

# **Petition**

to the Local Boundary Commission to

Annex Approximately 245 Square Miles of Popof Island  
and its Surrounding Waters to the City of Sand Point

By the Legislative Review Method

The Petitioner requests that the Local Boundary Commission grant this Petition for annexation under Article X, Section 12 of the Constitution of the State of Alaska, AS 29.06.040(a) and (b), AS 44.33.812, and 3 AAC 110.140.

This petition incorporates by reference all of the attached exhibits. All of the petition's sections and exhibits need to be addressed and filled out. If a requirement does not apply, simply state "not relevant." If the Petitioner has already addressed a requirement, simply state where the requirement was addressed.

"Territory" means the territory proposed for annexation. "City" means the city that seeks to annex the territory. "Proposed expanded boundaries of the city" means the city plus the territory.

**Section 1. Name of the Petitioner. 3 AAC 110.420(b)(1).**

The name of the petitioner is the City of Sand Point (hereafter "Petitioner" or "city"). This city is located within the Aleutians East Borough.

**Section 2. Petitioner's Representative. 3 AAC 110.420(b)(2).**

The Petitioner designates the following individual to serve as its representative in all matters concerning this proposed annexation:

Name: Andy Varner  
Physical address: 3300 Madison Way Anchorage, AK 99508  
Mailing address: Same  
Phone number: 907.274.7561 Fax number: 907.274.3540  
Email address: [avarner@sandpointak.org](mailto:avarner@sandpointak.org)

**Petitioner's Alternate Representative**

The Petitioner designates the following person to act as alternate representative in matters regarding the annexation proposal in the event that the primary representative is absent, resigns, or fails to perform his or her duties:

Name: Mayor Glen Gardner, Jr.  
Physical address: PO Box 444 Sand Point, AK 99661

Mailing address: \_\_\_\_\_

Phone number: 907.383.2696 Fax number: 907.383.2698\_\_\_\_\_

Email address: [sptcity@arctic.net](mailto:sptcity@arctic.net)\_\_\_\_\_

**Section 3. Name and Class of the City for Which a Change is Proposed. 3 AAC 110.420(b)(3).**

The name and class of the city proposing annexation is:

Name: Sand Point Class: First

**Section 4. General Description of the Nature of the Proposed Boundary Change. 3 AAC 110.420(b)(4).**

This petition, initiated by the City under the authority of 3 AAC 110.410(a)(4), requests that the Local Boundary Commission authorize the annexation of territory generally described as Popof Island and surrounding and submerged waters to the City under the legislative review method.

**Section 5. General Description of the Territory Proposed for Annexation.**

**3 AAC 110.420(b)(5).** The City of Sand Point sits on the western portion of Popof Island, one of a group of 20 landmasses in the Shumagin Islands located in the Aleutians East Borough. This group of islands is situated directly south of the Alaska Peninsula and roughly 600 air miles from Anchorage.

The territory proposed for annexation is approximately 245 square miles. The proposed area encompasses all of Popof Island, the eastern border of Unga Island, the southern border of Korovin Island, and several small, uninhabited islands, all within Popof Strait, Korovin Strait, and a portion of West Nagai Strait.

The proposed annexation territory presently has zero residents. The municipal landfill and a rock quarry are within the Popof territory. Additional terrestrial uses on Popof Island are primarily recreational and subsistence activities including a buffalo hunt, ATV riding, berry picking, hiking, boating, and fishing. Many Sand Point residents travel to nearby Unga Island for subsistence uses, hiking, berry picking, kayaking, and fishing.

There is commercial and subsistence fishing activity in the immediate off-shore waters of Popof Island, Unga Island, and Korovin Island. Prospective development on Popof Island includes hiking trails, tourism, mining (gold and silver), and further infrastructure development such as roadways, culverts, and related appurtenances. Mining and tourism opportunities exist on Unga Island as well, although this annexation proposal only pertains to the water between Popof Island and Unga Island and has no impact to land activities on Unga Island.

**Section 6. Reasons for the Proposed Boundary Change. 3 AAC 110.420(b)(6).**

The reasons for the proposed boundary change include extraterritorial powers available to the City in the form of taxation authority, in addition to anticipated economic development and anticipated health and safety concerns. An attendant objective of the proposal is for cultural and Native preservation between the Sand Point and Unga Island communities.

A primary purpose for the proposed change is to address inequities in our tax system by distributing more tax dollars from Sand Point resident fishermen into the community to help pay for public services that the fishing fleet and its families presently consume. Currently, some Sand Point harvesters in select fishing areas around Popof Island and the surrounding waters may deliver to a tender vessel that takes the raw fish (salmon and some groundfish) to another community for processing. In those instances, the raw fish tax dollars flow to another community, rather to Sand Point where the fishermen reside and depend on public services. Annexing the entire island and surrounding waters will incorporate those tendering transactions, making them eligible for raw fish taxation to the Sand Point community. There have also been instances where transfers of raw and processed seafood products around Popof Island have occurred, but the City had no authority or mechanism to tax those transactions. This petition would also allow the City to tax any seafood harvested and processed on board the same vessel, provided that activity occurred within municipal boundary waters.

Additionally, Sand Point residents (and visitors) have always explored the landscapes of Popof Island, year-round, whether through buffalo hunts in the hills, the Silver Salmon Derby around Red Cove, or beachcombing, paddling, berry picking and hiking on the back trails. A goal of the City and the tribes of Sand Point has been to develop those access routes more fully, either through formal roads or developed trail systems. The City could apply for transportation funding if those routes were within municipal boundaries. Encompassing this land as part of the municipality will also enable the City to provide effective emergency response capabilities and other public services in broader swaths of the island, especially if established transportation corridors exist.

Similarly, Sand Point residents have traditionally travelled back and forth between Popof Island and nearby Unga Island, just several hundred meters from town. Community members traverse the small channel between the two islands to hike, fish, kayak, beachcomb, hunt, explore the rare petrified tree stumps, and participate in other cultural activities. Sand Point fishermen also commercial fish in the waters surrounding Unga Island.

Annexation will also address the exposure created by the expended resources in extra-territorial emergency responses outside the current boundaries. The City of Sand Point's Department of Public Safety and our trained volunteers operate the *Rainmaker*, a 32' aluminum fireboat equipped to respond to emergencies on the waters surrounding Sand Point. Over the past decade, our EMS volunteers have used the boat and our EMS/Public Safety crews to respond to emergencies all over the proposed annexation territory. Some of these events include: fire responses in the villages of Unga and Squaw Harbor; emergencies in nearby Baralof Bay and Delarof Harbor on eastern Unga; fire responses on the eastern (back) side of Popof Island, in addition to a missing person search in that area stretching from Pirate Cove to Simeon Bight; stranded vessel responses several miles north of Danger Point, in the Korovin Strait; and a sinking vessel response all the way over to Korovin Bay and east of Cape Devine. Those and all instances deprive Sand Point residents of services that otherwise would be required when an emergency occurs in our current boundaries, but are redirected elsewhere. The City pays for insurance, fuel, training, maintenance, and other operating expenses in order to keep the *Rainmaker* and our crews emergency-ready at all times.

