchandise
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June 14, 2010 as revised May 11, 2015



Robert Clark Bristol Bay Area Health Corp. PO Box 130 Dillingham, AK 99576

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Robert Clark:

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Sincerely,

Alice Ruby, Mayor

Mailed: Certified/Receipt

Attachment: Supplemental Notice of Public Hearing - August 15, 2014

U.S. Postal Service TO CERTIFIED MAIL RECEIPT
Exhibit K - Attachment 9
(Domestic Mail Only; No insurance Coverage Provided) 071.5 For delivery information visit our website at 8102 48 Certified Fee 3.30 5000 Return Receipt Fee (Endorsement Required) 2.70 Restricted Delivery Fee (Endorsement Required) 1870 209 MA 6.48 Total P Sent To **Robert Clark** 7010 Bristol Bay Area Health Corp. Street, / or PO B. PO Box 130 City, Sta Dillingham AK 99576 uctions

PS Form

SENDEB: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature A Addressee B. Received by (Printed Name) C. Date of Delivery B. Received address different from item 1? D. Is delivery address different from item 1?
Article Addressed to: Robert Clark	If YES, enter delivery address below:
Bristol Bay Area Health Corp. PO Box 130 Dillingham AK 99576	Mail tecelpt for
J 11.11.5	4. Restricted Delivery? (Extra Fee)
ervice label)	Domestic Return Receipt



Kay Andrews Southwest Region Schools PO Box 90 Dillingham, AK 99576

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Kay Andrews:

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Attachment: Supplemental Notice of Public Hearing - August 15, 2014

7572 452P 0000 0PDE 0107

CERTIFIED MAIL... RECEIPT
(Domestexhibit Kn Attachment 9rce Coverage Provided)

For delivery information visit our website at www.usps.com.

Postage
Certified Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)

Kay Andrews
Southwest Region Schools
PO Box 90
Dillingham, AK 99576

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1. Article Addressed to:	It YES, enter delivery address below:
Kay Andrews Southwest Region Schools	
PO Box 90 Dillingham, AK 99576	Service Type Certifled Mail
	4. Restricted Delivery? (Extra Fee)
2. Article Number (Transfer from service label) 7010 30	7678 4524 0000 040E 0107
PS Form 3811/ February 2004	un Regelpt 102595-02-M-1540



Ralph Andersen Bristol Bay Native Association PO Box 310 Dillingham, AK 99576

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Ralph Andersen:

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141 Main Street • P.O. Box 889 • Dillingham, Alaska 99576 City Hall & Finance Dept. (907) 842-5211 • Fire Dept. 842-2288 • Library/Museum 842-5610 Police Dept. 842-5354 • Harbor Office 842-1069 • Public Works 842-4598 • Senior Center 842-1231 www.dillinghamak.us



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1. Article Addressed to:		D. Is delivery address different from Item 1? ☐ Yes If YES, enter delivery address below: ☐ No
Ralph Andersen Bristol Bay Native Association		
PO Box 310 Dillingham, AK 99576		Service Type Certified Mail Express Mail Registered Hetum Receipt for Merchandise Insured Mail C.O.D.
		4. Restricted Delivery? (Extra Fee)
2. Article Number (Transfer from service label)	7010	2010 3090 0000 9524 5775
PS Form 3811, February 2004	Domest	/ Damestic Return Receipt



Brenda Akelkok Bristol Bay Housing Authority PO Box 50 Dillingham, AK 99576

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Brenda Akelkok:

The City of Dillingham has prepared a draft petition to annex the commercial fishing waters of Nushagak Bay and the part of Wood River where the special sockeye harvest sometimes occurs. We've enclosed a copy of the notice of the public hearing (Supplemental Notice, dated August 15, 2014) that is scheduled for September 24, 6 PM, in the Dillingham Council Chambers.

We sent a copy of the draft petition for display and included copies of the summary petition for handouts to various locations (noted in the supplemental notice) with a request to please assist us by making these documents available to the public. We also sent some comment cards with return envelopes to make available to the public.

This annexation will:

- Help Dillingham pay for services and infrastructure that commercial fishermen and the fleet use and will help make the community more financially sustainable. It will help cover real costs that the City of Dillingham bears to support Nushagak Bay fisheries.
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If you would like to have us make a presentation at a public or community meeting, perhaps a council meeting, so that we can talk about this together, please let City Manager Rose Loera or her Executive Assistant, Bernadette Packa, know what would be a good time to meet. They can be reached at 842-5148. We hope to hear from you.

Sincerely.

