

for public use, and land for other foreseeable community needs." These lands are to be transferred to the appropriate municipal corporation (a First or Second Class city) where one exists. In the case of unincorporated communities, the State holds the land in trust for any municipal corporation established in the Native village in the future.

DCCED staff administers the MLT program. All communities within the DCA are reportedly complete with their ANCSA 14(c)(3) process, although an inventory on whether deeds have been properly issued and recorded is not available.

## **Potential to Contract with Cities and Tribes for Services**

The State encourages contracting and cooperation between municipal and tribal governments. While the State does have a role in approving such agreements, Local Government Specialists can help support such efforts. The excerpt below outlines the State's position.<sup>5</sup>

"A significant number of Alaskan communities have both municipal and tribal governments, and/or also regional or non-profit corporations providing local services. Increasingly, these communities are finding that the limited funds and/or pool of trained workers cannot support two or more government administrations, and are looking at options for combining functions to lower costs and implement "economies of scale." Creating an agreement between two or more organizations to share responsibilities and resources can mutually benefit both, these are typically called "Memorandums of Agreement" or MOA. A more informal agreement is called a Memorandum of Understanding (MOU), which is more of a non-binding statement of intent."

While municipalities have very broad discretion to work with tribes and other entities, this option has not yet been fully developed by existing boroughs. One useful example is the MOA between the City of Quinhagak and the IRA Native Village of Kwinhagak consolidating the two governments in 1996. The IRA was the backbone organization. The possibilities for contracting between a borough, tribes, and other entities are expansive. As very general examples, a borough could contact with a regional entity to provide financial services, management services, or other public services.

### **Land Use Planning**

Title 29, the portion of Alaska statutes which describes the powers and duties of municipal governments, is a powerful tool for land use and planning.

**Comprehensive Plan:** A borough must develop a Comprehensive plan (AS 29.40.030). This collection of policy statements, goals, standards, and maps guides the physical, social, and economic development of the borough. The plan commonly addresses land use policies, community facilities, transportation, and implementation guidelines. While Title 29 requires a borough to develop a comprehensive plan, the statute only gives examples

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<sup>5</sup><https://www.commerce.alaska.gov/web/dcra/LocalGovernmentOnline/Administration/AgreementsBetweenGovernmentsandNon-profits.aspx>

of what the plan could include. Title 29 does not limit the scope of the plan or give instruction on how it should be developed.

For example, a borough could, by charter or ordinance, specify a role for tribes in the development and implementation of a comprehensive plan and what areas or topics it would include or exclude. The *Bristol Bay Vision* could be included in the regional Comprehensive plan, demonstrating resident values and broad public input.

**Land Use Regulations:** Land use regulations are adopted by ordinance by a borough assembly to implement the Comprehensive plan (AS 29.40.040). These provisions commonly include zoning regulations restricting certain types of land use and development in specific areas and land use permit requirements to encourage or discourage certain types of development (such as mineral exploration and development). "Zones," as used in land use regulation, refer to the area to which a particular land use regulation(s) apply. This gives the borough great flexibility to define in law the areas to be regulated, or not regulated, and specify how they will be regulated.

The regulatory powers of a borough are expansive to reflect and implement public values, such as those detailed in the Bristol Bay Vision. For example, Juneau, using its regulatory powers, adopted a mining ordinance in addition to federal and state regulation, to achieve environmental values.

## Potential Benefits and Concerns

During the initial Task Force meeting, members identified potential benefits and concerns related to borough formation. The following bullets summarize comments from members, many were cited multiple times. It was possible to address some questions in the scope of this study. Keeping this candid feedback in mind can help guide future actions if borough formation is pursued.

### Possible Benefits Related to Borough Formation

- Possible improvements to education, regional economy, and quality of life.
- Greater responsibility and accountability to local needs.
- We are not capturing tourism revenue.
- Increased cooperation with ANCSA land use.
- Full control of land in the region.
- Ability to prevent large scale development objected to by residents.

### Concerns and Questions Related to Borough Formation

- Borough government taking homes for payment of delinquent taxes.
- Additional tax burden on residents.
- Communication challenge for including all residents in the process.
- Getting information to residents.
- Dominated by the larger community of Dillingham.
- Loss of control of schools from merger.
- Tax burden increase on low income families.

- Loss of control from laws imposed by borough.
- Potential educational services lost.
- Need to distribute revenues fairly among communities.
- Voice lost in process.
- Lack of flexibility to address our unique needs.
- Long-standing opposition from elders.
- Land planning challenge.
- What will happen to tribal councils?
- Sustainability? Is there a tax base to support?
- Distribution and control of borough seats.
- Communication is important so our tribes don't disappear.
- Trust is needed.
- How will taxes affect businesses?
- Will there be State help on formation?
- Need to register voters to have a voice.
- Will it be flexible enough to give all communities a voice?

# Dillingham Census Area

## Overview

The Dillingham Census Area (DCA) has approximately 5,000 residents and 11 communities accessible only by air or water. Dillingham is the service and transportation hub for the region. More than 70 percent of the population is Alaskan Native.<sup>6</sup>

The economy is largely driven by the harvest and processing of Bristol Bay salmon each summer. The two districts located in DCA, Togiak District and Nushagak District, account for a quarter of the Bristol Bay harvest.<sup>7</sup> Residents typically complement the seasonal economy with a subsistence lifestyle.

In addition to municipal and tribal governments, regional organizations provide economic opportunity, social services, and a unifying voice for the region. Regional entities include Bristol Bay Native Association, Bristol Bay Economic Development Corporation, Bristol Bay Native Corporation, Bristol Bay Area Health Corporation, and Bristol Bay Housing Authority.

The Dillingham City School District has approximately 450 students (based on 2015-2016 school year data). The SWRS operates the seven other schools in the area. (Clark's Point school closed in 2012.) The total attendance outside of Dillingham is nearly 600 students (for the 2015-2016 school year).<sup>8</sup>

**Table 1. Dillingham Census Area Demographics, 2015**

	Population	Per Capita Income	CDQ Community	School Attendance	Fishing Permits Held
Aleknagik	246	\$19,200	Yes	27	20
Clark's Point	52	\$8,596	Yes	n/a	10
Dillingham	2,386	\$31,870	Yes	456	214
Ekuk	2	n/a	Yes	n/a	0
Ekwok	110	\$19,304	Yes	19	3
Koliganek	227	\$17,097	No	52	19
Manokotak	482	\$14,286	Yes	126	89
New Stuyahok	503	\$9,923	No	138	23
Portage Creek	1	n/a	Yes	n/a	0
Togiak	888	\$11,739	Yes	209	211
Twin Hills	83	\$11,809	Yes	21	9
<b>Dillingham Census Area</b>	<b>5,007</b>	<b>\$21,498</b>		<b>1,048</b>	<b>598</b>

Note: a small number of residents lives outside these individual communities.  
Source: AKDOL, US Census Data, WACDA, DEED, CFEC.

The largest landowners in the region are the State of Alaska, the federal government, and the Bristol Bay Native Corporation. The largest state park in the nation, Wood-Tikchik State Park, is north of Dillingham. The region

<sup>6</sup> DCCED Community Database.

<sup>7</sup> Based on an average from 2011-2015. Data from ADF&G Bristol Bay AMR 2015.

<sup>8</sup> DCCED Community Database.

offers world-class sport fishing, hunting, and other recreation. In 2014, 7,212 anglers fished a total of 40,056 days in the region.<sup>9</sup>

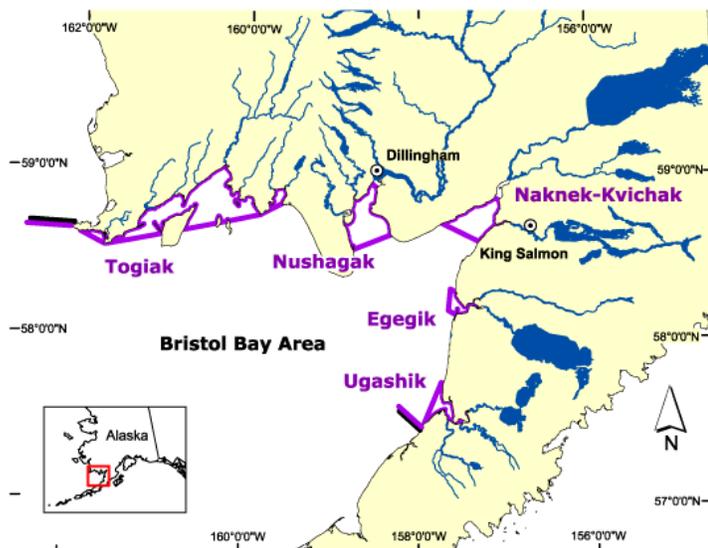
## Commercial Fisheries

The following section provides some context for the information specific to the DCA in the subsequent tables and analysis.

### Commercial Salmon Harvest

Bristol Bay has one of the largest wild salmon harvests in the world, regularly producing 70 percent of Alaska's sockeye.<sup>10</sup> In 2016, commercial salmon harvests from the region totaled 212 million pounds of salmon worth \$156 million.<sup>11</sup> The region is divided into 5 districts: Ugashik, Egegik, Naknek-Kvichak, Nushagak, and Togiak. In 2015, 1,545 gillnet permits and 885 setnet permits were actively fished in Bristol Bay.<sup>12,13</sup> The region also has significant off-shore harvests of crab and herring.

**Figure 1. Bristol Bay Commercial Fishing Districts**



Source: ADF&G Commercial Fishing Division.

In terms of volume, the 2016 sockeye salmon run was the second largest in the last twenty years, and preliminary prices were 40 percent higher compared to the same period.<sup>14</sup> Approximately half (51 percent) of commercial salmon harvest permits for this region are held by Alaska residents.<sup>15</sup>

<sup>9</sup> These figures include resident and non-resident participants.

<http://www.adfg.alaska.gov/sf/sportfishingsurvey/index.cfm?ADFG=area.results>

<sup>10</sup> <http://www.adfg.alaska.gov/index.cfm?adfg=commercialbyfisherysalmon.bluesheet>

<sup>11</sup> <http://www.adfg.alaska.gov/FedAidPDFs/FMR16-13.pdf>

<sup>12</sup> [https://www.cfec.state.ak.us/bit/X\\_S03T.htm](https://www.cfec.state.ak.us/bit/X_S03T.htm)

<sup>13</sup> [https://www.cfec.state.ak.us/bit/X\\_S04T.htm](https://www.cfec.state.ak.us/bit/X_S04T.htm)

<sup>14</sup> ADF&G 2016 Bristol Bay Salmon Season Summary.

<sup>15</sup> CFEC Fishing Earnings.

