



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS
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Dennis H. Gray Jr., City Administrator
300 Front Street
Hoonah, AK 99829

Thank you for submitting a draft of the petition for Xunaa Borough Incorporation and Dissolution of the City of Hoonah ("Petition"). I have completed my informal technical review.

It is appropriate to preface my comments concerning the Petition with the statement that my review is offered strictly in the context of my role as staff to the Local Boundary Commission. An informal technical review is offered to you as a courtesy and is not meant to evaluate the merits or drawbacks of the Petition. Those comments would be reserved for the preliminary or final report, once the Petition is accepted for filing. The informal technical review is strictly intended to evaluate whether all of the required standards have been included and addressed in the Petition.

Population: The proposed area does not appear to contain enough permanent residents to be sufficiently large and stable to support the proposed borough government. Hoonah's population, as certified by the Division of Community and Regional Affairs in 2022, was 917. The average for ten years prior is 887. Population estimates for Game Creek and Elfin Cove similarly fluctuate and appear to not bring the area above the 1,000-population minimum threshold. Since the Petition does not meet this threshold, the Petition must address how a smaller population is adequate for borough formation as required by 3 AAC 110.050(b).

Resources: The Petition does not include valuations of taxable property within the proposed borough, nor personal income data of residents. 3 AAC 110.055(1) (G) and (J) direct the commission to consider these measures specifically. Although you explain,

"[T]he borough's mandatory local contribution to education will increase because of the increase in municipal property valuation caused by borough incorporation. However, that amount cannot be estimated at this point, given that: (i) there are no available valuation statistics for the unincorporated settlements of Game Creek, Funter Bay and Elfin Cove; and (ii) the amount and nature of the borough's municipal land entitlement under AS 29.65 will not be determined until after borough formation..."

this does not change the fact that it is necessary information for the LBC to have in order to make its decision.

Further, the Petition discloses the bond indebtedness, but the projected budget does not include Hoonah's bond indebtedness of \$660,000 plus the \$169,000 in remaining interest.

Boundaries: The submitted boundaries raise a few concerns the Petition should address. First, Pelican, Gustavus, and Tenakee Springs are excluded. 3 AAC 110.060(d) specifically prohibits enclaves. While the borough boundary may be technically contiguous, these "carve-outs" may render these remainder communities ineligible for future borough formation, and they were clearly intended to be included in the model borough boundaries. The Petition should address this issue.

Second, the maps included are difficult to analyze for a reviewer unfamiliar with the area. The western off-shore boundary appears to extend 90 miles offshore. The Petition should address how this western boundary was arrived at and the legal authority upon which the petitioner relies. Additionally, the proposed boundary does not conform to the model-borough boundaries proposed most recently in 1997, and the petition lacks sufficient explanation why.

Other issues:

The petition for dissolution must also describe why the action is in the best interest of the state. The petition should address 3 AAC 110.300 specifically (4), (5), and (6).

The issues noted in this informal technical review are not comprehensive, and other issues may be noted in subsequent reviews. Please do not hesitate to contact me if you have any questions.

Sincerely,

Jedediah Smith
Local Government Specialist IV