Alice Ruby, Mayor

Mailed: Certified/Receipt

Attachment: Supplemental Notice of Public Hearing - August 15, 2014

141 Main Street • P.O. Box 889 • Dillingham, Alaska 99576
City Hah & Finance Dept. (907) 842-5211 • Fire Dept. 842-2288 • Library/Museum 842-5610
Police Dept. 842-5354 • Harbor Office 842-1069 • Public Works 842-4598 • Senior Center 842-1231
www.dillinghamak.us



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Dennis Andrew Sr. New Stuyahok Traditional Council PO Box 49 New Stuyahok, AK 99636

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Dennis Andrew Sr.:

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Attachment: Supplemental Notice of Public Hearing - August 15, 2014

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Carol Nicholai Ekwok Village Council PO Box 70 Ekwok, AK 99580

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Carol Nicholai:

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Attachment: Supplemental Notice of Public Hearing - August 15, 2014



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Robin Samuelsen Jr.
Bristol Bay Economic Development Corp.
PO Box 1464
Dillingham, AK 99576

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Robin Samuelsen Jr.:

The City of Dillingham has prepared a draft petition to annex the commercial fishing waters of Nushagak Bay and the part of Wood River where the special sockeye harvest sometimes occurs. We've enclosed a copy of the notice of the public hearing (Supplemental Notice, dated August 15, 2014) that is scheduled for September 24, 6 PM, in the Dillingham Council Chambers.

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Alice Ruby, Mayor

Mailed: Certified/Receipt

Attachment: Supplemestal Notice of Public Hearing - August 15, 2014

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City Hall & Finance Dept. (907) 842-5211 • Fire Dept. 842-2288 • Library/Museum 842-5610
Police Dept. 842-5354 • Harbor Office 842-1069 • Public Works 842-4598 • Senior Center 842-1231
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Robin Samuelsen, Jr., Chairman Bristol Bay Economic Developmt. Corp. PO Box 1464 Dillingham AK 99576				

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Mayor Harry Wassily Sr. City of Clark's Point PO Box 110 Clark's Point, AK 99569

SUBJECT: City of Dillingham Petition to Annex Commercial Fishing Waters

Dear Mayor Wassily Sr.:

The City of Dillingham has prepared a draft petition to annex the commercial fishing waters of Nushagak Bay and the part of Wood River where the special sockeye harvest sometimes occurs. We've enclosed a copy of the notice of the public hearing (Supplemental Notice, dated August 15, 2014) that is scheduled for September 24, 6 PM, in the Dillingham Council Chambers.

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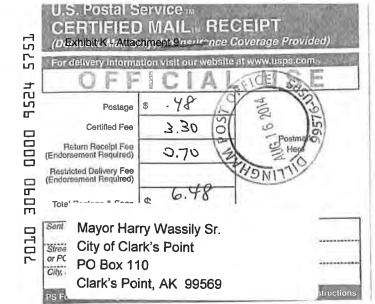
Sincerely,

Alice Ruby, Mayor

Mailed: Certified/Receipt

Attachment: Supplemental Notice of Public Hearing - August 15, 2014

141 Main Street • P.O. Box 889 • Dillingham, Alaska 99576 City Hall & Finance Dept. (907) 842-5211 • Fire Dept. 842-2288 • Library/Museum 842-5610 Folice Dept. 842-5354 • Harbor Office 842-1069 • Public Works 842-4598 • Senior Center 842-1231 www.dillinghamak.us



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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 lgushik.

- 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.

Informational Meeting – Proposed Annexation

September 26, 2014, Manokotak, SIGN IN SHEET

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Mike Minista	
CHRISTIAN GLOKO	
Diana Gamechuk	alatan 1041@yahoo.com
Norman Gloko	normanpaloko Byahou.
Kenneth Nukwak	
William Gleko	williang bh & y No. a
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Hellie Hameahuk	
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Laura John	Jauragiohn@yahoo.com
Nany H. George	panilkule @ yahoo com
	<u>/</u>
Jame Williams, DLG	ity Clerk

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DILLINGHAM CITY COUNCIL

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

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

- 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. It 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:

- 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

Page 297 of 344

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.

revised May 11, 2015

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

revised May 11, 2015

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

Mayor Alice Ruby

ATTEST:

[SEAL]

Janice Williams, City Clerk

Approval Date:

June 14, 2010 as revised May 11, 2015

Page

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

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

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

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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 and 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;
- Points out some practical revenue alternatives the City might pursue before settling on an excessive annexation; and

 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 shorebased 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.

- 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.
- 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 bestfunded 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 it's 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 it's 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

Resolution 11-10 Page 1 of 2 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:

APPROVED JUN 18 RECT

Resolution 11-10 Page 2 of 2

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 15th day of November 2011.

SIGNED:

ATTEST:

Carolyn M. Smith, Mayor

Jeri Alakayak, Clerk

DATE

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 maintanence. 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 ADDITONAL 21/2% 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 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 the 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

September 24, 2014

City of Dillingham Attn: Mayor Alice Ruby 141 Main Street

P.O. Box 889

Dillingham, AK 99576

To Mayor Ruby:

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

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

Aleknagik

Clark's Point

David Piazza Superintendent

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 23RD DAY OF SEPTEMBER, 2014:

west Region Schools

Superintendent, Southwest Region Schools

 $\frac{9-23-14}{\text{Date}}$

Written Public Comment

Kim Parker	Page 2	2
Misty Savo		
Unknown	_	
Diane Wetter	Page :	3
David Wetter	Page 4	4
Petla Noden	Page 4	4
Nancy H. George		
Peter K. Heyano	Page !	5
Unknown		
Charlie J. Johnson	Page (6
David Gary Gladden		
Unknown		
Kay Andrews	Page :	7-9
Melvin Andrew	Page	10
Ralph Anderson, BBNA President & CEO	Page	11 – 13
Violet Apalayak	Page	14
Dan Dunaway	Page	15 – 17
John, Siera, and Victoria Weber	Page	18
Iosenh R. Faith	Page	19 – 21



The City of Dillingham is seeking public comment on potential benefits and/or concerns associated with the proposed 2014 annexation of commercial fishing waters. RECEIVED

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• If you choose, provide address and sign card. SEP 1 7 2014

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The City of Dillingham is seeking public comment on potential benefits and/or concerns associated with the proposed 2014 annexation of commercial fishing waters.

- Write comments. Use space on the back of card as needed.
- If you choose, provide address and sign card.
- Insert the completed comment card in the stamped envelope, seal it, and mail the envelope.

Postmark deadline is September 30, 2014.

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More money will not make Allinghum a better community. When leaders make decisions based on money without concerns for its citizens, those decisions disenfianchings their citizens.

Disenfranchised citizens leads to a disengaged community. A cycle begins. More money >

P.O Box or E-Mail: Box 336

Signature: Que with

15 heeded to address the effects of a broken community. Lets cut the wasteful spending, Let's hold those accountable that cause unnecessary spanding. Lets get this right and build a community of people. Fisherman and area residents make Dillingham what it is. All the BB's that call Pillingham home are (BBEOC, BBNA, BBMAC) Village sponsored. Take away the dollars spart by individuals and groups from the villages and fisherman and there is not much left. The city should be thanking them and treating them with respect. Not with scorn of as a burden.



Signature: Petition for Annexation to the City of Dillingham

Page 327 of 344

The City of Dillingham is seeking public comment on potential benefits and/or concerns associated with the proposed 2014 annexation of commercial fishing waters.

June 14, 2010 as

revised May 11, 2015

- Write comments. Use space on the back of card as needed.
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The City of Dillingham is seeking public comment on potential benefits and/or concerns associated with the proposed 2014 annexation of commercial fishing waters.

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COMMENT CARD:

The City of Dillingham is seeking public comment on potential benefits and/or concerns associated with the proposed 2014 annexation of commercial fishing waters.

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Page 328 of 344

June 14, 2010 as revised May 11, 2015



The City of Dillingham is seeking public comment on potential benefits and/or concerns associated with the proposed 2014 annexation of commercial fishing waters.

- Write comments. Use space on the back of card as needed.
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uin bub for these communities during sammer for barges which weater
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The City of Dillingham is seeking public comment on potential benefits and/or concerns associated with the proposed 2014 annexation of commercial fishing waters.

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The City of Dillingham is seeking public comment on potential benefits and/or concerns associated with the proposed 2014 annexation of commercial fishing waters.

revised May 11, 2015

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SEP 30 2014

CITY OF DILLINGHAM CITY CLERK

Kay Andrews Public Testimony City of Dillingham September 24, 2014

Supplemental Notice of a Pre-Submission Public Hearing for a Petition for Legislative Review of an Annexation to the City of Dillingham

Specific Purpose:

To persuade my audience and the City of Dillingham not to Petition the Alaska Local Boundary Commission for Annexation of Nushagak Commercial Salmon District waters and Wood River Sockeye Salmon Special Harvest Area waters for the purpose of Fish Tax Revenue.

Statement:

The proposed City of Dillingham Fish Tax Annexation on waterways should not be approved by the Alaska Local Boundary Commission as it is a shared natural resource by fishermen, and it infringes on the boundaries of existing municipalities within an unorganized borough in Alaska

Madam Mayor, members of the council and city staff, thank you for allowing me to address you this evening. My name is Kay Andrews. I'm a resident commercial fisher from the community of Aleknagik. I'm married and have ten children and five grandchildren. As you may know, I'm employed with the City of Aleknagik and serve on several boards locally and regionally, but I speak to you today in my own capacity as an Ekuk commercial set net fisher with unique insight in region.

Our family moves to Ekuk every summer to take part in the commercial fishery and subsistence activities and it is not cheap to move a family my size (or any size for that matter) and all the gear, equipment, and goods necessary to meet the fishery.

I/we do believe in local support and purposely purchase my/our fishing business needs from the local vendors that operate in Dillingham for supplies, groceries, fuel, and transport. We also use most of the same vendor's year around since we live in the community of Aleknagik. However, some vendors only arrive during the fishing season. Some of these vendors include L & M Supply, Nukluq Variety, Alaska Net & Supply, LFS, N&N Market, AC Value, Delta Western, Bristol Alliance, Big Foot, and Stelling Enterprises all of which have a tax due to the City of Dillingham who supports the fishing industry. I/we also utilize a locally operated barge service from the City of Dillingham that provides service to and from Ekuk to haul my/our fishing vehicles and equipment for the fishery season with each its own expenses.

