



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

**Department of Commerce, Community,
and Economic Development**

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October 30, 2019

Dennis Gray, Jr.
P.O. Box 360
Hoonah, AK 99829

Mr. Gray,

Staff has completed its informal technical review of the *Petition to the Local Boundary Commission for Incorporation of Xunaa Borough as a Non-Unified, Home-rule Borough, For Detachment of Certain Areas within the Haines Borough and the City and Borough of Sitka, and for Dissolution of the City of Hoonah*.

A borough incorporation petition involves many components and will be heavily scrutinized by the impacted residents, as well as the Local Boundary Commission. It must include enough information for the extensive reviews by the LBC staff, the commission, and the public.

Staff has found significant deficiencies in the draft petition provided to staff on October 4, 2019. Generally, the petition does not address all of the required standards or provide enough information for commission review, and raises several issues of broader statewide importance with regard to the boundaries. Our recommendation is to provide more detail in the discussion of how the proposed boundary change meets the standards.

Specifically, we found the following issues:

- The petition does not identify whether it is legislative review or local action.
- Section 9 regarding population contains inconsistent information. The number of registered voters and required signatures for a petition is different from actual population figures, and this section should be clarified.
- Section 11 regarding tax data is insufficient. Current and proposed rate information is useful, but there are no anticipated dollar amounts. Further, the document contains no information regarding property taxes currently levied in the Haines and Sitka Boroughs that would be detached and incorporated into the proposed new boundary.
- Section 12 and corresponding Exhibit E contain insufficient budget information. Suggested accompanying documents could include, at minimum, the 2019 operating and capital budgets, and 2018 single audit. Supplemental information should also include budgets from the Sitka and Haines boroughs as required per 3 AAC 110.420(b)(11)(C)

- Section 13 provides little information on the existing long-term municipal debt. This information should be fully disclosed.
- Section 14, as well as in the transition plan later, there should be a more thorough discussion of the current powers of the City of Hoonah and the proposed powers of the Xunaa Borough. For example, police protection—or public safety—please define and explain this power as it will be exercised and as it is currently exercised.
- Transition Plan (Exhibit F):
 - This plan lacks sufficient detail. There must be a thorough documentation of every step of the transition process. Examples of deficiencies include lack of detail on taxation of the commercial fishery, student population outside of the Hoonah townsite site and how education services could be provided, and acquisition of properties such as the Elfin Cove boat harbor.
 - As per 3 AAC 110.900, the plan must be prepared in consultation with the appropriate officials. There is no evidence or documentation of this.

This should include, but is not limited to: The City and Borough of Sitka, the Chatham REAA, Haines Borough, the City and Borough of Juneau, Elfin Cove Community Association, City of Tenakee Springs, City of Gustavus, City of Pelican, and Glacier Bay National Park.
 - The transition plan must explicitly state if this process is local action and the election process information.
 - Assets and liabilities must be discussed in detail.
 - The transition plan contains no information about whether additional staff will be utilized.
- Section 19, Exhibit G: The petitioner's brief is similarly important to the commission's ruling, and is your opportunity to provide a detailed argument for the formation of the borough. Per 3 AAC 110.420(b)(19), a supporting brief should provide a detailed explanation of how the proposal serves the best interests of the state and satisfies each constitutional, statutory and regulatory standard that is relevant to the proposed commission action.

The petitioner's brief contains little information on how the petition meets the standards for detachment from boroughs described in 3 AAC 110.060 (e).

In addition, the brief does not adequately address 3 AAC 110.910, or 3 AAC 110.970.

LBC staff and the commission must consider the impact of a borough incorporation on the remainder of the state, Southeast, and the surrounding communities including those cities that have been excluded from the proposed boundaries. Every boundary, including those requiring detachment from existing boroughs, must be justified. In addition, municipal boundaries are limited to those of the state, which only reach to the three-mile limit offshore.

We have not yet received your geodatabase files so we have not reviewed the legal description.

We have also found several issues with the draft charter. Our review of the charter is not a legal review. These can be discussed in a subsequent phone call.

The missing materials noted in this informal technical review are not comprehensive, and other issues may be noted on subsequent reviews. Please do not hesitate to reach out to us if you have any questions at all.

Sincerely,



Eileen C. Raese
Local Government Specialist



Jedediah R. Smith
Local Government Specialist