**Table 2. Annual Bristol Bay Commercial Salmon Harvest by District, in Millions of Fish, 2012-2016**

	Naknek-Kvichak	Egegik	Ugashik	Nushagak	Togiak	Total	Nushagak/Togiak as Pct. of Total
2012	10.3	5.1	2.5	3.9	0.9	22.6	21%
2013	5.1	4.8	2.2	3.9	0.7	16.7	27%
2014	13.9	7	1.5	8.1	0.7	31.2	28%
2015	16.9	8.8	5.5	6.2	0.5	37.9	18%
2016	13.6	8.6	6.8	9.2	1.0	39.2	26%
<b>Average</b>	<b>12.0</b>	<b>6.9</b>	<b>3.7</b>	<b>6.3</b>	<b>0.8</b>	<b>29.5</b>	<b>24%</b>

Note: 2016 harvest numbers are preliminary.

Source: ADF&G Bristol Bay Area Management Report 2015, ADF&G 2016 Bristol Bay Salmon Season Summary.

The proposed borough would encompass both the Nushagak and Togiak districts. On average, it represents 24 percent of the annual salmon harvest in Bristol Bay. The average ex-vessel value of salmon harvests over the past decade is \$42 million.

The Nushagak District includes the Wood River Special Harvest Area and the Igushik River, which are high-production salmon streams near Dillingham. In the past decade, the salmon harvest averaged 7.2 million fish worth an average value of \$38 million.

Nushagak has the most local resident participation, in comparison to the Ugashik District, which has a large non-local fleet. The average number of local drift gillnetters in 2015 was 332 (20 percent of total 2015 Bristol Bay drift gillnet participation).

**Table 3. Nushagak District Salmon Harvest and Ex-Vessel Value, 2007-2016**

	King	Coho	Sockeye	Pink	Chum	Total
2007	51,831	29,578	8,404,111	384	953,292	9,439,196
2008	18,968	76,932	6,903,157	138,284	492,341	7,629,682
2009	24,693	35,171	7,730,168	320	745,161	8,535,513
2010	26,056	72,909	8,424,030	1,289,970	424,234	10,237,199
2011	26,927	4,712	4,886,552	257	296,909	5,215,357
2012	11,952	97,382	2,663,014	877,466	272,163	3,921,977
2013	10,213	124,182	3,163,805	208	586,117	3,884,525
2014	11,862	242,604	6,448,463	1,166,997	242,261	8,112,187
2015	49,945	6,614	5,592,816	807	502,820	6,153,002
2016	23,060	80,144	8,013,145	531,078	527,753	9,175,180
<b>10-Year Average</b>	<b>25,551</b>	<b>77,023</b>	<b>6,222,926</b>	<b>400,577</b>	<b>504,305</b>	<b>7,230,382</b>
Average Weight (lbs.)	14.4	6.5	5.7	3.5	6.4	-
<b>Average Revenue</b>	<b>\$388,434</b>	<b>\$315,070</b>	<b>\$36,155,613</b>	<b>\$305,576</b>	<b>\$945,793</b>	<b>\$38,110,486</b>

Note: 2016 harvest numbers are preliminary.

Source: ADF&G AMR 2015, ADF&G 2016 Bristol Bay Salmon Season Summary.

The smaller Togiak fishery has a high local participation rate. The salmon harvest averaged 0.8 million fish in the last decade, with an average value of nearly \$4 million. In 2015, there was an average of 48 drift gillnet permits fished (3 percent of all Bristol Bay gillnet permits).

**Table 4. Togiak District Salmon Harvest and Ex-Vessel Value, 2007-2016**

	King	Coho	Sockeye	Pink	Chum	Total
2007	7,769	157	816,581	533	202,486	1,027,526
2008	3,087	1,159	651,315	125,409	301,967	1,082,937
2009	4,602	9,209	559,442	544	141,375	715,172
2010	5,553	24,065	667,850	39,734	118,767	855,969
2011	6,731	7,605	744,626	352	113,234	872,548
2012	4,829	15,977	622,909	28,055	206,614	878,384
2013	2,718	11,420	467,329	187	209,946	691,600
2014	1,841	32,134	443,287	118,682	100,195	696,139
2015	2,663	26,080	371,903	1,219	103,773	505,638
2016	3,577	10,156	611,480	210,847	179,332	1,015,392
<b>10-Year Average</b>	<b>4,337</b>	<b>13,796</b>	<b>595,672</b>	<b>52,556</b>	<b>167,769</b>	<b>834,131</b>
Average Weight (lbs.)	14.4	6.5	5.7	3.5	6.4	-
<b>Average Revenue</b>	<b>\$65,933</b>	<b>\$104,345</b>	<b>\$3,460,895</b>	<b>\$40,092</b>	<b>\$314,640</b>	<b>\$3,985,906</b>

Note: 2016 harvest numbers are preliminary.

Source: ADF&G AMR 2015, ADF&G 2016 Bristol Bay Salmon Season Summary.

## Other Commercial Fisheries

The Togiak sac roe herring fishery is the largest herring fishery in Alaska.<sup>16</sup> The harvest was approximately 33.4 million pounds worth \$1.52 million in 2016. About 20 vessels (purse seine and gillnet) were active in 2016. Herring prices have been lower in recent years primarily due to a decrease in Japanese demand for the roe. The average herring harvest in the past decade was 46.4 million pounds worth \$2.6 million.

Bristol Bay Economic Development Corporation (BBEDC), the regional CDQ entity, harvests federally managed fisheries for groundfish, halibut, and crab. BBEDC owns halibut quota and operates a small-scale halibut fishery for residents in their CDQ communities. In 2016, 115,000 pounds was available for commercial harvest in Area 4E (nearest to Bristol Bay). Halibut is also caught by sport fishermen and subsistence fishermen in Bristol Bay. As noted in Table 1 at the beginning of this chapter, two of the eleven communities in the DCA are not participants in the regional CDQ (Koliganek and New Stuyahok). Criteria for participation is established federally through the Magnuson-Stevens Fishery Conservation and Management Act.

Bristol Bay's processing capacity is divided between the shore-based processing facilities and floating processors. There are a few floating processors in the Nushagak district, and direct marketers purchasing fish as well. The primary processors in the region include:<sup>17</sup>

- **Dillingham:** Icicle Seafoods, Peter Pan
- **Togiak:** North Pacific Seafood, Copper River Seafoods, Togiak Seafoods, Togiak Fisheries
- **Ekuk:** Alaska's Best Seafood, Ekuk Fisheries, Friedman Family Fisheries, Jojo's Wild Alaska Salmon

<sup>16</sup> ADF&G AMR 2015.

<sup>17</sup> [http://www.adfg.alaska.gov/static/license/fishing/pdfs/shore\\_based\\_processor\\_2015.pdf](http://www.adfg.alaska.gov/static/license/fishing/pdfs/shore_based_processor_2015.pdf)

Overall, the average ex-vessel revenue estimated from the Togiak and Nushagak salmon and herring fisheries amounts to \$45 million.

**Table 5. Estimated Commercial Fishing Revenues from the Nushagak and Togiak Districts**

			Total
<b>Nushagak District</b>			
	Salmon	10-Yr. Avg. Harvest Volume	41.0 million lbs.
		Est. Revenue	\$38.1 million
<b>Togiak District</b>			
	Salmon	10-Yr. Avg. Harvest Volume	4.8 million lbs.
		Est. Revenue	\$4.0 million
	Herring	10-Yr. Avg. Harvest Volume	46.4 million lbs.
		Est. Revenue	\$2.7 million
<b>Total Revenue</b>			<b>\$45 million</b>

Source: ADF&G Bristol Bay AMR 2015, ADF&G 2016 Bristol Bay Salmon Season Summary, ADF&G 2016 Bristol Bay Herring Season Summary.

## Visitor Industry

As the regional hub, Dillingham has the largest number of accommodations in the region. Visitors travel from all over the world for world-class fishing, scenic beauty, and recreation – especially on the Nushagak River. Accommodations range from full-service resorts to rustic riverside tent camps. Visitors frequently purchase multi-day packages which include transportation, food, accommodations, and guiding.

In larger communities, like Togiak and Dillingham, year-round accommodations for visitors are available, including bed and breakfasts, hotels, and lodges. Outside of these communities, smaller lodges typically operate between June and August.

Most of the lodges provide opportunities to catch king salmon, coho salmon, and trout. Some lodges provide guided hunting, lengthening their operating season.

**Table 6. Area Accommodations**

Location	Estimated Accommodations	Guest Capacity
Dillingham	11	9-30
Aleknagik	5	3-26
Nushagak River	21	4-16
Togiak	6	4-12
Wood River/Tikchik Lakes	3	5-28
Other	9	6-12

Source: Visitor Guides, websites, and other publications.

Information from approximately 50 hotels, lodges, and B&B's in the region were compiled from printed brochures, online resources, and other publications. This information, along with existing bed tax collections, provided a basis for estimating accommodation sales and potential lodging tax revenues.

# Existing Tax Structure

The following chapter provides an overview of the existing tax structure within the DCA and in neighboring Boroughs. This study assumes that State and federal funds that currently flow to communities would continue to do so. In the absence of a such an arrangement, the following changes would take place:

- Federal PILT payments, now allocated to local governments, will go to the borough.
- The State Fisheries Business Tax, now shared equally between the state and communities where processing took place, will have the local portion split equally between the borough and communities.

An important future consideration is whether any new taxes levied by the borough are in addition to existing community taxes, replace them, or a combination. As shown in the following section, Aleutians East and Lake and Peninsula boroughs utilize a combination of borough and local taxes, while Bristol Bay Borough levies taxes only at the borough level.

## Municipal Tax Collections

In 2015, Dillingham collected \$3.1 million from a combination of sales tax, bed tax, and alcohol taxes. Among the communities that levy a local tax, Manokotak collected the least amount at \$20,290.

Communities that levy local fish taxes are Dillingham and Togiak. Collection of Dillingham’s raw fish tax is pending resolution of the current annexation petition.

**Table 7. Municipal Tax Revenues and Rates, 2015**

	Sales Tax	Bed Tax	Alcohol Tax	Car Rental Tax	Raw Fish Tax	Tobacco Tax	Misc. Special Taxes
Aleknagik	\$67,397 (5%)	\$98,238 (9%)	-	-	-	-	-
Clark’s Point	0 (6%)	-	-	-	-	-	-
Dillingham	\$2,705,136 (6%)	\$83,338 (10%)	\$297,325 (10%)	-	n/a (2.5%)	-	-
Ekuk	-	-	-	-	-	-	-
Ekwok	-	-	-	-	-	-	-
Koliganek	-	-	-	-	-	-	-
Manokotak	\$20,290 (2%)	-	-	-	-	-	-
New Stuyahok	-	-	-	-	-	-	-
Portage Creek	-	-	-	-	-	-	-
Togiak	\$146,091 (2%)	-	-	-	\$94,278 (2%)	-	-
Twin Hills	-	-	-	-	-	-	-

Source: Alaska Taxable 2015.