Although this is sensitive information, I feel it necessary to share with you what I earned as a set net fisher last season from Ekuk Beach. My gross income from fishing was \$19,278.

After expenses, I earned 9,052. (And, some of these expenses are depreciated overtime). If this annexation is approved, in this scenario, I would be levied a 2.5 percent tax, and my bottom line would further be reduced to \$8,570. \$482 does not seem like much, but for our family it means less on our table to meet our needs. Personally, I would much rather see the revenue benefit the community it derived. I/we already pay for many fishing expenses coupled with increased costs every year. If this taxation is approved it would add to our already burdensome expenses which is equal to lost revenue for our family. I don't mind paying tax because I know the taxes will generate income to pay for some of the public services provided, but I am opposed to the idea that I would pay a fish tax to the City of Dillingham, that was generated in another community, like Ekuk. Is it fair to Ekuk? Is it fair to Clark's Point and Manokotak where population is the formula for revenue from the State of Alaska? How does this "help the Nushagak communities collectively" as mentioned in the recommendation's final report. Does it help with their

infrastructure and basic essential service needs? I only see the City of Dillingham reaping the benefits if this annexation is approved. It doesn't seem fair to tax a fishery and not give back to where it was actually generated. Infrastructure is important in order to maintain any fishery in Bristol Bay, whether in Dillingham or Ekuk. If you approve the current proposed annexation, you will be essentially banning Ekuk, Clark's Point and Manokotak, from the same opportunity the City of Dillingham petition's LBC, to seek revenue that would help meet and sustain community essential services, in their respective communities. I hope you visit each community and give them an opportunity to share with you their concerns as you have in Dillingham today to Petition by Legislative Review Method.

I'd like to take this opportunity and commend the City of Dillingham for all the work it has done to seek additional revenue for its community needs (impacted by public users.) We all share in the dilemma of unmet basic essential needs in our communities from education, transportation, water & sewer, housing, including to the ever increasing high energy costs.

In closing, I urge you to keep the doors open, and leave the money on the table, until this untapped shared fishery resource can truly be shared by all those it affects. Please help us continue our legacy in Bristol Bay; sharing our resources.

Thank you very much for your time and consideration.

Janice Williams

From:

Melvin Andrew

Sent:

Tuesday, September 23, 2014 3:49 PM

To:

cityclerk@dillinghamak.us

Subject:

Comment on Annexation

MEDEWED

SEP 7 3 2014

My name is Melvin Andrew, Mayor of Manokotak.

Manokotak residents are the primary users of the Igushik and Snake rivers, and return every year to Igushik summer fish camp and along the shorelines and coastal waters of Nushagak Bay for subsistence and commercial fishing.

We object to this excessive proposed annexation. We aren't trying to take any revenue or jurisdiction away from DLG and don't want DLG to take anything away from us.

We urge you to drop the Igushik Section from the proposed annexation area.

If you decide to pursue any major annexation and raw fish tax in the Nushagak Section, we urge you to provide for revenue sharing with other Nushagak Bay communities. We also urge you to provide tax relief for village-based commercial fishermen. If tax relief is fair for DLG fishermen, and then it's even more fair for village fishermen who don't even live in DLG.

And I'd like to inform you that the City of Manokotak is looking at submitting its own annexation petition to annex lands and Bay waters traditionally used by Manokotak residents to our city.

Mayor Melvin Andrew
City of Manokotak
PO Box 170 Manokotak, AK 99628
(907)289-1027, Cell (907)717-8259

BRISTOL BAY NATIVE ASSOCIATION

P.O. BOX 310 DILLINGHAM, ALASKA 99576 PHONE (907) 842-5257

OF DILLINGHAW

Tribal Councils

Served by BBNA:

September 29, 2014

Aleknagik Chignik Bay

Chignik Lagoon

Chignik Lake

Clarks Point

Curyung

Egegik

Ekuk Ekwok

Igiugig Iliamna

Ivanof Bay

Kanatak

King Salmon Kokhanok

Koliganek

Levelock

Manokotak

Naknek New Stuvahok

Newhalen

Nondalton

Pedro Bay

Perryville Pilot Point

Port Heiden

Portage Creek

South Naknek

Togiak

Twin Hills

Ugashik

Hand-Delivered

Alice Ruby, Mayor

City of Dillingham

Attention: Janice Williams, City Clerk

PO Box 889

Dillingham, Alaska 99576

Dear Mayor Ruby and City Council members:

Re: Comments on the Draft Annexation Petition

On behalf of the BBNA Board of Directors, I wish to reiterate BBNA's opposition to the proposed annexation. BBNA's full board formally opposed the annexation by Resolution 2010-28 dated September 17, 2010, when the initial petition was pending with the Local Boundary Commission (LBC). Substantively, the new petition is the same, and we object to it for the same reasons.