Moreover, through the past few decades many families have migrated over to Sand Point from the communities of Unga and Squaw Harbor, both located on the eastern portion of Unga Island. Both Unga and Squaw Harbor are essentially now ghost towns, but were once flourishing fishing villages with year-round populations. Once the economies of those communities slowed and became uninhabited, many of the residents and their families moved over to Sand Point, just several miles away. The Unga Tribe and Unga Corporation have their offices in Sand Point. Absorbing the eastern seaboard of Unga Island into the Sand Point municipality would maintain the “community fabric” of these very similar places, while not affecting land ownership issues on Unga. Likewise, many villagers that used to inhabit Korovin Island (on the NE boundary of the proposed annexation) migrated to Sand Point once those villages became uninhabited.

Lastly, there are prospective mining claims on Popof Island near Red Cove. If those claims were ever developed, the City would have no way of receiving royalties or extraction taxes without an annexation of the island. Sand Point would no doubt be affected by such development, and annexation would help the City in cost recovery in this instance.

**Section 7. Legal Descriptions, Maps, and Plats. 3 AAC 110.420(b)(7).**

- a) **Legal Description of the Territory Proposed for Annexation. Exhibit A-1** provides a legal metes and bounds description of the territory.
- b) **Legal Description of Existing City. Exhibit A-2** provides a legal metes and bounds description of the existing city’s boundaries.
- c) **Legal Description of Proposed Post-Annexation Boundaries. Exhibit A-3** provides a legal metes and bounds description, including the USGS quad information and dates, of the proposed post-annexation city boundaries.
- d) **Maps and Plats. Exhibit A-4** provides a map showing the existing boundaries of the city and the boundaries of the territory.

**Section 8. Size of the Territory Proposed for Annexation. 3 AAC 110.420(b)(8).**

- a) The existing city proposing annexation encompasses   29   square miles.
- b) The territory encompasses   245   square miles.

- c) The city after the proposed annexation would encompass 274 square miles.

**Section 9. Data Estimating the Population of the Territory Proposed for Annexation. 3 AAC 110.420(b)(9).**

- a) The estimated population within the current boundaries of the city is 951 persons\*.
- b) The estimated population of the territory is 0 persons.
- c) The estimated population of the city after the proposed annexation is 951 persons.

\*An April 5, 2016 letter from DCRA Director Karen Eldemar to Mayor Glen Gardner, Jr stated that State Demographer Eddie Hunsinger determined Sand Point's population figure of 951 for July 1, 2015.

**Section 10. Information Relating to Public Notice and Service of the Petition. 3 AAC 110.420(b)(10).**

See Exhibit B.

**Section 11. Tax Data. 3 AAC 110.420(b)(12).**

- a) **The assessed or estimated value of taxable property in the territory proposed for annexation** (for any existing municipality for which a change is proposed that currently levies or proposes to levy property taxes).

Real property	\$0
Personal property	\$0
Total	\$0

- b) **Projected taxable sales in the territory proposed for annexation** (for any existing municipality for which a change is proposed that currently levies or proposes to levy sales taxes).

The City of Sand Point assesses a 4% sales tax and a 2% raw fish tax. Based on discussions and data from the Alaska Department of Fish & Game and the Commercial Fisheries Entry Commission (CFEC), we estimate an additional \$3,000,000 in annual salmon deliveries in the new territory, and \$400,000 in annual ground-fish/other species deliveries in the new territory. This amounts to \$3,400,000 total delivery value, and taxed at 2%, represents approximately \$68,000 in projected annual raw fish sales tax revenues in the territory.

Additionally, some catcher/processor vessels conduct sales just outside of current municipal territory. Based on some of the same discussions with CFEC, we project the value of taxable sales within the new territory to be \$300,000. At a rate of 4% on processed product, projected annual sales tax revenues in the territory will be \$12,000.

**c) Taxes currently levied by municipal governments within the territory proposed for annexation.** List the type and rate of each tax currently levied by any municipal government within the territory:

The Aleutians East Borough levies a 2% tax on the sale of raw seafood within the proposed territory.

The City of King Cove (80 miles away) also levies a 2% raw fish tax, and if harvesters around Popof Island deliver their catch to a tender within the proposed territory for eventual processing in King Cove, their tax would apply to those sales.

**Section 12. Budget Information. 3 AAC 110.420(b)(13)(B).**

**Exhibit C** presents projected revenue, operating expenditures, and capital expenditures for any existing municipality for which a change is proposed, for one full fiscal year beyond the reasonably anticipated date to complete any transition set out in 3 AAC 110.900.

**Section 13. Existing Long Term Municipal Debt. 3 AAC 110.420(b)(14).**

<u>Name/type of debt</u>	<u>Purpose of debt</u>	<u>Date debt will be fully paid</u>
General Obligation Bond	Small boat harbor rehabilitation	02/01/2038
Amount of GO Bond is \$3M, with an approximate \$180,000 annual debt service.		

**Section 14. Municipal Powers and Functions. 3 AAC 110.420(b)(15).**

The funded powers and functions of the City of Sand Point include:

- Public safety
- Volunteer fire department, EMS, search and rescue
- Boat harbor facilities, including city dock
- Water and wastewater utilities
- Refuse collection and landfill
- Comprehensive and land use planning
- Road maintenance
- Library operations
- Tax collection

The Aleutians East Borough has taxation authority in the new territory (see Sect. 11 above). Those powers will not change with the proposed annexation. The Aleutians East Borough School District provides K-12 education services, and their powers will not change with the proposed annexation.

The Shumagin Corporation is the village corporation for Sand Point and the surface estate owner of Popof Island and portions of Unga Island. The Shumagin Corp. also manages a buffalo hunt on Popof Island. Their powers and functions will not change with the proposed annexation. The Aleut Corporation is the sub-surface estate owner on both Popof and Unga Islands. Their powers and functions will not change with the proposed annexation. The Unga Corporation is the village corporation and the surface estate owner for Unga Island. This petition should have no effect on their operations and their powers and functions will not change with the proposed annexation.

**Section 15. Transition Plan. 3 AAC 110.420(b)(16).**

See **Exhibit D**.

**Section 16. City Council Composition and Apportionment. 3 AAC 110.420(b)(17).**

Describe the composition and apportionment of the city council of the city proposing annexation, both before and after the proposed change.

The City Council consists of a Mayor and six members elected by the voters at large, with no restrictions on representation within the City area. The annexation will cause no change to the composition of the City Council or apportionment.

**MAYOR**

Mayor Glen Gardner Jr. - Office Exp. 2017

**COUNCIL MEMBERS**

Danny Cumberlidge                      Seat A - Exp. 2016

Allan Starnes                              Seat B - Exp. 2017

Shirley Brown                             Seat C - Exp. 2016

Jack Foster Jr.                             Seat D - Exp. 2017

Marita Gundersen                         Seat E - Exp. 2018

Emil Mobeck                                Seat F - Exp. 2018

**Section 17. Supporting Brief. 3 AAC 110.420(b)(19).**

See **Exhibit E**.

**Section 18. Documentation Demonstrating that the Petitioner is Authorized to File the Petition Under 3 AAC 110.410. 3 AAC 110.420(b)(20).**

**Exhibit F** provides a certified copy of the resolution adopted by the city council authorizing the filing of this Petition.