Aleutians East Borough collected nearly \$4 million in fish tax revenue, which was its only source of borough taxation. Bristol Bay Borough collected nearly \$97,000 in bed tax and \$2.4 million in fish taxes. The Lake and Peninsula Borough collected more than \$203,000 in bed taxes and \$1.6 million in fish tax. Lake and Peninsula Borough also collects a guide tax (\$3 per day for guiding services). Several communities also levy taxes at the local level.

**Table 8. Nearby Borough and Community Taxes, 2015**

	Sales Tax	Bed Tax	Alcohol Tax	Car Rental Tax	Raw Fish Tax	Tobacco Tax	Misc. Taxes
<b>Aleutians East Borough</b>	-	-	-	-	<b>\$3,998,104 (2%)</b>	-	-
Akutan	-	-	-	-	\$1,816,530 (1.5%)	-	-
Cold Bay	-	\$22,633 (10%)	-	-	-	-	\$17,464 (Fuel Transfer Tax)
False Pass	\$26,548 (3%)	\$1,045 (6%)	-	-	\$99,150 (2%)	-	-
King Cove	\$650,811 (6%)	-	-	-	\$868,352 (2%)	-	\$100,000 (Fish Business Impact Tax)
Sand Point	\$1,079,565 (4%)	\$14,601 (7%)	-	-	\$598,088 (2%)	-	-
<b>Bristol Bay Borough</b>	-	<b>\$96,991 (10%)</b>	-	-	<b>\$2,412,396 (3%)</b>	-	-
<b>Lake &amp; Peninsula Borough</b>	-	<b>\$203,579 (6%)</b>	-	-	<b>\$1,655,163 (2%)</b>	-	<b>\$39,717 (Guide Tax)</b>
Chignik	-	-	-	-	\$97,734 (2%)	-	-
Egegik	-	-	-	-	\$1,758,294 (3%)	-	-
Newhalen	0 (2%)	-	-	-	-	-	-
Nondalton	0 (3%)	-	-	-	-	-	-
Pilot Point	-	-	-	-	\$337,215 (3%)	-	-
Port Heiden	-	-	-	-	-	-	-

Source: Alaska Taxable 2015.

As shown in the following table, Dillingham is the only community in the proposed borough that collects property taxes. Among neighboring boroughs, Bristol Bay Borough collects a property tax (also 13 mills). No other communities in adjacent boroughs collect property tax.

**Table 9. Municipal Property Tax Revenues and Rates, 2015**

	Type of Municipality	Property Tax	Mills	Revenue
Aleknagik	Second Class City	No	-	-
Clark's Point	Second Class City	No	-	-
Dillingham	First Class City	Yes	13.00	\$2.08 million
Ekuk	n/a		-	-
Ekwok	Second Class City	No	-	-
Koliganek	n/a		-	-
Manokotak	Second Class City	No	-	-
New Stuyahok	Second Class City	No	-	-
Portage Creek	n/a		-	-
Togiak	Second Class City	No	-	-
Twin Hills	n/a		-	-
	Type of Municipality	Property Tax	Mills	Revenue
Aleutians East Borough	Second Class Borough	No	-	-
Bristol Bay Borough	Second Class Borough	Yes	13.00	\$4.12 million
Lake and Peninsula Borough	Non-Unified Home Rule Borough	No	-	-

Source: Alaska Taxable 2015.

## State Shared Taxes

The State collects several taxes and redistributes a portion of the revenues to local communities.

### State-Collected Fish Taxes

The State collects the Fisheries Business Tax and Fisheries Resource Landing Tax, and redistributes 50 percent of these revenues to the communities where the fish is processed (Fisheries Business Tax) or landed after processing in federal waters (Fisheries Resource Landing Tax). For both taxes, where fish processing and/or landings occur outside municipal boundaries (primarily floating processors operating in state waters), the 50 percent local share from goes into a statewide fund administered by DCCED. The department distributes these receipts each year to communities through the Shared Fisheries Business Tax Program.<sup>18</sup>

Fisheries Business Tax (also known as the "raw fish tax") is levied primarily on processors and is based on the price paid to fishermen for the raw materials. There are three rates for established processors: floating processors (5 percent), salmon cannery (4.5 percent), and shore-based (3 percent). Fifty percent of the fishery business tax is shared with the incorporated city or organized borough in which the processing took place. If the city is within a borough, the 50 percent is split equally between the city and borough.

Fisheries Resource Landing Tax is levied on catcher/processors and floating processors that process fish outside of the state's 3-mile limit and bring their products into Alaskan waters for transshipment. It is 3 percent of the unprocessed value of the resource. The State shares 50 percent of this revenue with the municipality in which

<sup>18</sup>[http://www.dillinghamak.us/vertical/sites/%7BC84DE958-9EE4-4CFE-90E3-D1666668A90E%7D/uploads/R\\_2014-01\\_FY14\\_Shared\\_Fisheries\\_Business\\_Tax\\_Program.pdf](http://www.dillinghamak.us/vertical/sites/%7BC84DE958-9EE4-4CFE-90E3-D1666668A90E%7D/uploads/R_2014-01_FY14_Shared_Fisheries_Business_Tax_Program.pdf)

the landing occurred. The Shared Fisheries Business Tax Program provides additional sharing of fish taxes collected outside municipal boundaries (primarily floating processors) to municipalities “that can demonstrate they suffered significant effects from fisheries business activities.” Available funding is equivalent to half of Fisheries Business Tax collected outside of municipal boundaries and the DCCED determines the level of funding partially based on fisheries business impacts by community in the region.<sup>19</sup>

**Table 10. Alaska State Fisheries Taxes Shared with DCA Communities, 2015**

	Fisheries Business Tax	Fisheries Landing Tax	Shared Fisheries Tax
Aleknagik	\$4,676	-	\$3,871
Clark’s Point	\$24	-	\$2,829
Dillingham	\$433,564	-	\$18,356
Ekuk	-	-	-
Ekwok	-	-	\$3,234
Koliganek	-	-	-
Manokotak	-	-	\$5,734
New Stuyahok	-	-	\$5,787
Portage Creek	-	-	-
Togiak	\$91,511	\$9,077	\$8,295
Twin Hills	-	-	-
<b>Dillingham Census Area Total</b>	<b>\$529,775</b>	<b>\$9,077</b>	<b>\$48,106</b>

Source: DOR Shared Taxes Annual Report 2015, DCCED Revenue Sharing Reports.

For comparison, Aleutians East Borough received \$2.2 million in 2015, Bristol Bay Borough received \$2.8 million, and Lake and Peninsula Borough received nearly \$400,000.

**Table 11. Alaska State Fisheries Taxes Shared with Neighboring Boroughs, 2015**

	Fisheries Business Tax	Fisheries Landing Tax	Shared Fisheries Tax
<b>Aleutians East Borough</b>	<b>\$2,067,182</b>	<b>\$20,922</b>	<b>\$136,516</b>
Akutan	\$943,814	-	\$209,000
Cold Bay	-	-	\$8,136
False Pass	\$21,677	-	\$6,948
King Cove	\$404,385	-	\$30,538
Sand Point	\$21,011	-	\$32,755
<b>Bristol Bay Borough</b>	<b>\$2,809,548</b>	-	<b>\$8,659</b>
<b>Lake and Peninsula Borough</b>	<b>\$352,016</b>	-	<b>\$26,181</b>
Chignik	\$62,800	-	\$4,433
Egegik	\$152,839	-	\$3,214
Newhalen	-	-	\$3,891
Nondalton	-	-	\$3,566
Pilot Point	-	-	\$2,935
Port Heiden	-	-	\$9,006

Source: DOR Shared Taxes Annual Report 2015, DCCED Revenue Sharing Reports.

<sup>19</sup> <https://www.commerce.alaska.gov/web/dcra/CommunityAidAccountability/SharedFisheriesBusinessTax.aspx>

## Other Shared State Taxes

Other State taxes collected and shared with communities include the Electric Cooperative Tax, Liquor License Tax, and Telephone Cooperative.

The Electric Cooperative Tax is based on a cooperative's kilowatt hours. A portion of payments are refunded back to the communities. Boroughs receive funds only for areas outside of city limits. The two electric cooperatives in the region are the Nushagak Electric and Telephone Cooperative and the Alaska Village Electric Cooperative. In 2015, five communities received a total of \$11,156 in Electric Cooperative Tax back from the State.

The Liquor License Tax was only received in Dillingham, where liquor is sold. In 2015, Dillingham received \$4,900.

The Telephone Cooperative Tax is similar to the Electric Cooperative Tax and in 2015, DCA communities received \$65,478 from shared State tax revenues. The Nushagak Electric and Telephone Cooperative serves Dillingham, Aleknagik, Clark's Point, and Manokotak only.

**Table 12. Other Alaska State Taxes Shared with DCA Communities, 2015**

	Electric Cooperative Tax	Liquor License Tax	Telephone Cooperative Tax
Aleknagik	\$478	-	\$3,455
Clark's Point	-	-	\$350
Dillingham	\$8,347	\$4,900	\$59,691
Ekuk	-	-	-
Ekwok	\$221	-	-
Koliganek	-	-	-
Manokotak	-	-	\$1,982
New Stuyahok	\$661	-	-
Portage Creek	-	-	-
Togiak	\$1,449	-	-
Twin Hills	-	-	-
<b>Dillingham Census Area Total</b>	<b>\$11,156</b>	<b>\$4,900</b>	<b>\$65,478</b>

Source: DOR Shared Taxes Annual Report 2015.

## State Community Assistance Program

Most communities in the DCA receive revenue through the Community Assistance Program (AS 29.60.850). Legislation passed in 2016 changed the name from Community Revenue Sharing and adjusted the formula for distribution of funds (Senate Bill 210). Base payments to municipalities were increased and per capita amounts were decreased, favoring lower population areas.

**Table 13. Community Assistance Program Grants, 2015-2017**

Community	2015	2016	2017
Aleknagik	\$106,240	\$100,803	\$68,585
Clark's Point	\$98,770	\$94,069	\$62,761
Dillingham	\$210,165	\$201,764	\$132,833
Ekuk	-	-	-

Ekwok	\$101,672	\$97,278	\$64,502
Koliganek	\$43,888	\$41,761	\$27,745
Manokotak	\$119,612	\$114,496	\$75,671
New Stuyahok	\$119,992	\$114,451	\$76,301
Portage Creek	-	-	-
Togiak	\$137,979	\$131,489	\$87,860
Twin Hills	\$36,321	\$34,803	\$23,086
<b>Dillingham Census Area Total</b>	<b>\$974,639</b>	<b>\$930,914</b>	<b>\$619,344</b>

Source: DCCED Revenue Sharing Reports.