First, the Nushagak fishing district and the fish taxes it may generate do not "belong to" Dillingham in any meaningful sense; the fishery is a shared resource with the other Nushagak Bay and Nushagak River communities. It is very difficult to conceive of the annexation as anything other than a money grab for the benefit of Dillingham itself, most likely at the long-term expense of the surrounding villages.

Second, there has been no appreciable effort to initiate borough formation or to explore alternatives that might bring some benefit to neighboring communities. While we do not know whether revenue sharing or perhaps a regional tax administration structure would be feasible, the point is that alternatives should be analyzed and have not We would be very interested to know, for example, what impact the City's annexation would have on the financial viability of a future borough. The City is in the best position to take the lead on these issues.

It has actually been quite a long time – the late 1980s - since borough formation within the Dillingham Census Area was seriously considered. In the early 1990s the City of Dillingham petitioned for an annexation to the Lake and Pen Borough, but otherwise

the City appears to have been interested only in expanding its own boundaries. Why not broaden the discussion? Dillingham officials seem to assume that borough formation is not feasible for political or perhaps fiscal reasons, but things may have changed in the two decades since it was seriously studied.

Third, the proposed boundaries are illogical when viewed from the perspective of service delivery. By taking the fishing district waters from the mean high tide line and around the boundaries of the City of Clarks Point, Dillingham is essentially severing the potential tax resource from all onshore areas outside of Dillingham itself that may need services or which may support future development. Municipal-level services such as solid waste disposal and emergency services are needed onshore, such as at Ekuk. Dillingham appears to have structured its annexation proposal to maximum its revenue while minimizing its responsibility to provide service. This is bad policy from any broader regional perspective.

Additionally, there are several areas where the petition and its supporting documents are misleading at best. The city attempts to make the case that because it is the hub for the Nushagak fishery, Dillingham pays disproportionately for support services to the fishery. Or put another way, that the commercial fishery doesn't pay its share. Yet in reality the City only has two "local" tax sources, the sales tax and the property tax, while it generates some funding through fees and is dependent on external grant sources for larger capital projects. In regard to sales taxes, Dillingham is also the shopping hub for area villages and for the fishing fleet in season. Village residents and even outside fishermen pay sales taxes in Dillingham; it's not clear there is much difference between Dillingham and village residents in regard to the sales tax burden. The city's argument is somewhat stronger in regard to property taxes, but many Dillingham residents don't pay property taxes. The onshore fish processors within Dillingham do pay property taxes, as do boat owners who store their boats here. The argument that Dillingham unfairly supports or subsidizes the fishery is circular anyway, since the fishery supports the overall economy in Dillingham. It's not at all clear Dillingham would even be a "hub" if there were no fishery. The real issue is that the City wants to expand its tax base and has concluded that annexing and taxing the fishery is the easiest or best way to do it. Whether or not that is a good policy choice, it is not based on "fairness."

Another misleading topic is the expected service delivery, including first response law enforcement and search and rescue. The petition asserts that the Alaska State Troopers will continue to be first responders in the annexation area, but doesn't provide any supporting information for that assertion from the Troopers or from state law. In fact, it appears from Exhibit D to the Petition regarding the transition plan that the City has not been able to get commitment from the Alaska State Troopers on this issue. Building a response capacity to the commercial fishery could be a considerable burden, but the City doesn't appear to be planning any real expansion regarding emergency response or law enforcement. The petition mentions a \$30,000 purchase of oil spill response equipment and some failed grant applications, but otherwise doesn't offer anything specific in regard to expanding services. Emergency response, whether law

enforcement or rescue, is a service where using the mean high water mark as a service area or jurisdictional boundary is particularly inappropriate.

The City's website refers to an "83 page" Consultation Report on Post Annexation Financial Matters, which was filed with the LBC on November 15, 2011. This is attached to the current draft petition as Exhibit J. While this report speaks for itself, the gist of it boils down to a little more than a page of meeting notes from a single meeting between the City of Dillingham and city or tribal leaders of other stakeholder communities on October 27, 2011. Although there was some discussion about the possibility of borough formation, it does not appear that "post annexation financial matters" were discussed at all. Most of the 83 pages is taken up by documentation of prepetition meetings, including neighborhood meetings in Dillingham attended only by Dillingham residents, and of attempted telephone contacts while the City was trying to comply with the LBC requirement to meet with the villages during the summer and early fall of 2011. There is nothing in the report to justify calling it a "consultation report." No actual consultation occurred, and it contains no record that post annexation financial matters were ever discussed.

In conclusion, BBNA understands the City of Dillingham's need for revenues and its wish to provide better infrastructure for its citizens and for the commercial fishery. However, BBNA takes a regional perspective. All of the other Nushagak Bay and Nushagak River communities appear to oppose the annexation, for reasons that make sense from a regional perspective. We are disappointed that no concrete steps have been taken to explore borough formation or other alternatives that might share the benefit of a common resource with the other villages. Dillingham may be the regional hub, but the City's "go it alone" approach to the annexation and fish tax issues undermines trust and puts Dillingham at odds with the surrounding communities. That is bad for the region. There are also serious practical and policy problems with Dillingham's annexation proposal in regard to service delivery.