**Section 19. Petitioner's Affidavit. 3 AAC 110.420(b)(22).**

See **Exhibit G**.

**Exhibit A-1.**

**Legal Metes and Bounds Description of the Territory Proposed for Annexation**

1. **Beginning at the low water mark on a point on the east shore of Unga Island at 55° 23' 00" N latitude (*that is the northwest corner of the existing City of Sand Point boundary*), the true point of beginning;**
2. **Thence, north along the line of low water on the shore of Unga Island where it intersects 55° 23' 27.25" latitude and 160° 33' 55" W longitude;**
3. **Thence, north to 55° 24' 00" N latitude and 160° 33' 55" W longitude;**
4. **Thence, east to a point on the line of low water on the west shore of Korovin Island at 55° 24' 00" N latitude and 160° 19' 43.16" W longitude;**
5. **Thence, southeasterly along the point of low water on the shore of Korovin Island where it intersects with 55° 22' 41.44 N latitude and 160° 9' 40" W longitude;**
6. **Thence, south to 55° 7' 50" N latitude and 160° 9' 40" W longitude;**
7. **Thence, west to a point on the east shore of Unga Island at 55° 7' 50" N latitude and 160° 31' 27.38" W longitude;**
8. **Thence, north along the line of low water on the shore of Unga Island where it intersects with 55° 16' 00" N latitude and 160° 33' 15.2" W longitude (*the current southwest corner of the City of Sand Point*);**
9. **Thence, east to 55° 16' 00" N latitude and 160° 27' 30" W longitude;**
10. **Thence, north to 55° 23' 00" N latitude and 160° 27' 30" W longitude;**
11. **Thence, west to at the low water mark on a point on the east shore of Unga Island (*that is the northwest corner of the existing City of Sand Point boundary*), the true point of beginning; containing 245 square miles, more or less, including approximately 217.5 square miles of water and 27.5 square miles of land.**

**Exhibit A-2.**

**Legal Metes and Bounds Description of the Existing City**

- 1. Beginning at the low water mark of Popof Strait on the south shore of Popof Island where it intersects 160" 27' 30" W longitude, the true point of beginning;**
- 2. Thence, north to 55" 23' N latitude;**
- 3. Thence, west to a point on the line of low water on the east shore of Unga Island;**
- 4. Thence, southerly along the line of low water of Popof Strait on the east shore of Unga Island to 55" 16' N latitude;**
- 5. Thence, east to 160" 27' 30" W longitude;**
- 6. Thence, north to a point on the low water mark of Popof Strait on the south shore of Popof Island, the true point of beginning; containing 29 square miles, more or less, situated in the Third Judicial District, State of Alaska.**

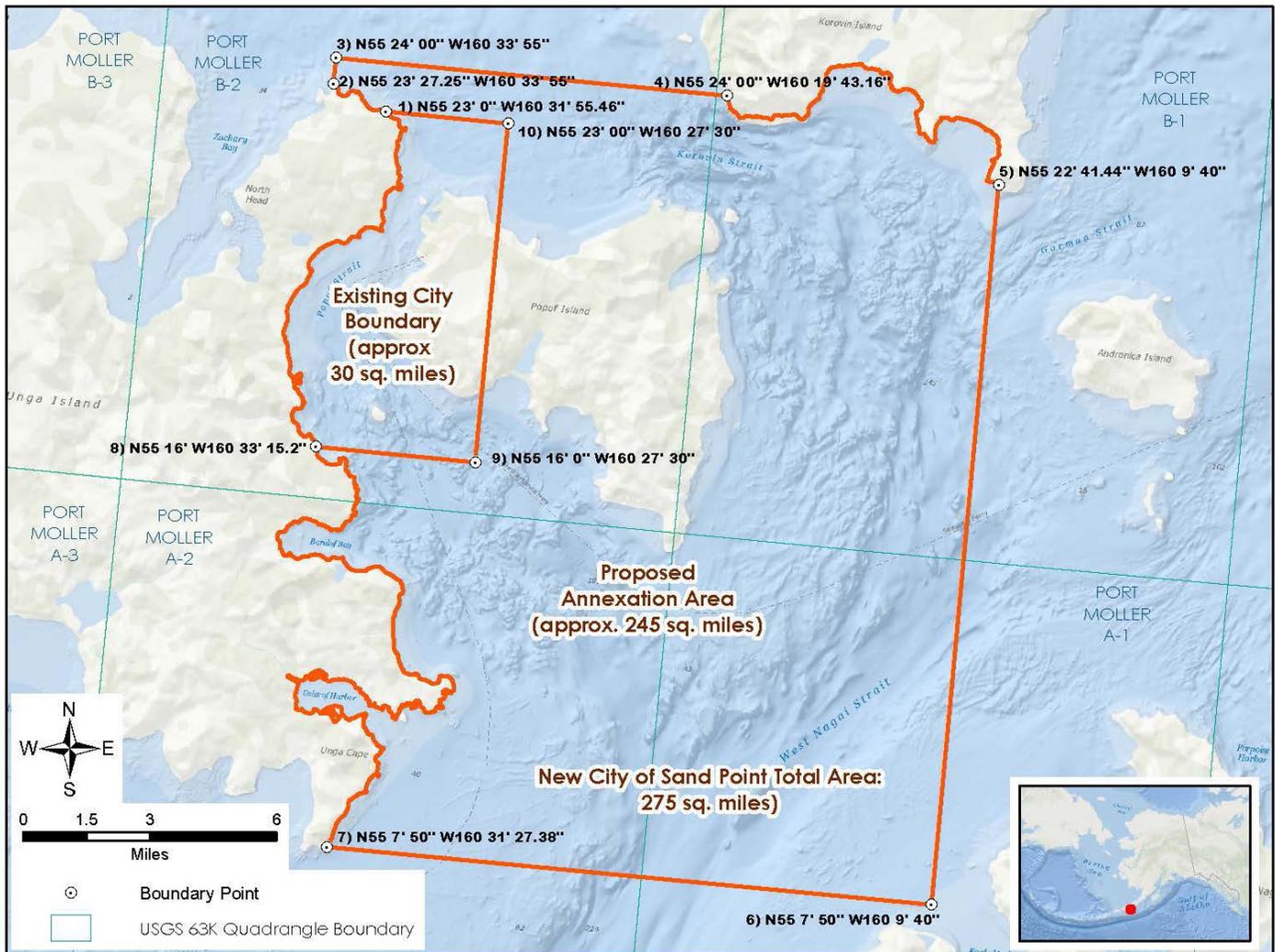
**Exhibit A-3.**

**Legal Metes and Bounds Description of the City Boundary After the Proposed Annexation**

1. Beginning at the low water mark on a point on the east shore of Unga Island at 55° 23' 00" N latitude, the true point of beginning;
2. Thence, north along the line of low water on the shore of Unga Island where it intersects 55° 23' 27.25" latitude and 160° 33' 55" W longitude;
3. Thence, north to 55° 24' 00" N latitude and 160° 33' 55" W longitude;
4. Thence, east to a point on the line of low water on the west shore of Korovin Island at 55° 24' 00" N latitude and 160° 19' 43.16" W longitude;
5. Thence, southeasterly along the point of low water on the shore of Korovin Island where it intersects with 55° 22' 41.44 N latitude and 160° 9' 40" W longitude;
6. Thence, south to 55° 7' 50" N latitude and 160° 9' 40" W longitude;
7. Thence, west to a point on the east shore of Unga Island at 55° 7' 50" N latitude and 160° 31' 27.38" W longitude;
8. Thence, north along the line of low water on the east shore of Unga Island to where it intersects with 55° 23' 00" N latitude and 160° 31' 55.46" W longitude, the true point of beginning; containing 275 square miles, more or less, including approximately 239.5 square miles of water and 35.5 square miles of land.