DCCED staff estimate a newly formed borough in the DCA would receive about \$305,000 annually; eligible communities would continue to receive payments. However, the amount in the fund available for distribution is subject to annual legislative appropriations; no funds were appropriated last session. Additional funds may be directed into the Community Assistance Program from Power Cost Equalization (PCE) Fund earnings. Senate Bill 196, which passed the legislature in 2016, acknowledges that the PCE fund has some years of exceptional performance. Amendments made to AS 42.45.085 direct excess PCE fund earnings to the Community Assistance Fund and to rural energy programs.

## Federal PILT

The federal Payment In-Lieu of Taxes (PILT) program helps offset losses in property taxes due to nontaxable federal lands within municipal boundaries. The U.S. Department of Interior and the State administer payments. As noted in the methodology, this study assumes that payments will continue to flow to communities with formation of a borough. Communities in the DCA received \$859,011 in 2016. PILT payments are based on a combination of federal land acreage and local population. Thus, the DCA receives more in PILT, although the Lake and Peninsula Borough has more federal acreage.

**Table 14. PILT Revenues, by Community and Neighboring Borough**

Community	2016
Aleknagik	\$42,357
Clark's Point	\$8,764
Dillingham	\$443,838
Ekuk	-
Ekwok	\$21,726
Manokotak	\$91,287
Koliganek	-
New Stuyahok	\$91,104
Portage Creek	-
Togiak	\$159,935
Twin Hills	-
<b>Dillingham Census Area Total</b>	<b>\$859,011</b>
Aleutians East Borough	\$531,213
Bristol Bay Borough	\$160,932
Lake and Peninsula Borough	\$283,130

Source: DCCED and U.S. Department of the Interior.

# Estimated Borough Expenditures

## Borough Operating Expenditures

Estimated borough expenditures were developed based on a review of comparable borough budgets, recent studies, and statutes related to borough formation and responsibilities. The estimate reflects the assumption the borough would exercise limited powers and responsibilities.

The estimated annual borough budget is \$2.7 million, not including capital projects outside of school bond debt. Borough operating expenditures are estimated at \$1 million annually and education expenditures are estimated at \$1.7 million, including the areawide minimum local contribution to schools. (Education expenses are discussed in more detail in the following section.)

- Staff positions would likely include a borough manager, clerk, finance officer, planner, and administrative support. Some of these positions may be full-time, part-time, or incorporate combined duties.
- Contracted services include legal support and other services needed to complement staff members.
- Administrative costs include office supplies, rent, utilities, technology, transportation, per diem, and lodging for staff and borough assembly members.
- Importantly, the borough retains the flexibility to contract with communities, tribes, or other entities to gain expertise and efficiencies.

**Table 15. Estimated Annual Borough Expenditures**

<b>Operating Expenditures</b>	
Salaries and Benefits	\$600,000
Contracted Services	\$150,000
Administrative Costs	\$200,000
<b>Subtotal</b>	<b>\$950,000</b>
<b>Education Expenditures</b>	
Required Contribution to Schools	\$1,000,000
School Bond Debt	\$750,000
<b>Subtotal</b>	<b>\$1,750,000</b>
<b>Total Expenditures</b>	<b>\$2,700,000</b>

Note: Does not include additional local contribution.

It is important to recognize the size, structure, and cost of the proposed borough is locally driven. A study conducted in 2012 estimated borough staff and administrative costs at \$503,000. (*Preliminary Assessment Fiscal Feasibility of a Potential Western Bristol Bay Borough*, this study can be accessed through the links in the Resource Documents chapter of this document.) The 2012 study envisioned three positions including a half-time borough manager, a full-time clerk/finance manager, and a full-time planner/grant writer.

Startup costs for the new borough include merging accounting systems, legal expenses, formation of new community and tribal agreements, and selection of state land. These one-time costs are not included in the

annual expenditure estimate. Offsetting these initial costs are organizational grants provided by the State to defray the cost of transition (AS 29.05.190). The grants are distributed over a three-year period, with \$300,000 paid in the first fiscal year, \$200,000 in the second year, and \$100,000 in the third year.

## Comparable Borough Budgets

For comparison, recent budgets for Lake and Peninsula Borough, Bristol Bay Borough, and Aleutians East Borough are summarized below. Detailed budgets for these and other Alaskan municipalities can be found on the DCCED website.<sup>20</sup>

It is important to note several differences in service levels.

- The Aleutian East Borough operating budget was \$3.7 million in FY 2016. The budget includes \$840,000 in school support. The full budget, including capital projects, totaled \$6 million.
- Bristol Bay Borough provides \$4.2 million in services including libraries, fire department, police, road maintenance, and a pool. The total expense budget was \$8.3 million.
- Lake and Peninsula Borough’s operating expenditures are nearly \$1.3 million, which includes six full-time employees and several contractors (legal counsel, lobbyist, fisheries advisory, and two mining consultants). The full expense budget of \$6.4 million includes additional expenses for economic development, community development, resource management (including a fishery advisory committee), and appropriations to communities for shared state taxes.

**Table 16. Comparison of Neighboring Borough Budgets, FY 2016**

Operating Expenditures	Aleutians East	Bristol Bay	Lake and Peninsula
Salaries and Benefits	\$1,634,824	\$3,527,886	\$676,374
Services	-	\$4,190,867	-
Contracted Services	-	-	\$232,070
Travel	-	-	\$218,905
Administrative Costs	\$364,574	\$296,172	\$126,953
Other Expenditures	\$1,742,022	\$319,224	\$42,596
<b>Total Operating Expenditures</b>	<b>\$3,741,420</b>	<b>\$8,334,149</b>	<b>\$1,296,898</b>
<b>Total Expenditures</b>	<b>\$6,011,422</b>	<b>\$8,334,149</b>	<b>\$6,446,984</b>

Source: DCCED Borough Budget Reports.

## Education Expenditures

A borough-wide school district would be responsible for contributing the equivalent of a 2.65 mill property tax to fund school operations. Additionally, the district would contribute to School Bond Debt Reimbursement for all schools in the region.

<sup>20</sup> <https://www.commerce.alaska.gov/dcr/dcrepoext/Pages/FinancialDocumentsLibrary.aspx>

Currently, the City of Dillingham contributes \$1.3 million to support schools in the Dillingham School District. This amount is approximately \$750,000 more than the minimum amount required (nearly \$565,000 in FY 2016).

In contrast, school operating costs for SWRS are fully funded by the State School Foundation formula. Additionally, the State fully funds facilities and school elections are conducted by the State Division of Elections.

Both districts are of nearly equal size and are well established. There are many aspects of a merger that will require careful consideration and negotiation between the school districts and community leaders to maintain, or improve, the quality of education in the region.

## **Funding Formula Overview**

Public schools are funded from a combination of a required local contribution, Federal Impact Aid, and State Aid (AS 14.17.410). Key aspects of the funding formula are summarized below, based on information in statute and a public school funding overview published by DEED in September 2015.

*The local contribution is the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and personal property in the district; and not to exceed 45 percent of the district's basic need for the preceding fiscal year.*

*Federal Impact Aid provides funds to school districts for children of parents living and/or working on federal property "in-lieu of local tax revenues."*

*State Aid entitlement is determined by deducting the required local contribution and 90 percent of Federal Impact Act from the Basic Need determination, plus adjustments for funding "floor" and Quality Schools Grants.*

The state uses a student-based formula to determine Basic Need. Factors that affect calculation include the number of enrolled students during the October student count period, school size, special needs funding, vocational and technical funding, and correspondence programs. The computations result in a District Adjusted Average Daily Membership (ADM). In turn, the ADM is multiplied by the Base Student Allocation (BSA) to determine Basic Need. The BSA in FY 2016 was \$5,880.

## **Current School District Operating Budgets**

Dillingham was incorporated as a First Class city in 1963. Like other First Class and Home Rule cities in unorganized boroughs, Dillingham has essentially the same responsibilities as a borough in terms of operating the municipal school district. Enrollment in the Dillingham School District was nearly 450 students in FY 2016 with an operating budget nearly \$10 million.

Enrollment in the SWRS was nearly 600 students and the operating budget was \$18.1 million in FY 2016. The SWRS operates seven schools in the region. For reference, school enrollments, total operating budgets, and other budget details are provided for neighboring boroughs in the table on the next page.

**Table 17. Current School Districts Operating Budgets, FY 2016**

	Enrollment	Instruction	Administration/ Other	Total
Dillingham School District	449	\$7.4 million	\$2.4 million	<b>\$9.9 million</b>
Southwest Region	585	\$12.6 million	\$5.5 million	<b>\$18.1 million</b>
Aleutians East Borough	242	\$6.1 million	\$3.0 million	<b>\$9.1 million</b>
Bristol Bay Borough	133	\$2.0 million	\$1.5 million	<b>\$3.5 million</b>
Lake and Peninsula Borough	341	\$9.8 million	\$4.9 million	<b>\$14.7 million</b>

Source: DEED.

## Minimum Local Contribution

Under State regulations, the Dillingham City School District and the SWRS would be given two years to merge into a single areawide school district. Computations for the minimum local contribution would be district wide, including communities now included in the SWRS. Upon formation of a borough, the State Assessor is responsible for developing a Full Value Determination (FVD) for the region. The FVD is used to compute the required amount, even if the borough utilizes alternative revenues to meet the obligation.

The City of Dillingham has a FVD approved by the State Assessor (\$99,000 per capita in 2015). In the absence of a FVD for the communities in the SWRS, some estimation is required. Recent borough analyses utilized estimates of \$25,000 and \$35,000 per capita, resulting in additional \$260,000 to \$360,000 for the required payment. However, the State Assessor has cautioned that these estimates are likely low recognizing property to be included in a future valuation includes homes, recreational and commercial vessels, vehicles, hotels and lodges, commercial businesses, and fish processing plants.

After reviewing FVD for an array of coastal and river communities, this analysis utilized \$65,000 per capita. When multiplied by the population outside of Dillingham (2,621), the estimated FVD is \$170,365,000. When the 2.65 mill rate is applied, the estimated minimum location contribution is \$450,000.

## State and Federal Funding

Currently there are separate calculations for each school district for Federal Impact Aid and State Aid. Upon formation of a borough, funding calculations will be made in a single calculation for the district. After review of the DEED Public School Funding Program Overview, and subsequent discussions with the DEED School Finance Manager, estimates for State and federal aid coming into the region for schools are not changed. It is possible that the region could receive slightly more funds due to Impact Aid calculations and the School Cost Differential (which provides additional for schools in remote areas). For this analysis, no adjustments have been made.