For the above reasons, BBNA respectfully requests that the City of Dillingham postpone the annexation petition at least until other alternatives including borough formation are thoroughly considered and discussed with the Nushagak area villages. This should be an actual consultation process with the villages as equal players.

Sincerely,

Ralph Ahdersen

President & CEO

RECEIVED

SEP 2 6 2014

Janice Williams

From:

Violet Apalayak

Sent:

Friday, September 26, 2014 3:09 PM

To:

cityclerk@dillinghamak.us

Cc:

Violet Apalayak

Subject:

Annexation of commercial fishing waters

RECEIVED

SEP 2 5 2014

Hello! Please know that the annexation of the commercial fishing waters must be shared between all of the communities surrounding Dillingham, Alaska. The tax monies that do come in must be shared between the communities surrounding Dillingham, Alaska. It is very important that this happens. Yes, Dillingham is the current hub village for this region since it has been developed. Please think of all the surrounding villages which are a family in Bristol Bay! Thank you! Quyana! Violet Apalayak 907-289-6167 cell phone. aallaaq@icloud.com email address

Sent from my iPhone



Comments on Dillingham Annexation 9-30-14

Dan Dunaway PO Box 1490 Dillingham, Ak 99576 842-2636 SEP 30 2016 CITY OF DILLINGHAM CITY CLERK

I've lived in Dillingham since November 1989 and Alaska all my life. I've watched 2 or 3 attempts to form boroughs here as well as the recently court rejected annexation. I lived in Sand Point AK before and during the formation of the Aleutians East Borough. My wife became the borough planner there so I have some experience observing related processes.

I strongly support allowing the City of Dillingham to annex Nushagak Bay commercial fishing district. The City currently provides the main airport, boat harbor, fish processing center, freight docks, library, police and other infrastructure essential to the local commercial fishery and the nearby villages. A very high proportion of the residents of the area use the City services of Dillingham at some time or other during the year. Nonlocal and nonresident fishery related people also heavily use city services during the fishing season.

The non city residents clearly contribute to the economy through sales taxes, use fees, and purchase of locally offered goods & services. However its my belief their contribution is not in proportion to their demands (especially dock time, harbor, and sometimes police and emergency services) compared to the tax paying property owners and other full time residents of the city.

Under the current situation there is a substantial portion of the commercial fishers that earn income in the Bay but pay little to no support for the city services; the nonlocal, nonresident fishers. They essentially enjoy a tax break compared to fishing in any other district in Bristol Bay as well. While annexation involves adding a tax burden to the local fishers, the tax would capture significant revenue that currently "sails away" to the lower 48.

Many houses in Dillingham are on Native lands and are not taxable. Some federal housing here is similarly not taxable. Further, HUD and/ or Tribal Housing groups have demanded and received significant tax concessions from the City of Dillingham thus removing or very significantly reducing the property tax base to the City yet the Payment In Lieu of Taxes (PILT) from the Federal govt has stayed flat for years and in no way keeps pace with the substantial cost increases in the area. The increased number of subsidized houses and associated families, increase service demands on the city while those same houses do not pay their full share. Some of these residents are actually former residents of nearby villages which used tribal funds to build housing for them IN DILLINGHAM. Housing that was then granted tax concessions. It should be noted that while the "Village of Ekuk" vigorously opposes the annexation, NONE of those villagers live in Ekuk year 'round, and many if not most live in Dillingham and enjoy the available services and infrastructure. To my knowledge only a fish plant watchman lives year 'round in Ekuk.

Some of the same people vigorously fighting the annexation are beneficiaries of the subsidized housing in Dillingham and/or had a hand in demanding and getting the tax concessions.

Some of the same people fighting annexation, and housing taxes, were also vigorously involved in opposing the 1990's efforts to form a borough in the area. So I believe current calls to form a borough are just another delay tactic. As one life time resident pointed out there have been numerous efforts to form a borough here since statehood but an ingrained fear of Dillingham as the largest population center has resulted in paralysis.

From studies in the 1990's, borough formation in this area looked very marginally viable. I think that situation remains so or is worse. I seriously doubt the area could afford another layer of government, employees etc. in the near term.

Therefore, as THE hub, Dillingham serves in some capacities as a de facto borough and would be better able to do so if it was allowed to annex Nushagak Bay. Further, in the first annexation, the city committed to investing some of the resultant revenues for the benefit of the commercial fishery. That WAS done. The better city dock and much larger freight handling equipment allow the city to more efficiently handle outgoing processed fish and incoming freight. These efficiencies save money to all involved in the fishery as well as other residents of the area. The taxes collected in the annexed area helped make those purchases possible.

The Dillingham harbor is breaking down due to erosion. This harbor is the ONLY one in all of Bristol Bay. It serves the whole commercial fleet and many set-netters and recreational users as well as some freight haulers servicing surrounding villages. Use fees can't fully cover the work needed to restore or protect the harbor from becoming unusable through bank erosion. Once scheduled for restoration funds from the Corps of Engineers, the funding formula was reinterpreted a few years ago and now the city must come up with a much larger match before any work will start. The city has no other real means to come up with the 5-7 million dollars than to find new revenue sources.