### Exhibit A-4. Maps and Plats

This exhibit shows a map showing the existing boundaries of the city and the boundaries of the territory proposed for annexation. Any plats required by the Department of Commerce, Community, and Economic Development (“Department” or “Commerce”) to demonstrate the accuracy of the legal descriptions in Exhibit A-1, A-2, or A-3 are also included.





**Three or more prominent places readily accessible to the public and within or near the boundaries proposed for change to post notices concerning this petition:**

Location and address	Days and times open to the public
Post Office, 9998 Main St, Sand Point, AK 99661	24 hrs, 7 days/week
City Hall, 249 Main St, Sand Point, AK 99661	8 – 5 pm, M – F
AC Store, 100 Main St, Sand Point, AK 99661	9 – 7 pm, Su – Sa
Sand Point Boat Harbor House, 1 Main St, Sand Point	8 – 5 pm, M – F
Sand Point Library, 269 Red Cove Rd, Sand Point	7 pm – 9 pm, M – Sa

**Adjacent municipalities (including service areas) whose boundaries extend within twenty miles of the boundaries of the proposed boundaries (with address and contact information, including email):**

Municipality	Address and contact information
Aleutians East Borough	PO Box 349, Sand Point, AK 99611
	Ph: 907.383.2699
	Email: tanderson@aeboro.org

**Individuals and entities whose potential interest in the annexation proceedings may warrant individual notice of the filing of the petition:**

Name	Address	Email address
Shumagin Corporation	PO Box 189 Sand Point	president@shumagin.com
Unga Corporation	PO Box 130 Sand Point	
Aleut Corporation	4000 Old Seward Highway	info@aleutcorp.com

**Location(s) where the petition materials will be available for public review:**

Location and address	Days and times open to the public
City Hall, 249 Main St, Sand Point, AK 99661	8 – 5 pm, M – F
Sand Point Library, 269 Red Cove Rd, Sand Point	7 pm – 9 pm, M – Sa
AEB Sand Point Office, Humbolt Lane, Sand Point	8 – 5 pm, M – F
<a href="http://www.sandpointak.com">www.sandpointak.com</a>	

**Exhibit C.**

**Projected Revenues, Operating Expenditures, and Capital Expenditures**  
*(include any years leading up to that full fiscal year)*

The City projects that annexation should bring in additional revenues in sales tax and raw fish tax, for the reasons outlined in Section 11 in this petition. The City projects some new minimal expenditures in the Administration budget. The following two tables include the budgets for FY16 (current year), FY17 (approved for July 1, 2016 year), and the two proceeding years after annexation.

**Table 1: Revenues**

<b>Projected Revenues</b>				
Budget Year	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
(July-June 30)	<b>(Current)</b>	<b>(Adopted)</b>	<b>Transition</b>	<b>Post</b>
			<b>Year One</b>	<b>Transition</b>
<b>Operating Revenues</b>				
<b>Local</b>				
Sales Tax	\$ 850,000	\$ 850,000	\$ 875,000	\$ 900,000
Raw fish tax	\$ 600,000	\$ 620,000	\$ 700,000	\$ 710,000
Bed Tax	\$ 16,500	\$ 17,500	\$ 19,000	\$ 20,000
Bingo/Gaming	\$ 515,300	\$ 545,300	\$ 550,000	\$ 555,000
Silver Salmon Derby	\$ 19,250	\$ 22,500	\$ 24,000	\$ 25,000
Clinic Maintenance MOA	\$ 32,777	\$ 42,000	\$ 45,000	\$ 45,000
Water/Sewer	\$ 344,600	\$ 284,000	\$ 285,000	\$ 290,000
Harbor	\$ 567,700	\$ 583,000	\$ 585,000	\$ 590,000
Refuse Collection	\$ 156,000	\$ 146,500	\$ 150,000	\$ 150,000
PILT: Seafood Processing	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Gravel Sales	\$ -	\$ 20,000	\$ 35,000	\$ 40,000
Business License Fees	\$ 7,100	\$ 7,500	\$ 8,000	\$ 8,500
Leases & Rentals	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Other Misc Income	\$ 70,000	\$ 75,000	\$ 75,000	\$ 75,000
Reserves	\$ 200,000	\$ 85,000		
<b>Non-Local</b>				
SoA Revenue Sharing	\$ 138,000	\$ 90,000	\$ 65,000	\$ 50,000
SoA Shared Fish Taxes	\$ 285,000	\$ 300,000	\$ 300,000	\$ 300,000
ANC Office Dividend	\$ 20,000	\$ 25,000	\$ 25,000	\$ 25,000
Public Safety Grants	\$ 35,000	\$ 67,500	\$ 40,000	\$ 25,000
PERS On-Behalf Funding	\$ -	\$ 30,000	\$ 30,000	\$ 30,000
<b>Total Operating Revenues</b>	<b>\$ 4,157,227</b>	<b>\$ 4,080,800</b>	<b>\$ 4,081,000</b>	<b>\$ 4,108,500</b>
<b>Capital Project Revenues</b>				
Borough Capital Grants	\$ 50,000	\$ 100,000	\$ 50,000	\$ 50,000
Federal Capital	\$ -	\$ -	\$ 200,000	\$ 200,000
State Capital	\$ -	\$ -	\$ -	\$ 100,000
<b>Total Capital Revenues</b>	<b>\$ 50,000</b>	<b>\$ 100,000</b>	<b>\$ 250,000</b>	<b>\$ 350,000</b>
<b>TOTAL REVENUES</b>	<b>\$ 4,207,227</b>	<b>\$ 4,180,800</b>	<b>\$ 4,331,000</b>	<b>\$ 4,458,500</b>