### FEDERAL IMPACT AID

Federal Impact Aid is financial assistance to school districts that have exempt federal property or an influx of children resulting from a federal project or activity. The federal law has an "equalization provision" that allows a State to reduce the amount of State aid sent to a district that receives Federal Impact Aid. However, a municipal school district can retain a higher portion of the federal funds by funding over its required minimum local contribution. A combined school district for the proposed borough could receive more Federal Impact Aid

funding than the two existing, separate entities because the formula would be affected by the higher percentage of federal lands and payments over the minimum required amount.

## School Bond Debt

Municipal school districts bond for school construction and major maintenance. Under the State Bond Debt Reimbursement Program, the City of Dillingham is expected to pay 30 percent of the costs of bonds. In contrast, Regional Educational Attendance Areas rely on the State for these costs.

The annual bond debt for Dillingham Schools is currently \$1,176,090, of which 70 percent is budgeted for State reimbursement. However, the State’s funds are subject to annual appropriation. In FY 2017, a portion of the program funds were vetoed. Dillingham’s obligation increased from approximately \$350,000 to more than \$550,000.

The borough-wide school district would be required to contribute to bond debt for schools currently located within the SWRS. For planning purposes, this analysis estimates annual payments of \$750,000 for school debt reimbursement.

## Additional Education Contributions

An important consideration is payment of additional education funds beyond the minimum local contribution. The City of Dillingham currently contributes approximately \$750,000 to augment the school district budget for operations and maintenance.

Decisions concerning additional education payments are determined within the region. There are many possible scenarios including no additional payment, continuation of the additional payment at the current level, or increasing the amount to enhance education throughout the district.

If supplemental payments are made between \$750,000 and \$1.5 million, local education expenses could increase to \$2.5 to \$3.2 million. (The State also has a formula-driven cap to establish the maximum payment.)

**Table 18. Estimated Costs with Continued Education Supplement**

	Annual Estimate
Required Contribution to Schools	\$1,000,000
School Bond Debt	\$750,000
Estimated Additional Payment	\$750,000 to \$1,500,000
<b>Subtotal</b>	<b>\$2,500,000 to \$3,250,000</b>

## School Service Area Option

An option to explore is establishing one school district with two “school service areas.” The areas would likely encompass the existing school districts and each area would maintain its own advisory board. The purpose of this approach would be to allow each entity to continue to operate in a similar manner to the current situation.

- Each area could provide input regarding the optimal budget level and funding mechanism.
- Responsibility for school bond debt and future school projects would be transferred to the Borough and funded by areawide revenues.

Service areas are utilized extensively throughout Alaska, but the approach has not been used for schools. Discussions with DCCED and DEED did not reveal any statutory or constitutional barriers to this approach.

Financially, the new district would remain responsible for the required minimum local contribution and local contribution to school bond debt, estimated at \$1.7 million annually. This approach preserves flexibility to determine the amount of additional education payments for each service area and the funding mechanism.

# Borough Revenue Scenarios

## Summary of Potential Tax Scenarios

The table below provides a summary of the tax scenarios discussed in this chapter.

- If the borough levied a commercial fishing tax, an accommodations tax, and a sales tax at the rates described below, estimated revenues are between \$1.7 million and \$3.9 million annually.
- If the accommodations tax was levied only on properties outside of Dillingham and Aleknagik, estimated tax revenues from all three sources are between \$1.6 million and \$3.7 million annually.

**Table 19. Potential Annual Borough Revenue Estimates**

Estimated Revenue from Fish Harvests	2 Percent Tax	3 Percent Tax	4 Percent Tax
\$45,000,000	\$900,000	\$1,350,000	\$1,800,000
Estimated Revenue from Accommodations	6 Percent Tax	8 Percent Tax	10 Percent Tax
\$5,000,000*	\$300,000	\$400,000	\$500,000
\$3,100,000**	\$186,000	\$248,000	\$310,000
Estimated Revenue from Sales	1 Percent Tax	2 Percent Tax	3 Percent Tax
\$55,000,000	\$550,000	\$1,100,000	\$1,650,000

Source: McDowell Group estimates based on ADFG, DOR, and business websites.

\*Includes all accommodations.

\*\*Includes accommodations located outside of Dillingham and Aleknagik.

## Potential Revenue Sources for Borough

### Borough Fish Tax

Using ten-year averages to smooth out the cyclical nature of commercial fishing, the Nushagak and Togiak Districts generate approximately \$45 million in ex-vessel value annually. At rates between 2 and 4 percent, a borough-wide fish tax could generate between \$900,000 and \$1,800,000 annually.

**Table 20. Fish Tax Revenue**

Estimated Revenue from Fish Harvests	2 Percent Tax	3 Percent Tax	4 Percent Tax
\$45,000,000	\$900,000	\$1,350,000	\$1,800,000

Source: McDowell estimates based on ADFG data.

### The tax rate does not have to be uniform for all species. As an example, the City of Egegik taxes salmon at 1 percent and other species at 2 percent. Borough Bed Tax

A tax levied on accommodations would capture economic activity from business and recreational travelers to the region. The borough could levy a bed tax on all lodges within the DCA boundaries or on lodges operating outside Dillingham and Aleknagik. Based on current tax collections, estimated accommodations sales subject

to bed tax in Aleknagik and Dillingham is nearly \$2 million. (People traveling for government purposes are commonly exempt from local bed taxes.)

**Table 21. Municipal Bed Tax and Revenues, 2015**

	Bed Tax	Bed Tax Percent	Est. Accommodation Revenues
Dillingham	\$83,338	10%	\$833,380
Aleknagik	\$98,238	9%	\$1,091,533

Source: Alaska Taxable 2015 and McDowell Group estimates.

In addition to properties in Dillingham and Aleknagik, there are approximately 40 lodges and other properties offering guest accommodations in the DCA. Many of these accommodations operate seasonally. Based on a review of available information concerning property size, rates, and operating season length, a conservative estimate of taxable accommodations sales in the CDA is \$5 million. The borough could anticipate between \$300,000 and \$500,000 annually if all accommodations were taxed at rates between 6 and 10 percent.

**Table 22. Accommodation Tax Revenue, All Properties**

Estimated Accommodations Revenues	6 Percent Tax	8 Percent Tax	10 Percent Tax
\$5,000,000	\$300,000	\$400,000	\$500,000

Source: McDowell Group estimates.

Estimated taxable revenue for accommodations located outside of Dillingham and Aleknagik is \$3.1 million, with potential borough tax revenues between \$186,000 and \$310,000 annually. This conservative estimate accounts for seasonal operations, fluctuations in occupancy, and an estimate of the lodge package price attributable to accommodations. (Package prices commonly include costs associated with sport fishing, guided sightseeing tours, meals, and flights.)

**Table 23. Accommodation Tax Revenue, Outside of Dillingham and Aleknagik**

Estimated Accommodations Revenues	6 Percent Tax	8 Percent Tax	10 Percent Tax
\$3,100,000	\$186,000	\$248,000	\$310,000

Source: McDowell Group estimates.

## Borough Sales Tax

The municipalities of Dillingham, Aleknagik, Clark’s Point, Manokotak, and Togiak currently collect sales tax. Based on 2015 collections, approximately \$54 million in commercial activity was subject to sales tax.

A conservative estimate of areawide commercial activity subject to sales is \$55 million, including sales at remote lodges and in municipalities without an existing sales tax. Sales tax could generate between \$550,000 and \$1,650,000 annually at rates between 1 and 3 percent.

**Table 24. Potential Borough Sales Tax Revenue**

Estimated Revenue from Sales	1 Percent Tax	2 Percent Tax	3 Percent Tax
\$55,000,000	\$550,000	\$1,100,000	\$1,650,000

Source: McDowell Group Estimates based on Alaska Taxable 2015.

## Borough Revenues from State Shared Taxes and Community Assistance

The borough could expect approximately \$575,000 annually from shared fisheries taxes and Community Assistance. Depending on agreements between the borough and communities, the borough's portion of fish tax revenues could be retained or transferred to communities to preserve local revenues.

**Table 25. Estimated Borough Revenues from the State**

	State Revenues
Community Assistance Program	\$305,000
Fisheries Business Tax	\$265,000
Fisheries Resource Landing Tax	\$4,500
<b>Total Revenues</b>	<b>\$574,500</b>

Source: Alaska Taxable 2015, DOR, and DCCED.

## Other Borough Tax Options

Boroughs across Alaska collect a variety of taxes based on the economic activity occurring within their boundaries. There is considerable flexibility including tax types, rates, and the ability to collect taxes on a seasonal basis. Examples include alcohol, tobacco, and vehicle rental taxes. The City and Borough of Sitka taxes sport fishermen with a \$10 flat fee per fish box. Boroughs with mineral resources commonly levy a severance tax or negotiate a PILT payment. Many communities are considering the tax implications of recent legalization of commercial marijuana production and sales.

Property taxes are common revenue source for boroughs. Property tax rules and exemptions are outlined in state statute (Title 29). Key provisions concerning exemptions are outlined below.

Mandatory Property Tax Exemptions:

- Native trust land, including homes of individuals on "restricted" land
- Federal, municipal, or state property
- Most nonprofit land
- \$150,000 assessed value exemption for seniors (over 65) and disabled veterans.

Optional Property Tax Exemptions:

- All property within cities
- Exemption of all personal property including vehicles, boats, and airplanes
- Exemption of the first \$50,000 of all personal residences.
- Value of residences of seniors and disabled veterans over \$150,000.

Considerations for not levying a property tax in the DCA include lower (and often difficult to establish) property values and the mandatory exemption of all "restricted" land creating inequity with those who are not on "restricted" land. Based on concerns expressed at the initial Task Force meeting, coupled with the lack of property tax valuations for much of the region, property tax estimates are not reflected in the financial scenarios at this time.

# Summary of Financial Assumptions

Determining the financial feasibility of a potential borough in the DCA requires numerous financial assumptions as well as input from Task Force Members, governing entities, and residents. Variables that affect projected revenues and expenses include:

- Changes in State statute concerning school funding formula and required payments, Community Assistance Program, and municipal powers and responsibilities.
- Fluctuations in commercial fishing harvests and prices.
- Fluctuations in business and recreational travel to the region.
- Changes in the economic health of residents and organizations that affect commercial activities.
- Decisions and agreements concerning the size and structure for the new borough and school district.
- Decisions concerning the array of taxes types, rates, and exemptions to fund borough operations.
- Decisions to maintain or eliminate existing taxes collected by communities in the DCA.
- Agreements concerning revenues that currently go to communities, but would be paid to the Borough, such as federal PILT and State fish taxes.