Some testimony was given that in the 2 seasons Dillingham was able to tax the district, the outlying communities and the fishery had not seen any benefit - with a long list of items they wanted to see. I submit that some of those wishes like better oil spill response equipment and supplies, longer range emergency vessels, etc might have become available eventually but in the short period of the district was annexed, the revenues had to be spent on a few of the highest priorities. It is unreasonable to think that 2 seasons of tax revenues (lower than expected) would be sufficient to purchase every item on an extensive and very expensive wish list.

<u>Landfill</u>: The summer fishery puts a substantial increase in the amount of materials going into the landfill. While city based fish processors pay their way, the fleet influx produces a large amount of trash too. Processors outside of city boundaries also contribute to the landfill burden and pay fees, but not other city taxes that are needed to cover full expense of operation. The city is struggling to meet the proper disposal requirements. Annexation and a modest tax would help alleviate this problem, distribute the burden more fairly, and

would contribute substantially to the environmental health and sustainability for the entire fishing district.

<u>Sewer</u>: Dillingham needs more complete sewage treatment than it currently provides. The city needs matching funds to improve its treatment or it will have to pay significant fines to the EPA. Proper sewage treatment is critical to protect the image the Alaska's clean waters and healthy salmon products. Improving the city's tax base such that it can afford to build better sewage treatment will protect and enhance the Nushagak fishery for ALL users.

<u>Law Enforcement</u>: It is very common when non city residents are in Dillingham, they significantly add to the law enforcement burden on the city. The city has to increase patrol efforts in the boat harbor and down town area during the commercial fishery.

Elements of the law enforcement issue needs clearer guidance from State authorities and may need legislative attention. It appears that once the Dillingham annexation was in place, the State Troopers decided that it was the City of Dillingham's responsibility to provide enforcement within the whole area. This was not the expectation of the city prior to annexation.

I submit that NO Boroughs or municipalities that I know of provide complete (if any) law enforcement / public safety coverage for the far flung waters within their boundaries. Certainly Aleutians East, Kenai, Mat-Su nor Anchorage Municipality fully patrol their waters- marine or fresh. Anchorage and some other boroughs may have some emergency response vessels of limited range. So why was (would) Dillingham (be) expected to have a greater enforcement capacity than those much larger, more populated and much more wealthy municipalities? Especially immediately after the annexation. This issue should not be a limiting factor in the annexation issue.

I should add that as this being written 15 new VPSO skiffs are being outfitted in Dillingham for outlying villages. Some of these skiffs will go to villages adjacent to the area of question. Regardless of jurisdiction, there will soon be more emergency response skiffs available in the whole region.

Merger Option: As part of annexation, I support inclusion of an option or method to allow adjacent communities to merge with Dillingham after 5 years and up to 10 years, possibly one by one, with the goal to share revenues and eventually form some sort of borough - as might become feasible. I think many in Dillingham realize it is in the interest of the city for the outlying villages to remain viable as well.

Finally, it is my opinion that in its first effort at annexation, the City of Dillingham went to great lengths to properly follow legal process and to respect the concerns of the villages and people who opposed the action. The City conducted or attempted to conduct additional public meetings in adjacent communities as specified by the Local Boundary Commission. I think the court was mistaken to nullify the annexation and did not fully appreciate the extensive efforts and process made in the first effort.

Please grant and approve the petition of the City of Dillingham to annex the Nushagak Bay area they have requested. Thank you.

Janice Williams

From:

John Weber

Sent:

Tuesday, September 30, 2014 9:01 PM

To:

cityclerk@dillinghamak.us

Subject:

Regarding the Annexation and Taxation

To the City of Dillingham,

First, we all know the moral arguments for taxation: it pays for police, roads, hospitals and other vital services. But there is a strong moral case against taxation too. Tax is extracted by force, and the use of force is an evil that we should minimize. Taxing puts an enormous responsibility on governments to ensure that every penny they extract through coercion is spent wisely. Waste and bureaucracy are not just a drain on the economy – they are a moral outrage.

First Question: Have you considered the cost of supplying services to the "New Dillingham?" Or will there be no services provided for setnetters on the far outreaches of your "New Dillingham?"

Second, taxation is not only a form of confiscation by coercion, but it is also confiscation by groups who believe their values and priorities are superior to other people's – a breathtaking moral claim. It can even force individuals to pay for things they fundamentally disagree with. Being confiscated that money is now no longer available to be spent on products and services of our choosing with those who actually provide services.

Second Question: As setnetters on the south end of your "New Dillingham," how are we costing the City of Dillingham anything? While costing you nothing, we bring money in. You will find that we spent more money, which benefits those who actually provided services, and through them, the City of Dillingham, then you will now collect through a tax.