**Table 2: Expenses and Fund Balance**

<b>Projected Expenses</b>				
Budget Year	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
(July-June 30)	<b>(Current)</b>	<b>(Adopted)</b>	<b>Transition</b>	<b>Post</b>
			<b>Year One</b>	<b>Transition</b>
<b>Operating Expenditures</b>				
Administration	\$ 995,755	\$ 980,000	\$ 980,000	\$ 980,000
Legislative	\$ 138,000	\$ 130,000	\$ 130,000	\$ 130,000
Public Safety	\$ 590,000	\$ 530,000	\$ 535,000	\$ 530,000
Public Works	\$ 620,000	\$ 614,600	\$ 610,000	\$ 610,000
Parks & Recreation	\$ 28,000	\$ 25,500	\$ 25,500	\$ 25,500
Clinic	\$ 32,777	\$ 35,000	\$ 35,000	\$ 35,000
Facilities	\$ 250,000	\$ 250,000	\$ 250,000	\$ 260,000
Bingo/Gaming	\$ 473,500	\$ 505,000	\$ 500,000	\$ 500,000
Silver Salmon Derby	\$ 19,250	\$ 18,750	\$ 19,000	\$ 20,000
Water/Sewer	\$ 344,600	\$ 284,000	\$ 285,000	\$ 290,000
Harbor	\$ 550,000	\$ 556,750	\$ 560,000	\$ 560,000
Refuse Collection	\$ 150,000	\$ 145,850	\$ 146,500	\$ 150,000
<b>Total Operating Expenditures</b>	<b>\$4,191,882</b>	<b>\$4,075,450</b>	<b>\$4,076,000</b>	<b>\$4,090,500</b>
<b>Capital Expenditures</b>				
Borough Capital Grants	\$ 20,000	\$ 100,000	\$ 50,000	\$ 50,000
Federal Capital	\$ -	\$ -	\$ 200,000	\$ 200,000
State Capital	\$ -	\$ -	\$ -	\$ 100,000
<b>Total Capital Expenditures</b>	<b>\$ 20,000</b>	<b>\$ 100,000</b>	<b>\$ 250,000</b>	<b>\$ 350,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$4,211,882</b>	<b>\$4,175,450</b>	<b>\$4,326,000</b>	<b>\$4,440,500</b>
<b>Projected Surplus/(Deficit)</b>	<b>\$ (4,655)</b>	<b>\$ 5,350</b>	<b>\$ 5,000</b>	<b>\$ 18,000</b>

**Exhibit D.**

**Transition Plan.**

A) *As required under 3 AAC 100.900, does the petition include a practical transition plan:*

- *Per 3 AAC 110.900(a), demonstrating the municipality's capacity to extend essential municipal services into the boundaries proposed for change in the shortest practical time after the proposed change would take effect?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The City already provides some public services, primarily public safety, to the rest of Popof Island and surrounding waters when the need arises and the situation is reasonable. Police officers have assisted with searches up in the hills when a hunter or hiker has been lost, for instance. However, the territory within the proposed boundaries is primarily water, and again the only tangible *essential* public service the City would be expected to provide is some level of public safety, to a reasonable extent. Our firefighting watercraft has assisted with multiple incidents over the years, as far as Korovin Island. Depending on the extent of the emergency and the distance from Sand Point Harbor, however, the Coast Guard, Alaska State Troopers, or another agency would be the appropriate responder. In short, existing City staff have the capacity to fulfill expanded municipal services and projects to the proposed area.

- *Per 3 AAC 110.900(b), to assume all relevant and appropriate powers, duties, rights, and functions presently exercised by an existing borough, city, unorganized borough service area, or other appropriate entity located within the boundaries proposed for change?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The City has the capacity to assume the relevant powers and duties of appropriate public service in the proposed area. There are currently no residents nor public services available in this territory and that is unlikely to change in the event of annexation.

- *Per 3 AAC 110.900(c), to transfer and integrate all relevant and appropriate assets and liabilities of an existing borough, city, unorganized borough service area, and other entities located within the boundaries proposed for change?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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There are little to no existing assets and liabilities that the City will need to transfer and integrate into our current public services portfolio.

- *Per 3 AAC 110.900(c), that specifically addresses procedures ensuring that the transfer and integration of assets and liabilities occurs without loss of asset value or credit reputation, or a reduced bond rating for liabilities?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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See the previous response regarding the lack of assets and liabilities that the City would need to incorporate.

*B) Per 3 AAC 110.900(b) and (c), is the plan designed to affect an orderly, efficient, and economical transfer within the shortest practicable time (not exceeding two years) after the proposed change would take effect?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The transition should not take more than six months. The main entity to work out the transfer with is the Shumagin Corporation, due to their land ownership rights. The City and the Corporation have a good working history so we anticipate minimal issues with the transition.

*C) Per 3 AAC 110.900(b) and (c), was the plan prepared in consultation with officials of each existing borough, city, and unorganized borough service area?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Yes, in addition to the Village Corporation and Regional Corporation.

- *Per 3 AAC 110.900(e), does the plan state the names and titles of all those officials who were consulted by the petitioner, and the consultation subjects and dates?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

<b>Officials consulted for the transition plan</b>			
<b>Name</b>	<b>Title and organization</b>	<b>Date(s) consulted</b>	<b>Subject(s) discussed</b>
Stanley Mack	Mayor, Aleutians East Bor.	Feb. 9, 2016	Overview
Rick Gifford	Administrator, AEB	Feb. 5, 2016	Overview
Board members	Shumagin Corp.	January 30, 2016	Potential land issues
Dick Jacobsen	Chairman, The Aleut Corp.	January 27, 2016	Potential land issues
Amy Foster	Board member, Unga Corp.	Jan. 12; Feb. 8, 2016	Potential land issues

- *Per 3 AAC 110.900(f), was the prospective petitioner unable to consult with those officials because they chose not to consult with the petitioner, or were unavailable during reasonable times to consult?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
------------------------------	--

There were no issues consulting with requested officials.

- *If yes, the petitioner may request that the commission waive the consultation requirement. If so, the Petitioner must document all attempts it made to consult with those officials. Is the petitioner submitting such a request, and is it documenting all its attempts to consult with those officials?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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**Exhibit E.**  
**Supporting Brief**

This supporting brief provides a detailed explanation of how the proposed annexation serves the best interests of the state, and satisfies each relevant constitutional, statutory, and regulatory standard. In preparing the brief, the Petitioners should examine the language of the standards themselves – the below merely summarizes the standards.

If a requirement does not apply, simply state “not relevant.” If the Petitioner has already addressed a requirement, simply state where it was addressed. Please be aware that the regulations often repeat the statutes, but sometimes have subtle differences or additional criteria. To avoid repetition, it suffices to explain how the petition meets the regulations, and refer to that explanation when addressing the statutes, *as long as everything stated in the statute is covered by the regulation.*

Further, many standards list factors that the commission *may* consider. The word “may” indicates that it is optional for the commission to consider those factors. The LBC is not required to consider them, nor is it limited to those factors. Instead, they are guidelines for the LBC to use in evaluating the overall standard. Thus, the Petitioner is not required to address every single “may” factor. The brief should answer the following questions:

A. *Per 3 AAC 110.090(a), does the territory proposed for annexation exhibit a reasonable need for city government?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The reasons for the proposed boundary change include anticipated health and safety concerns and anticipated economic development. As noted elsewhere in this petition, if an accident or emergency were to happen in the proposed territory, the City’s Public Safety Department- including police, fire and emergency services- would be the first responders *as things currently stand.* Annexation will among other things ensure that our personnel and equipment (such as the firefighting watercraft) are being employed within

the City's boundaries. Responses outside of the City deprive Sand Point residents of services that otherwise would be required when an emergency occurs in our current boundaries, but are redirected elsewhere. The City pays for insurance, fuel, training, maintenance, and other operating expenses in order to keep the *Rainmaker* and our crews emergency-ready at all times.