## Possible Revenue and Expense Scenarios

The table below illustrates one possible scenario for revenue generation with a borough-wide fish tax at 3 percent, an 8 percent bed tax on accommodations in communities not currently taxed, and a borough-wide sales tax of 2 percent. These revenues, coupled with \$300,000 new Community Assistance Program payments to the borough, result in estimated revenues of \$3 million. Estimated borough expenses total \$2.7 million for borough operations, estimated minimum contribution to schools, and school bond debt. Under this scenario, the borough would have an annual surplus of \$300,000. (Additional educational funding outside of the minimum required contribution is not included in this scenario.)

**Table 26. Estimated Borough Revenues and Expenditures  
Scenario 1: Expenses Estimates Based on Prior Chapter (Table 17)**

<b>Estimated Revenues</b>	
Fish Tax (3%)	\$1,350,000
Bed Tax (8%)	\$250,000
Sales Tax (2%)	\$1,100,000
State Community Assistance	\$300,000
<b>Subtotal Estimated Revenues</b>	<b>\$3,000,000</b>
<b>Estimated Expenditures</b>	
Borough Expenses	\$950,000
Minimum Contribution to Schools	\$1,000,000
School Bond Debt	\$750,000
<b>Subtotal Estimated Expenses</b>	<b>\$2,700,000</b>
<b>Balance</b>	<b>\$300,000</b>

Note: Figures are rounded to the closest ten thousand.

The second scenario below incorporates a more conservative estimate of borough operating expenses (\$650,000) and reduces the fish tax to 2 percent. All other values remain the same as the base scenario, resulting in an estimated annual surplus of \$150,000.

**Table 27. Estimated Borough Revenues and Expenditures  
Scenario 2: Modest Borough Operating Expenses and 2% Fish Tax**

<b>Estimated Revenues</b>	
Fish Tax (2%)	\$900,000
Bed Tax (8%)	\$250,000
Sales Tax (2%)	\$1,100,000
State Community Assistance	\$300,000
<b>Subtotal Estimated Revenues</b>	<b>\$2,550,000</b>
<b>Estimated Expenditures</b>	
Modest Borough Expenses	\$650,000
Minimum Contribution to Schools	\$1,000,000
School Bond Debt	\$750,000
<b>Subtotal Estimated Expenses</b>	<b>\$2,400,000</b>
<b>Balance</b>	<b>\$150,000</b>

Note: Figures are rounded to the closest ten thousand.

Scenario three incorporates a very conservative estimate of borough operating expenses (\$550,000) and reduces the sales tax to 1 percent. All other values remain the same as the base scenario, resulting in an estimated annual surplus of \$150,000.

**Table 28. Estimated Borough Revenues and Expenditures  
Scenario 3: Very Modest Borough Operating Expenses and 1% Sales Tax**

<b>Estimated Revenues</b>	
Fish Tax (3%)	\$1,350,000
Bed Tax (8%)	\$250,000
Sales Tax (1%)	\$550,000
State Community Assistance	\$300,000
<b>Subtotal Estimated Revenues</b>	<b>\$2,450,000</b>
<b>Estimated Expenditures</b>	
Very Modest Borough Expenses	\$550,000
Minimum Contribution to Schools	\$1,000,000
School Bond Debt	\$750,000
<b>Subtotal Estimated Expenses</b>	<b>\$2,300,000</b>
<b>Balance</b>	<b>\$150,000</b>

Note: Figures are rounded to the closest ten thousand.

Numerous additional scenarios can be created using the estimates in this report as a foundation. Residents and community leaders will need to evaluate the financial impacts on the region concurrently with the potential for enhancing education, economic opportunity, and regional coordination on priority initiatives.

# Resource Documents

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BBNA and McDowell Group compiled numerous resource documents related to this study. The documents are listed below and can be accessed using the following link:

<https://drive.google.com/open?id=0ByaunyNLKXmnQi1KZ3JISWthSHM>

Bristol Bay Native Association. *Borough Study Proposal*. (October 2014)

Bristol Bay Native Association. *Bristol Bay Comprehensive Economic Development Strategy*. (2015)

Bristol Bay Native Association. *Budget Amendment Spreadsheet*. (February 2016)

Bristol Bay Native Association. *Budget Justification Narrative Amendment*. (February 2016)

Bristol Bay Native Association. *City of Dillingham Annexation Resolution*. (October 2010)

Bristol Bay Native Association. *Contract for Services with McDowell Group*. (March 2016)

Bristol Bay Native Association. *Regional Government Study with Tribes Narrative (SEDS Grant Application)*. (September 2015)

Bristol Bay Native Association. *Regional Government Study with Tribes Objective Work Plan (SEDS Grant Application)*. (April 2015)

Bristol Bay Native Association. *Regional Government Study with Tribes Revised Narrative*. (February 2016)

Bristol Bay Native Association. *Strategic Plan*.

City of Aleknagik. *Joint Resolution Aleknagik*. (October 2010)

City of Dillingham. *Annexation of Commercial Fishing Waters*. (June 2015)

City of Dillingham. *Chronology of Events*. (May 2015).

City of Dillingham. *Frequently Asked Questions about Dillingham's Proposed Annexation*. (July 2010)

City of Dillingham. *Petition to Annex (Three Parts)*. (May 2015)

City of Dillingham. *Summary of Activities*. (1986)

City of Manokotak. *Resolution*. (September 2010)

City of New Stuyahok. *Resolution*. (September 2010)

Department of Commerce, Community and Economic Development. *Dillingham Proposed Annexation Boundaries Map*. (June 2010)

Department of Commerce, Community and Economic Development. *Municipal Government Structure in Alaska*. (June 2010)

Department of Health and Human Services. *Annual Update of the HHS Poverty Guidelines*. (January 2015)

Ekwok Village Council. *Annexation Proposal Objection*. (October 2010)

Information Insights. *Bristol Bay Regional Vision Project (Includes final report, summary, mind map, summit report)*. (November 2011)

Kevin Waring Associates. *Preliminary Assessment Fiscal Feasibility of a Potential Western Bristol Bay Borough*. (February 2012)

Lake and Peninsula Borough. *Public Comments for Annexation by the City of Dillingham*. (September 2010)

Local Boundary Commission. *LBC Decision on City of Dillingham Annexation*. (December 2011)

Local Boundary Commission. *Ekuk's Joint Borough Formation Supplemental Report*. (November 2011)

Local Boundary Commission. *Final Report to the Local Boundary Commission Regarding the Proposal to Annex Approximately 396 Square Miles of Water and 3 Square Miles of Land to the City of Dillingham*. (April 2011)

Local Boundary Commission. *Model Borough Boundaries*. (June 1997)

Local Boundary Commission. *Notice of Filing of Petition for Legislative Review Annexation to the City of Dillingham*. (October 2015)

Local Boundary Commission. *Notice of Filing of Petition for Legislative Review Annexation to the City of Manokotak and Supplemental Notice of Filing of Petition for Legislative Review Annexation to the City of Dillingham*. (February 2016)

Local Boundary Commission. *Preliminary Report to the Local Boundary Commission*. (June 2016)

Local Boundary Commission. *Reconsideration Request from Ekuk*. (December 2011)

Northern Economics. *The importance of the Bristol Bay Salmon Fisheries to the Region and its Residents*. (October 2009)

Sheinberg Associates. *City of Dillingham Analysis of Annexation Options*. (July 2003)

Sheinberg Associates. *Dillingham Area Analysis of Borough Formation*. (September 2003)

*Travel Costs to Dillingham from Outlying Villages*.





LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>

This review covers the period \_\_\_\_\_ to \_\_\_\_\_.

Route to FINANCE \_\_\_\_\_ Information Available as of \_\_\_\_\_.  
Date Date

ACTIVITY	STATUS
<b>Sales Tax Filings</b>	_____ Bal. Due _____ Date/Amt. of Last Payment ____ No. late payments in last two years. <b>Comment:</b>
<b>Real Property Tax</b> <b>Owens the property?</b> <b>YES NO</b>	_____ Bal. Due _____ Date/Amt. of Last Payment ____ No. late payments in last two years. <b>Comment:</b>
<b>Personal Property Tax</b> <b>(Inventory, Supplies, Office Equipment)</b>	_____ Bal. Due _____ Date/Amt. of Last Payment ____ No. late payments in last two years. <b>Comment:</b>
<b>Utility Bill</b> <b>Responsible for utilities?</b> <b>YES NO</b>	_____ Bal. Due _____ Date/Amt. of Last Payment ____ No. late payments in last two years. <b>Comment:</b>
<b>Most Current DLG Business License</b>	_____ License Year Date Applied <b>Comment:</b>
<b>Most Current State of Alaska Business License</b>	_____ License Year Date Applied <b>Comment:</b>



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>

This review covers the period \_\_\_\_\_ to \_\_\_\_\_.

Route to PUBLIC SAFETY \_\_\_\_\_ Information Available as of \_\_\_\_\_  
Date Date

Have there been any adverse reports filed in the past two years? YES NO  
If yes, explain in detail and include dates. Use a separate sheet of paper if necessary. :

- Serving to minors (under 21 years of age).
- Intoxicated person on licenses premises.
- Serving alcoholic beverages after hours.
- Pattern of disturbances or fights on the licenses premises.
- Open sale of prohibited drugs on the licenses premises.

Additional comments:



TYPE	License Renewal	New License	Transfer
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>

This review covers the period \_\_\_\_\_ to \_\_\_\_\_.

Route to PLANNING OFFICE \_\_\_\_\_ Information Available as of \_\_\_\_\_  
Date Date

For License Types: New and Transfer

1) Does the structure, or use of land or a structure, including parking requirements at the proposed license location conform to Title 18. Explain.

2) Provide a detail of the Public Notice Requirements.



