

- Summary of the City of Sand Point annexation petition. This summary includes four sections:*
- A. Synopsis of applicable Local Boundary Commission standards relevant to the proposed annexation*
 - B. Summary of reasonably anticipated effects of annexation*
 - C. Summary of the transition plan*
 - D. Map of the territory proposed for city annexation*

A. Standards

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

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.

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.

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 extraterritorial 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 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.

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.

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 946 .
- b) The estimated population of the territory is 0 .
- c) The estimated population of the city after the proposed annexation is 946 .

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	\$	<u> 0 </u>
Personal property	\$	<u> 0 </u>
Total	\$	<u> 0 </u>

- 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 groundfish/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 similar 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 is not a municipality but 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.

B. Anticipated Effects

The effects of annexation to residents, businesses, and tribes will be minimal since there are no 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 from the State.

C. Transition Plan

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.

D. Map