The annexation would also grant the City the power to tax on the fishing grounds where many Sand Point fishermen harvest product. These fishermen rely on the services provided by the City- and are already paying a fish tax to the Borough and perhaps another municipality subject to delivery- and granting Sand Point the taxing authority in this territory will help our tax base and broaden the City's ability to provide services in these times of shrinking budgets. The direct benefit of new taxing authority would be Sand Point residents and the fishermen who depend on the services our City provides with the harbors, dock, emergency response, health clinic, landfill, etc.

*B. In accordance with 3 AAC 110.090(b), can essential municipal services [determined under 3 AAC 110.970] be provided more efficiently and more effectively by the city than by:*

- *another existing city;*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Sand Point is the only City within the proposed territory.

- *or by an organized borough, on an areawide or non-areawide basis,*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The City of Sand Point is the only service provider in the territory.

The Aleutians East Borough provides no services in the territory proposed for annexation.

- *or through an existing borough service area established in accordance with art. X, sec. 5 of Alaska's constitution?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The City of Sand Point is the only service provider in the territory.

*C. Per 3 AAC 110.100, is the territory compatible in character with the city?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Current Sand Point residents explore the entire Popof Island, commercial and subsistence fish in the surrounding waters, and travel to Unga Island for a variety of reasons. Many residents of the former villages of Unga and Squaw Harbor (both located on Unga Island's east coast) relocated to Sand Point. Families from the former village on Korovin Island migrated to Sand Point decades ago. The Unga Tribe and Unga Corporation both have their home offices in Sand Point.

*D. Per 3 AAC 110.110, does the economy within the proposed expanded boundaries of the city include the human and financial resources necessary to provide essential city services [see 3 AAC 110.970 below] on an efficient, cost-effective level?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The entire post-annexation city would have a sufficient economy to provide essential municipal services. Anticipated city functions and services in the new territory proposed for annexation would be minimal. Thus, there would be few new city expenses involved. In terms of resource development, the proposed territory contains fish stocks and some mining potential, potentially adding value to the entire post-annexation territory. Annexation should have a positive income effect for the City's operating budget, as revenues from new fish tax income exceed any anticipated expenditures in the proposed territory.

*E. Per 3 AAC 110.120, is the population within the proposed territory sufficiently large and stable to support extending city government?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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The population in the entire proposed post-annexation territory is large and stable enough to support extending city government. Squaw Harbor (on Unga Island) may have a few residents but it is not located within the territory proposed for annexation.

Two persons claim to be residents of Pirate Cove, a tiny enclave and former fishing station located on the Northeast corner of Popof Island. City Administrator Varner, the preparer of this petition, has not received confirmation on whether these persons are permanent residents of the Cove.

F. *Per 3 AAC 110.130(a), do the proposed expanded boundaries of the city include all land and water necessary to provide for the development of essential municipal services on an efficient, cost-effective level?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The proposed expanded boundaries contain more than enough land and water to provide for the development of essential municipal services. Popof Island contains a viable and plentiful water source in the Humboldt Reservoir, and there is ample room for development in the School Loop Road district of town and along Sand Point Road.

G. *Per 3 AAC 110.130(b), is the territory contiguous to the city?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The territory is adjacent to the current City boundaries.

H. *Per 3 AAC 110.130(b), would annexing the territory create enclaves in the city?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
------------------------------	--

The territory is adjacent to the current City boundaries and would create one contiguous “block” of area with equal services, taxation, and representation across the entire territory.

I. *Per 3 AAC 110.130(c)(1), will the proposed expanded city promote the limitation of community?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The City has been careful not to propose more expanded territory than necessary in order to provide public services and public safety needs, and to assist our growth and development efforts in the future. The proposed city boundaries are on a scale suitable for city government as the community envisions its future development patterns.

Additionally, the population density of the proposed post-annexation city (274 sq mi / 951 people = **3.47/sq mi**) would be far higher than a smaller community such as Yakutat (9,463 sq mi / 662 people = **0.07/sq mi**) or St. Paul (295 sq mi / 479 people = **1.6/sq mi**).

J. *Per 3 AAC 110.130(c)(2), do the proposed expanded boundaries include entire geographical regions or large unpopulated areas?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The City of Sand Point is proposing to annex a large and unpopulated geographical area (including water). This petition addresses the suitability for city government and reasons for the annexation elsewhere in the following Standards:

*Need:* To broaden our tax base and plan for future growth and development in those areas. Additionally, to address safety concerns in the territory.

*Character:* Sand Point community members already use the territory for a variety of activities, and as previously mentioned there are cultural and subsistence bonds, in addition to commercial ties, between residents and the proposed territory. The City landfill currently resides in the territory proposed for annexation.

*Resources:* Annexation will bring in additional income to the City, while producing minimal new expenses. The economic base (fish, minerals) of the City territory will expand with annexation.

*Population:* Sand Point's population is large enough to support extending city government, particularly with a healthy school population, historically stable population patterns, and a steady seasonal population influx during high commercial fishing activity.

*Boundaries:* The proposed boundaries are contiguous and contain all the land and water necessary to provide development of municipal services.

*Best interests of the state:* As evidenced below in Part “M”, the annexation will promote maximum local self-government and more local resources that may be necessary when State program funding sources deteriorate.

K. *Per 3 AAC 110.130(d), will the expanded city boundaries overlap the boundaries of an existing organized borough?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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The City and proposed territory are already within the Aleutians East Borough and annexation will not change that.

L. *Per 3 AAC 110.130(d), will the expanded city boundaries overlap an existing city’s boundaries?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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New boundaries will have no effect on any other existing city within the Borough.

M. *Per 3 AAC 110.135, is annexation to the city in the best interests of the state under AS 29.06.040(a)?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Annexation will promote maximum local self-government by giving the City the power to tax and provide services over the entirety of Popof Island and the nearby shores and waters of the island. It will also strengthen cultural ties between the community and the historical Aleut town of Unga Village and fishing cannery outpost Squaw Harbor.\*

Approval of this annexation petition will require NO new resources from the State. In fact, allowing the City of Sand Point to expand its tax base and create new revenue sources will remove some burden from the State of Alaska if the Legislature ultimately decides to contract current municipal funding support from future State budgets (i.e. Community Revenue Sharing, Power Cost Equalization). Sand Point, like many communities in Alaska, also struggles with the crippling public health issues of drug and alcohol abuse. Responding to disputes and resulting casework requires many man-hours and resources from our public safety department, and our two-cell jail can be crammed for weeks at a time. The City has never received Community Jail funding from the State for this liability, and given the current budget climate we do not expect future assistance from the Alaska Departments of Corrections, Law, or Public Safety to help our community combat substance abuse problems. These serious issues require both funding and community support, and any new tax dollars can help supplement our efforts in addressing this severe problem.

*\* This annexation proposal does NOT seek to incorporate Unga Village nor Squaw Harbor into the City's boundaries. Both of those villages are on Unga Island, and this petition only seeks to incorporate the water and water's edge leading up to the east side of Unga, not the land itself.*

N. Per 3 AAC 110.140, may the territory be annexed to a city by legislative review because at least one of the circumstances of 3 AAC 110.140(1) through (9) exists?

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Legislative review is necessary for two reasons:

- Annexation of the territory will create maximum local self-government because local government needs (public safety, road maintenance, refuse, others) cannot be met by the Aleutians East Borough.
- Additionally, in promoting a minimum number of local government units, annexing the territory only signifies enlarging the City boundaries, rather than promoting the incorporation of a new city.