TYPE	License Renewal	New License	Transfer
Doing Business As	License Type	Licensee	Physical Address

Reviewed by: \_\_\_\_\_

Date

Recommendation:

No Action

Deny

Explain the reason(s) for denying the application: \_\_\_\_\_



LIQUOR LICENSE APPLICATION REVIEW

<b>TYPE</b>	<b>License Renewal</b>	<b>New License</b>	<b>Transfer</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>
The Rack	Restaurant/Eating Place	Paul & Mikki Inc	3310 Nina Way

This review covers the period 1/1/2015 to 12/31/2016.  
 Route to FINANCE 1/4/2017 Information Available as of 1/5/2017.  
 Date Date

ACTIVITY	STATUS
<b>Sales Tax Filings</b>	0 _____ Bal. Due <u>12/12/16</u> \$232 _____ Date/Amt. of Last Payment 0 _____ No. late payments in last two years. <b>Comment:</b>
<b>Real Property Tax</b>  Owns the property? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	0 _____ Bal. Due <u>11/15/16</u> \$6,193 _____ Date/Amt. of Last Payment 0 _____ No. late payments in last two years. <b>Comment:</b>
<b>Personal Property Tax</b>  (Inventory, Supplies, Office Equipment)	0 _____ Bal. Due <u>10/13/14</u> \$10.86 _____ Date/Amt. of Last Payment 0 _____ No. late payments in last two years. <b>Comment:</b> nothing filed in 2015 or 2016
<b>Utility Bill</b>  Responsible for utilities? <input type="checkbox"/> YES <input type="checkbox"/> NO	_____ Bal. Due _____ Date/Amt. of Last Payment _____ No. late payments in last two years. <b>Comment:</b>
<b>Most Current DLG Business License</b>	2016 _____ 12/5/16 for 2017 not yet issued _____ License Year Date Applied <b>Comment:</b>
<b>Most Current State of Alaska Business License</b>	_____ _____ License Year Date Applied <b>Comment:</b>



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doing Business As	License Type	Licensee	Physical Address
The Rack	Restaurant/Eating Place	Paul & Mikki Inc	3310 Nina Way

This review covers the period 1/1/2016 to 12/31/2016.

Route to PUBLIC SAFETY 1/3/2017 Information Available as of 1/5/2017.  
Date Date

Have there been any adverse reports filed in the past two years? YES  NO   
If yes, explain in detail and include dates. Use a separate sheet of paper if necessary. :

- Serving to minors (under 21 years of age).
- Intoxicated person on licenses premises.
- Serving alcoholic beverages after hours.
- Pattern of disturbances or fights on the licenses premises.
- Open sale of prohibited drugs on the licenses premises.

Additional comments:



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doing Business As	License Type	Licensee	Physical Address
The Rack	Restaurant/Eating Place	Paul & Mikki Inc	3310 Nina Way

This review covers the period Not applicable to \_\_\_\_\_.

Route to PLANNING OFFICE \_\_\_\_\_ Information Available as of \_\_\_\_\_  
Date Date

For License Types: New and Transfer

1) Does the structure, or use of land or a structure, including parking requirements at the proposed license location conform to Title 18. Explain.

2) Provide a detail of the Public Notice Requirements.



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doing Business As	License Type	Licensee	Physical Address
The Rack	Restaurant/Eating Place	Paul & Mikki Inc	3310 Nina Way

Reviewed by: Code Review Committee 1/5/2017

Date

Recommendation:

No Action

Deny

Explain the reason(s) for denying the application:



LIQUOR LICENSE APPLICATION REVIEW

<b>TYPE</b>	<b>License Renewal</b>	<b>New License</b>	<b>Transfer</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>
Windmill Grille	Restaurant/Eating Place	Nina Corbett	1544 Kanakanak Road

This review covers the period 1/1/2015 to 12/31/2016

Route to FINANCE 1/3/2017 Information Available as of 1/5/2017  
Date Date

ACTIVITY	STATUS
<b>Sales Tax Filings</b>	0 Bal. Due 12/13/16 \$384 Date/Amt. of Last Payment 0 No. late payments in last two years. <b>Comment:</b> most continuous service has been since July 2016; business has been inoperable in some of the previous months
<b>Real Property Tax</b> <b>Owns the property?</b> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	0 Bal. Due 10/20/16 \$5,661 Date/Amt. of Last Payment No. late payments in last two years. <b>Comment:</b>
<b>Personal Property Tax</b> <b>(Inventory, Supplies, Office Equipment)</b>	0 Bal. Due 10/31/14 \$10.86 Date/Amt. of Last Payment No. late payments in last two years. <b>Comment:</b> nothing filed in 2015 or 2016
<b>Utility Bill</b> <b>Responsible for utilities?</b> <input type="checkbox"/> YES <input type="checkbox"/> NO	_____ Bal. Due _____ Date/Amt. of Last Payment _____ No. late payments in last two years. <b>Comment:</b>
<b>Most Current DLG Business License</b>	2016 has not applied for 2017 yet License Year Date Applied <b>Comment:</b>
<b>Most Current State of Alaska Business License</b>	_____ Date Applied <b>Comment:</b>



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doing Business As	License Type	Licensee	Physical Address
Windmill Grille	Restaurant/Eating Place	Nina Corbett	1544 Kanakanak Road

This review covers the period 1/1/2016 to 12/31/2016.

Route to PUBLIC SAFETY 1/3/2017 Information Available as of 1/4/2017  
Date Date

Have there been any adverse reports filed in the past two years? YES  NO   
If yes, explain in detail and include dates. Use a separate sheet of paper if necessary. :

- Serving to minors (under 21 years of age).
- Intoxicated person on licenses premises.
- Serving alcoholic beverages after hours.
- Pattern of disturbances or fights on the licenses premises.
- Open sale of prohibited drugs on the licenses premises.

Additional comments:



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doing Business As	License Type	Licensee	Physical Address
Windmill Grille	Restaurant/Eating Place	Nina Corbett	1544 Kanakanak Road

This review covers the period Not applicable to \_\_\_\_\_.

Route to PLANNING OFFICE \_\_\_\_\_ Information Available as of \_\_\_\_\_  
Date Date

For License Types: New and Transfer

1) Does the structure, or use of land or a structure, including parking requirements at the proposed license location conform to Title 18. Explain.

2) Provide a detail of the Public Notice Requirements.



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doing Business As	License Type	Licensee	Physical Address
Windmill Grille	Restaurant/Eating Place	Nina Corbett	1544 Kanakanak Road

Reviewed by: Code Review Committee 1/5/2017

Date

Recommendation:

No Action

Deny

Explain the reason(s) for denying the application:



LIQUOR LICENSE APPLICATION REVIEW

<b>TYPE</b>	<b>License Renewal</b>	<b>New License</b>	<b>Transfer</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>
Willow Tree Inn	Beverage Dispensary	Alaska '49 LLC	513 Wood River Road

This review covers the period 1/1/2015 to 12/31/2016

Route to FINANCE 1/4/2017 Information Available as of 1/5/2017  
Date Date

ACTIVITY	STATUS
<b>Sales Tax Filings</b>	? _____ Bal. Due _____ Date/Amt. of Last Payment _____ No. late payments in last two years. <b>Comment:</b> reports not filed in 2016 include March, April and May
<b>Real Property Tax</b>  Owns the property? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	_____ Bal. Due _____ Date/Amt. of Last Payment _____ No. late payments in last two years. <b>Comment:</b>
<b>Personal Property Tax</b>  (Inventory, Supplies, Office Equipment)	_____ Bal. Due _____ Date/Amt. of Last Payment _____ No. late payments in last two years. <b>Comment:</b> nothing filed in 2015 or 2016
<b>Utility Bill</b>  Responsible for utilities? <input type="checkbox"/> YES <input type="checkbox"/> NO	_____ Bal. Due _____ Date/Amt. of Last Payment _____ No. late payments in last two years. <b>Comment:</b>
<b>Most Current DLG Business License</b>	2016 _____ has not applied for 2017 yet License Year Date Applied <b>Comment:</b>
<b>Most Current State of Alaska Business License</b>	_____ _____ License Year Date Applied <b>Comment:</b>



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doing Business As	License Type	Licensee	Physical Address
Willow Tree Inn	Beverage Dispensary	Alaska '49 LLC	513 Wood River Road

This review covers the period 1/1/2016 to 12/31/2016.

Route to PUBLIC SAFETY \_\_\_\_\_ Information Available as of \_\_\_\_\_  
Date Date

Have there been any adverse reports filed in the past two years? YES  NO   
If yes, explain in detail and include dates. Use a separate sheet of paper if necessary. :

- Serving to minors (under 21 years of age).
- Intoxicated person on licenses premises.
- Serving alcoholic beverages after hours.
- Pattern of disturbances or fights on the licenses premises.
- Open sale of prohibited drugs on the licenses premises.

Additional comments:



TYPE	License Renewal	New License	Transfer
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>
Willow Tree Inn	Beverage Dispensary	Alaska '49 LLC	513 Wood River Road

This review covers the period Not applicable to \_\_\_\_\_.

Route to PLANNING OFFICE \_\_\_\_\_ Information Available as of \_\_\_\_\_  
Date Date

For License Types: New and Transfer

1) Does the structure, or use of land or a structure, including parking requirements at the proposed license location conform to Title 18. Explain.

2) Provide a detail of the Public Notice Requirements.



LIQUOR LICENSE APPLICATION REVIEW

TYPE	License Renewal	New License	Transfer
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doing Business As	License Type	Licensee	Physical Address
Willow Tree Inn	Beverage Dispensary	Alaska '49 LLC	513 Wood River Road

Reviewed by: Code Review Committee Date: 1/5/2017

Recommendation:

No Action  The committee decided to take no action at this time, but will receive an update at the January 12, 2017 Council meeting. See the comment below.

Deny

Explain the reason(s) for denying the application:

Comment:

During the two year period that the license is in effect, state statute allows the local governing body to protest the continued operation of a license during the second year of the biennial license period. This may be done by sending both the Alcohol Beverage and Control Board and the licensee a protest and the reasons for the protest by January 31 of the second year of the license.

**City of Dillingham Action Memorandum**      Agenda of: December 8, 2016  
**Action Memorandum No.** 2016-22

**Subject:**  
Award contract for the design of the Lake Road Fire Station Extension

---

City Manager: Recommend Approval

Signature: Rose Loera

---

**Fiscal Note:**  Yes  No      **Funds Available:**  Yes  No

**Other Attachments:**

---

**Summary Statement:**

At the September 1, 2016 Council meeting, the Council adopted Resolution No. 2016-54 to advertise an RFP to extend the Lake Road Fire Station using funds from the Ambulance Replacement Fund.

The RFP was advertised from 9/16 - 10/17/2016. Three engineering firms responded to the RFP with LCG Lantech, Inc. receiving the highest score with a not-to-exceed amount of \$55,629. At the November 3 Council meeting, the Council amended the amount to a not-to-exceed amount of \$57,000, and postpone action until the December 8 meeting. Council members will be given a tour of both fire stations immediately preceding the December 8 Council meeting.

Staff recommends award of the contract for a design with the understanding that the City may not go out for bid for the project until sometime in the future.