Third, tax reduces people's ability to act morally. They might prefer to spend their money on helping their children become good citizens, caring for their elderly relatives, or supporting good causes. Instead they see it taken and going elsewhere, some expenses justifiable and others not. Though we wish to see individuals, families and local groups taking more responsibility for their own lives and welfare, taxation leave them less able to do so.

Third Question: What justification is Dillingham using for this attempted annexation? Has Dillingham considered whether this taxation will truly benefit its people or discourage its people, and others, from living morally responsible lives.

Taxation, then, rests on force. It undermines morality, crowds out charity, rewards power, undermines personal responsibility, promotes group conflict and turns governments and the public into cheats. Taxation may be a necessary evil – but it is still an evil.

We stand opposed to the Annexation because we recognize the sole purpose of such action is to increase a great evil—taxation. And we might add in this case, Taxation without representation.

John Weber Siera Weber Victoria Weber

Permit holders who have fished the Nushagak Bay for years with joy and gratitude

To:

City of Dillingham

From:

Joseph R. Faith

Re:

2014 Draft Annexation Petition

1. COMMERCIAL FISHING ALREADY PAYS IT FAIR SHARE TO THE CITY OF DILLINGHAM. THE CITY OF DILLINGHAM RECEIVES A SUBSTANTIAL AMOUNT OF MONEY FROM COMMERCIAL FISHING THROUGH TAXES AND FEES.

I oppose the annexation and tax as currently proposed. Commercial Fishing already pays its fair share to the City of Dillingham. The City of Dillingham already receives a substantial amount of money from commercial fishing through taxes and fees. Specifically, those revenue sources include at least the fisheries business license tax, real property taxes from Peter Pan, Icicle, PAF, and others, personal property taxes on fishing boats, sales taxes related to fishing, dock wharfage fees, and harbor fees.

For examples, the fisheries business tax that is paid by Peter Pan and now Icicle to the state with the 50% pass through to Dillingham. For 2013, the City of Dillingham received \$276,513, and for 2011, Dillingham received \$446,588. Peter Pan and Icicle pay this money to Dillingham from the value of the fish. Take another example, it is my understanding that in 2012, every boat at the PAF boat yard pays an average of \$400 each year to Dillingham for personal property taxes. So many boats are in the PAF boat yard that they are extremely difficult to count. Take yet another example, sales taxes related to fishing. It is my understanding in 2012 that just PAF alone paid Dillingham \$45,000 on average each year. These are just a few examples of the take that Dillingham receives from the value of the salmon.

In 2012, Dillingham was asked to list how much revenue it receives from all of its revenue sources from commercial fishing in 2012. I have never seen the raw data to make these calculations or any response to this request to date.

Exhibit C of the draft petition lists revenues for the City of Dillingham. For FY 2014, it lists in part:

\$524,511 for personal property taxes;

\$1,578,248 for real property taxes; and

\$2,629,448 for 6% sales taxes;

How much of each of these revenue amounts can be reasonably attributable to commercial fishing?

It is also noted that Exhibit C does not list harbor fees. Harbor fees raise substantial revenue.

2. IF THERE IS GOING TO BE A FISH TAX, SHARE THE TAX REVENUE AMONG ALL THE VILLAGES IN THE NUSHAGAK AREA.

If there is going to be a fish tax, the tax revenue should be shared among all the villages on the Nushagak. Dillingham, however, does not want to share; Dillingham wants it all. This just creates division and hard feelings.

The salmon belong to all the people in the Nushagak region. They are a regional resource of regional importance, and therefore, should benefit the entire Nushagak region.

There's precious little justification for just one community getting all the sales tax revenue. All villages on the Nushagak have general costs of operations, that's largely what Dillingham is counting as costs. All villages on the Nushagak also have costs associated with commercial fishing to varying degrees. For example, Alekanagik has an anchorage, and a boat haul out area. Clarks' Point has a large anchorage inside and outside of its village waters and a boat haul out area. I understand that Manokotak hauls boats in and out of the water. Ekuk fisherman use numerous trucks and skiffs to go up and down Ekuk's beaches and around ithe village. There's garbage for Ekuk and Clark's Point from the fishermen there.

Countless people up and down the Nushagak also act as guardians for the salmon and have taken action when necessary to protect them. If you look at what's most important to salmon, most of the land and water areas important to salmon, and the spawning and early development areas are much closer to the villages than Dillingham. For example, I've heard testimony from villagers at government meetings about trips they have taken and observations they have made of the salmon. They don't ask for compensation for their time, expenditures for gas, and equipment usage. Maybe they should, maybe this is the time when they should be compensated. The salmon largely just swim by Dillingham. Yet, what the villages do as a matter of course as guardians of the salmon doesn't seem to get any recognition in this discussion.

3. There may be alternatives so that the fish sales tax can be shared with the other villages.

There may be alternatives so that the fish sales tax can be shared with the other villages. Specifically, I would like to see exploration of a Borough, and alternatively, perhaps, legislation passed for a tax to allow some kind of revenue sharing, similar to the fisheries business license tax, but tailored more for the circumstances similar to those in the Nushagak area.

Thank you.

Joseph R. Faith