O. *Per 3 AAC 110.910, does the proposed annexation deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Annexation will have no effect on any person's civil or political rights.

P. *Per 3 AAC 110.970(c), are there essential municipal services consisting of those mandatory and discretionary powers and facilities that:*

*(1) Are reasonably necessary to the community;*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Public safety and emergency response services will extend as far into the new boundaries as is practically feasible. As detailed in previous sections, some responses have already occurred at or near the edge of the proposed borders.

*(2) Promote maximum, local self-government; and*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Approval of this petition will promote maximum local self-government through broadening the City's tax base and providing additional taxation authority.

*(3) Cannot be provided more efficiently and more effectively by creating or modifying some other political subdivision of the state.*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
------------------------------	--

The City of Sand Point is the only political subdivision that can sensibly provide basic municipal services in this part of the state.

Q. *Per 3 AAC 110.981(8), does the proposed annexation promote maximum self-government by extending local government to a territory or population of the organized borough where local government needs cannot be met by the borough:*

- *on an areawide or nonareawide basis;*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

The Aleutians East Borough only provides education services in Sand Point and other communities. Annexation will not change that; therefore, all other local government needs cannot be met by the Borough.

- *by annexation to an existing city;*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Annexation will allow the City of Sand Point to implement and collect taxes in order to promote maximum self-government and provide enhanced services.

- *or through an existing borough service area?*

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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As stated above, annexation will not change the type or level of services already provided by the Borough.

R. *Per 3 AAC 110.982(7), does the proposed annexation promote a minimum number of local government units by enlarging the boundaries of an existing city, rather than promoting the incorporating a new city, or creating a new borough service area?*

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

This annexation proposal is purely an attempt to enlarge the boundaries of the City of Sand Point, thereby maintaining the City as the only local government unit.

**Exhibit F.**

**Documentation Demonstrating that the Petitioner is  
Authorized to File the Petition Under 3 AAC 110.410.**

Briefly state why and how 3 AAC 110.410 authorizes the petitioner to file the petition. Next, insert the resolution passed by the city council authorizing filing of the Petition here.

Sand Point is a first-class city under Title 29 and a political subdivision of the State; therefore, 3 ACC 110.410 authorizes the City to file this petition.

**Resolution 16-02** of the Sand Point City Council below authorizes the filing of this petition.



**EXHIBIT H.**

**Written Summary or Transcript of the Hearing that the Petitioner is Required to Hold Under 3 AAC 110.425(e), and a Copy of Any Written Materials Received During the Hearing.\***

**City of Sand Point  
Annexation Pre-Submission Hearing  
Sand Point City Council Chambers  
March 8, 2016**

Annexation Meeting Minutes

Tuesday, March 8, 2016

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**CALL TO ORDER:**

The annexation meeting of the Sand Point City Council was held Tuesday, March 8, 2016 in the Sand Point Council Chambers. Mayor Glen Gardner, Jr. called the meeting to order at 6:30 p.m.

**ROLL CALL:**

Glen Gardner, Jr.	Mayor	Present
Danny Cumberlidge	Seat A	Present
Allan Starnes	Seat B	Present
Shirley Brown	Seat C	Present
Jack Foster, Jr.	Seat D	Absent - excused
Marita Gundersen	Seat E	Present
Emil Mobeck	Seat F	Present

A quorum was established.

**Staff in attendance:**

Andy Varner, Administrator  
Shannon Sommer, City Clerk  
Richard Kochuten, Sr., Harbor Master  
Krista Galvin, Finance Officer

**§ Mayor Gardner**

Section I. Call the meeting of the Council and this pre-submission hearing to order.

Take roll of Council. [note — Please make sure that the Clerk notes the beginning and end times of the meeting, and the various sections below (i.e. so we can write in the summary what time the hearing started, what time the ‘legal requirements’ discussion began and ended, and what time the taking of public testimony started and ended.)]

Section II. Welcome everyone to the meeting.

Ask everyone physically present to sign the sign-in sheet.

Section III. Explain the purpose of the meeting:

*The purpose of this meeting is to conduct the required pre-submission public hearing on the City of Sand Point’s proposed legislative review annexation petition. Annexation means expanding the City’s boundaries to include more territory. Under its petition, the City would seek to annex territory referred to in the petition as Popof Island and surrounding waters. It consists of approximately 246 square miles of land and water, which is described in more detail in Sections 5 and 7 of the petition. There are also maps of the proposed annexation area, found at Exhibit A-4 of the petition and in copies here tonight. The proposed area encompasses all of Popof Island, the waters up to the eastern border of Unga Island, the waters up to the southern border of Korovin Island, and several small, uninhabited islands, all within Popof Strait, Korovin Strait, and a portion of West Nagai Strait.*

*There are 2 copies of the petition on the table here and they have also been located for the last four weeks at City Hall, as set forth in the published notice. Petition summaries have also been available in City Hall, posted on the City website, and are also available tonight. Notice of this meeting was also published in the AEB newsletter “In The Loop” and announced in a public service announcement, which was submitted to KSDP.*

*The law requires that when a City is seeking to annex territory by what is called the legislative review process, the City must hold a public hearing prior to submission of the proposed annexation petition to the State Local Boundary Commission, and this is that public hearing. After this hearing, the City Council of Sand Point, at its meeting on April 12<sup>th</sup>, will have an opportunity to review any potential amendments or changes proposed for the petition resulting from this public hearing or any comments submitted, and vote on whether to submit the petition to the LBC. This would be done by Council resolution.*

*We will first go over some legal matters that are required under the law, and then we will go on to the public testimony. Everyone will have up to **five** minutes each to provide comment. Also, anyone can submit written comments to the City following this hearing. They must be received by the City by 5:00 pm on March 15<sup>th</sup>, 2016.*

*Now, moving on to the legal matters. A written version of this portion of my comments will also be attached to the minutes of this hearing as a written statement:*

*The law requires that this public hearing address the following:*

- *Legislative review annexation procedures;*
- *Appropriate annexation standards and their application to this petition;*
- *The reasonably anticipated effects of the proposed annexation; and*
- *The proposed transition plan required under state law.*

*These items are all addressed in the petition summary.*

*I will now turn it over to our City Administrator to go over these items briefly. Again, copies of the full petition are available as well as summaries for your reference. After that time we will hold a public comment period.*

### **§ Administrator Varner**

#### **First: the legislative review annexation procedure.**

*The legislative review method of annexation is authorized by the state constitution, and requires the approval of the Local Boundary Commission and tacit approval of the Alaska Legislature. It does not require the approval of the voters. [The procedures governing annexation by the legislative review method are set forth in Alaska Statute 29.06.040 and 3 AAC 110.425 and .610. Other applicable petition requirements are set out in sections 3 AA C 110.400-.700.]*