Action Memorandum No. 2016-22

Summary Statement continued:

---

PASSED and APPROVED by a duly constituted quorum of the Dillingham City Council  
on \_\_\_\_\_

\_\_\_\_\_  
Mayor

ATTEST:

[SEAL]

\_\_\_\_\_  
City Clerk

Route to	Department Head	Date
X	Finance Director	
X	Fire Dept. Coordinator	
X	City Clerk	

City of Dillingham  
Fiscal Note

Agenda Date: December 8, 2016

Contract w/ LCG Lantech for Design of Lake Road Fire House Extension

ORIGINATOR: Rose Loera

FISCAL ACTION (TO BE COMPLETED BY FINANCE)		FISCAL IMPACT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
AMOUNT REQUESTED: <span style="float: right;">\$57,000</span>		FUNDING SOURCE <b>Ambulance Replacement Fund</b>	
FROM ACCOUNT  7110 7620 20 27 0000 0 <span style="float: right;">\$55,629</span>		Project  <b>Design Lake Road Fire House Extension</b>	
TO ACCOUNT:	VERIFIED BY: <u>Navin Bissram</u>	Date: <u>11/30/2016</u>	

EXPENDITURES

OPERATING	FY17			
<b>TOTAL OPERATING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CAPITAL	\$ 57,000.00			
---------	--------------	--	--	--

REVENUE				
---------	--	--	--	--

FUNDING

General & Special Rev. Funds				
State/Federal Funds				
Other	\$ 57,000.00			
<b>TOTAL FUNDING</b>	<b>\$ 57,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

POSITIONS

Full-Time				
Part-Time				
Temporary				

ANALYSIS: (Attach a separate page if necessary)

See Action Memorandum 2016-22

PREPARED BY: Navin Bissram

November 30, 2016

DEPARTMENT: Finance

APPROVED BY: \_\_\_\_\_



**Subject:**

Authorize Task Order No. 3 to CRW Engineering to prepare the design work for additional repairs needed on the dock lift station and bid-ready documents

---

City Manager: Recommend Approval

Signature: Rose Loera

---

**Fiscal Note:**  Yes  No

**Funds Available:**  Yes  No

**Other Attachments:**

-- Copy of Task Order No. 3

---

**Summary Statement:**

The City has been working for the past few years on improvements to its waste water facilities with grant funding. One of the projects consists of replacing the entire Dock Lift Station building and control panel. During the work on the building, it was determined that the wet well flooring, piping and discharge elbows were in poor shape and was hampering the proper operation of the pumps. The wet well was not a part of the original RFP 2015-11 Dock Lift Station Replacement. CRW Engineering Group, LLC estimates the cost to design the new repairs and complete the RFP documents for advertising to be \$14,100. CRW completed the designs for improving all the other lift stations.

We anticipate using the DEC sewage system improvement grant for the design as well as the work which requires a 30% match. The 30% match will use City funds allocated for lift station improvements as specified in Resolution No. 2016-50 adopted by the Council September 1, 2016.

If the Council approves this action memorandum, the city manger would issue Task Order No. 3 to CRW Engineering Group, LLC to design the wet well repairs and develop the bid documents for the project to repair the dock lift station wet well floor, new wet well piping and new pump discharge elbows, for a cost not to exceed \$14,100.

Action Memorandum No. 2017-01

Summary Statement continued:

---

PASSED and APPROVED by a duly constituted quorum of the Dillingham City Council  
on \_\_\_\_\_.

\_\_\_\_\_  
Mayor

ATTEST:

[SEAL]

\_\_\_\_\_  
City Clerk

Route to	Department Head	Date
X	Finance Director	
X	Public Works Director	
X	City Clerk	

City of Dillingham  
Fiscal Note

Agenda Date: January 12, 2017

Contract w/ CRW Engineering for design work for additional repairs needed on dock lift station and preparation of RFP.

ORIGINATOR: Rose Loera

FISCAL ACTION (TO BE COMPLETED BY FINANCE)		FISCAL IMPACT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
AMOUNT REQUESTED: <p align="center">\$14,100</p>		FUNDING SOURCE <p align="center"><b>MMG28307 &amp; General Fund</b></p>	
FROM ACCOUNT		Project	
2100 8710 30 62 4411	\$4,230	Design work for additional repairs on Dock Lift Station & preparation of RFP.	
4423 8710 30 62 4411	\$9,870		
TO ACCOUNT:	VERIFIED BY: <u>Navin Bissram</u>	Date: <u>1/5/2017</u>	

EXPENDITURES

OPERATING	FY17			
<b>TOTAL OPERATING</b>	\$ -	\$ -	\$ -	\$ -

CAPITAL	\$ 14,100			
---------	-----------	--	--	--

REVENUE				
---------	--	--	--	--

FUNDING

General & Special Rev. Funds	\$4,230			
State/Federal Funds				
Other	9,870			
<b>TOTAL FUNDING</b>	\$ 14,100	\$ -	\$ -	\$ -

POSITIONS

Full-Time				
Part-Time				
Temporary				

ANALYSIS: (Attach a separate page if necessary)

See Action Memorandum No. 2017-01

PREPARED BY: Navin Bissram

January 5, 2017

DEPARTMENT: Finance

APPROVED BY: \_\_\_\_\_



## TASK ORDER 3

Engineering Services Task Order No. 3 as approved by Action Memorandum 2017 - 01

PROJECT NAME: Prepare the Design Work for Additional Repairs on Dock Lift Station and Bid Ready Documents

---

This Task Order pertains to a Notice to Proceed by and between the City of Dillingham ("OWNER") and CRW Engineering Group, LLC which was signed on \_\_\_\_\_, ("the AGREEMENT") for services described below as provided herein and in the Agreement. This Task Order shall not be binding until it has been properly signed by both parties. Upon execution, this Task Order shall supplement the Agreement as it pertains to the project described below.

### PART 1.0 PROJECT DESCRIPTION

CRW Engineering will provide design for wet well improvements to the Dock Lift Station and develop bid documents for the project to include repair of the wet well floor, new wet well piping and new pump discharge elbows, for a cost not to exceed \$14,100.

### PART 2.0 SCOPE OF SERVICES TO BE PERFORMED BY CONSULTANT

The scope of work includes design services as outlined in the December 20, 2016 letter to include the following:

1. Prepare Lift Station Design Drawings;
2. Prepare bid-ready Contract Documents & Specifications;
3. Prepare Cost Estimates; and,
4. Coordinate with ADEC for approval of proposed improvements.

### PART 3.0 OWNER'S RESPONSIBILITIES

1. The City of Dillingham will review and provide comments on preliminary design submittal.
2. The City of Dillingham will advertise the project for contractor bids and administer the bidding process.

### PART 4.0 DELIVERABLES AND TIME PERIOD

- Preliminary Design (75% complete) by February 13, 2017
- Final Design (100% Complete) will be stamped and signed by an engineer registered in the State. Submitted by March 13, 2017.

### PART 5.0 PAYMENT TO CONSULTANT

The fee proposal is a time & materials basis with a not-to-exceed amount of \$14,100.

This Task Order No. 3 is executed this \_\_\_\_\_ day of January 2017.

City of Dillingham  
"OWNER"

By: Rose Loera

CRW Engineering Group, LLC  
"CONSULTANT"

By: Pete Bellezza, PE.

Signature: \_\_\_\_\_  
Title: City Manager

Signature: \_\_\_\_\_  
Project Manager

2017-02

Action Memorandum No. \_\_\_\_\_

**Subject:**

Award Contract to Cruz Construction for the Repair of the Damage to the All-Tide Dock, and Repair the Anode Channel and Bullrail

---

City Manager: Recommend Approval

Signature: Rose Soera

---

Fiscal Note:  Yes  No

Funds Available:  Yes  No

**Other Attachments:**

- None

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**Summary Statement:**

The City All-Tide Dock has had two incidents, one in 2014 and the other in 2016, that caused damage to some piling and railing on the Dock. In a separate incident in 2013 when the dock sheet piling gave out, engineers determined that it could have been caused by the barges pivoting off the sheet piling and that dolphins should be placed on both ends to help minimize the issue. The other damages could also have been prevented if they were in place as well.

With the help of PND Engineering, we advertised a RFP (RFP No. 2016-13) to repair the damage to the dock, to complete the repairs needed on the Anode Channel and Bullrail that we had not been able to address in-house since 2013 and to install Dolphins on both ends of the Dock. We asked that the proposals be submitted with a bid for each of the there projects.

For the Dock Repairs the four bids ranged from \$230,000 - \$476,000; Dolphins \$289,300 - \$395,000 and the Channel and Bullrail the bids were \$5,000 - \$20,000. Cruz Construction submitted the lowest bid.

We had estimated that the Dolphins would cost about \$174,000. The bids came in far above what we anticipated. We have researched other alternatives and found that floating fenders on both ends of the dock would suffice and are considerably less expensive then installing Dolphins. Resolution No. 2017-04 addresses the purchase of

**Action Memorandum No.** 2017-02

**Summary Statement continued:**

floating fenders that are located in Dutch Harbor for \$34,000 plus shipping.

Staff recommends that we issue the contract to Cruz Construction for:

Dock Damages	\$230,000 - Funds from insurance & co. that caused the damages
Repair Anode Channel & Bullrail	- \$ 20,000 - City Dock Fund
Total Contract	\$250,000

City Dock fund balance as of June 30, 2016 is \$949,849.

---

PASSED and APPROVED by a duly constituted quorum of the Dillingham City Council on \_\_\_\_\_.

\_\_\_\_\_  
Mayor

ATTEST:

[SEAL]

\_\_\_\_\_  
City Clerk

Route to	Department Head	Date
X	Finance Director	
X	Port Director	
X	City Clerk	

City of Dillingham  
Fiscal Note

Agenda Date: January 12, 2017

Contract w/ Cruz Construction for the repair of damaged All-Tide Dock, Anode Channel, and Bullrail.

ORIGINATOR: Rose Loera

FISCAL ACTION (TO BE COMPLETED BY FINANCE) AMOUNT REQUESTED: <span style="float: right;">\$250,000</span>  FROM ACCOUNT  2300 8130 70 70 0000 0 <span style="float: right;">\$250,000</span>	FISCAL IMPACT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO FUNDING SOURCE <b>Dock Fund (including insurance proceeds)</b>  Project Repair damaged All-Tide Dock, Anode Channel, and Bullrail.	
TO ACCOUNT:	VERIFIED BY: <u>Navin Bissram</u>	Date: <u>1/5/2017</u>

EXPENDITURES

OPERATING	FY17				
<b>TOTAL OPERATING</b>	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL	\$ 250,000				
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REVENUE					
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FUNDING

General & Special Rev. Funds	\$250,000				
State/Federal Funds					
Other	-				
<b>TOTAL FUNDING</b>	\$ 250,000	\$ -	\$ -	\$ -	\$ -

POSITIONS

Full-Time					
Part-Time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

See Action Memorandum No. 2017-02

PREPARED BY: Navin Bissram

January 5, 2017

DEPARTMENT: Finance

APPROVED BY: \_\_\_\_\_