*After completion of the pre-submission requirements, and after a resolution of authorization by the City Council, the petition is first submitted to the Local Boundary Commission for its consideration under its regulatory guidelines. This includes a technical review, public comment periods, public reports issued by the LBC staff and a public hearing. If the LBC approves the petition, it presents its approval to the Legislature during the first 10 days of a regular session of the Legislature. Our goal is to have this annexation request before the Legislature at the beginning of their 2017 session. The Legislature then has the opportunity to act on the LBC's recommendation for approval. If the Legislature adopts a concurrent resolution to deny the recommendation within 45 days of the date that it was filed, then the recommendation is denied. If the Legislature takes no action, it has tacitly approved the proposal. In other words, this means that the annexation is approved unless the Legislature specifically denies it within the 45-day period.*

#### **Second: the appropriate annexation standards and their application to this petition.**

*The standards governing annexation to cities are established in Alaska Statute. I will outline the standards briefly, and then explain their application to the City's petition. These standards are outlined in much more detail in Exhibit E to the petition, which is the supporting brief.*

*Under 3 AAC 110.090, the territory to be annexed must exhibit a reasonable need for city government. A number of different relevant factors may be considered, including social and economic conditions of the area, anticipated growth, existing or anticipated health and safety conditions, adequacy of existing services and anticipated economic development.*

\*The reasons for the proposed boundary change include anticipated economic development and anticipated health and safety concerns. The annexation would grant the City the power to tax on the fishing grounds where many Sand Point fishermen harvest product. These fishermen rely on the services provided by the City- and are already paying a fish tax to the Borough and perhaps another municipality subject to delivery- and granting Sand Point the taxing authority in this territory will help our tax base and broaden the City's ability to provide services in these times of shrinking budgets. The direct benefit of new taxing authority would be Sand Point residents and the fishermen who depend on the services our City provides with the harbors, dock, emergency response, health clinic, landfill, water and sanitation, etc.

*Under 3 AAC 110.100, the territory must be compatible in character with the annexing city, considering land use and ownership patterns, population density and changes, existing and reasonably anticipated transportations patterns and natural geographical features.*

\*Current Sand Point residents explore the entire Popof Island, commercial and subsistence fish in the surrounding waters, and travel to Unga Island for a variety of reasons. Many residents of the former villages of Unga and Squaw Harbor (both located on Unga Island's east coast) relocated to Sand Point. Families from the former village on Korovin Island migrated to Sand Point decades ago. The Unga Tribe and Unga Corporation both have their home offices in Sand Point.

*Under 3 AAC 110.110, the economy within the proposed expanded boundaries of the city must include the human and financial resources necessary to provide essential municipal services on an efficient and cost effective basis.*

\* The City already delivers some services to the territory, and plans to extend to the area certain other services, including community planning, public safety, and the levy of taxes. The levy and collection of a raw fish tax will help pay for these services, and the fishermen who will pay those taxes are largely from Sand Point. The existing City government is stable and well-managed, and is able to cost-effectively extend services to the area.

*Under 3 AA C 110.120, the population within the expanded city boundaries must be large and stable enough to support the extension of city government.*

\* Annexation will not change the population of the City.

*Under 3 AAC 110.130, the proposed expanded boundaries must include all land and water necessary to provide the development of essential municipal services on an efficient, cost-effective level.*

\*Approval of the proposed boundaries would incorporate many of the areas on the fishing grounds around Popof Island that Sand Point fishermen currently and traditionally have used for transactions via tendering. Additionally, Sand Point residents have explored the proposed territory (both on land and water) since the settlement of the community, mostly through subsistence and commercial fishing activity. The City has provided extraterritorial services for search and rescue in the proposed territory for decades. All of the area is adjacent to the existing boundaries of the City, would not create enclaves, and would not overlap the boundaries of another existing city.

*Under 3 AAC 110.135, the annexation must be in the best interests of the state of Alaska, in that it promotes maximum local self-government with a minimum number of local governmental units.*

\* Annexation will promote maximum local self-government by giving the City the power to tax and provide services over the entirety of Popof Island and the nearby shores and waters of the island. And annexation will not impose any new requirements for services or fiscal obligations on the State.

*Under 3 AAC 110.140, the regulations further provide that one of nine specified circumstances must exist for annexation by the legislative review process.*

\*Legislative review is necessary because there is no population in the proposed territory, and a large portion of the annexation request consists of water. Thus, State interest and ownership dictate legislative review.

*Under 3 AAC 110.910, a petition won't be approved if the effect would be to deny anyone important civil or political rights.*

\*Annexation will have no effect on any person's civil or political rights.

*Moving on, thirdly, the reasonably anticipated effects of the proposed annexation.*

*\* If the LBC approves this annexation petition, and the petition passes legislative review, it would likely take effect a few months after approval. At that time, the City will gain municipal jurisdiction over the territory, and City ordinances would apply to the area, including taxation authority. The effects of annexation to residents, businesses, and tribes will be minimal since there are no known permanent residents in the proposed territory. The annexation should generate net revenue for the City government, which could lead to more services or help offset potential revenue losses such as Community Revenue Sharing, PCE, or shared fish tax from the State.*

*Lastly, the law requires that we discuss the transition plan.*

*\* The Transition Plan is attached as Exhibit D to the petition, and is also Part C of the summary. In short, the City has the capacity to assume the relevant powers and duties of appropriate public service in the proposed area. There are currently no residents nor public services available in this territory and that is unlikely to change in the event of annexation. Since this annexation would have no real or practical effect on any other government bodies- local, State, Tribal, or Federal- there are no assets/liabilities to transfer or integrate. The City will coordinate and cooperate with the Borough and Shumagin, Unga, and Aleut Corporations throughout the annexation process to ensure it is open and transparent.*

*That summarizes the petition standards, transition plan, and approval process. Mr Mayor I'll hand it back over to you.*

### **§ Mayor Gardner**

*That concludes this part of the hearing. We will move on to public testimony. Remember that we have our regular City Council meeting directly following, 5 minutes after the conclusion of this hearing.*

Section IV. Public testimony:

*Anyone wishing to give public testimony on the proposed annexation petition will have 5 (five) minutes each for comment. For the official record, I will ask folks to stand and give their comments based on the order of the sign-in sheet. Mr Varner will be the timekeeper for each commenter, and we will strictly enforce the 5 minute rule. You are only allowed to testify once. Clerk, please note for the record the times that public testimony begins and ends.*

*As a reminder, written testimony will be accepted until 5:00 pm on the 15th of March, by submittal to the City. You can provide comments in hard copy, or by email to our City Administrator at [avarner@sandpointak.org](mailto:avarner@sandpointak.org).*

**PUBLIC TESTIMONY:**

- Richard Kochuten, Sr. started at 6:47 pm, ended at 6:48 pm. His testimony related to annexing more water “across the bay,” closer to the Alaska Peninsula mainland.
- Amy Foster started her personal testimony at 6:48pm and ended at 6:51 pm. She also spoke on behalf of the Unga Corporation at 6:51 pm and ended at 6:52 pm. Both her personal and Unga Corp testimony were in opposition to the proposed annexation. Correspondence letters are attached.

**COUNCIL COMMENTS:** None.

**ADJOURNMENT:**

MOTION: Councilperson Marita Gundersen made a motion to adjourn.

SECOND: Councilperson Shirley Brown seconded the motion.

The meeting adjourned at 7:33 PM.

An audio link of the recording can be found at <http://apradio.org/mp3/2016-mar-08-sdp-city-annex.mp3>

*Pre-submission hearing comments and sign-in sheet follow.*

