

## 2.0 Introduction

Sheinberg Associates was hired by the State Department of Commerce, Community and Economic Development (DCCED) to conduct a Glacier Bay Chatham Borough (Figure 1) Economic Feasibility Assessment. The study area is slightly modified from that of the State's Request for Proposals to include all of Kupreanof Island west of Duncan Canal, per the strong testimony of Kake residents at a December 2006 Informational Meeting<sup>7</sup>.

This is not a borough formation petition.

Funding for this contract was provided in response to resident interest. There is no intent by the State to force borough formation as a result of this study. This study is to provide information to residents of the region and DCCED; to facilitate dialogue about the study's findings within potentially affected communities and among the regions' residents; and to record resident's opinions.

To assess the economic feasibility of a Glacier Bay Chatham Borough a series of reasonable assumptions must be made about powers and services, borough staffing, expenditures on education and other matters, and types and rates of taxation. In preparing this assessment Sheinberg Associates has made and documented realistic, but conservative, assumptions<sup>8</sup>. This type of assumption would tend to underestimate revenues and overestimate expenditures. An apples-to-apples comparison of the fiscal effects of borough formation was conducted by using consistent financial data (FY 06, July 1, 2005 to June 30, 2006) and 2005 population data (unless otherwise noted). While reading this study remember that, if a borough forms, decisions about the type of borough, the boundary, powers and services, the apportionment option, and the type and levy of any taxes will be the result of public policy decisions made by the petitioners, the voters, and the elected leaders of the new borough.

Two of the State's "Model Boroughs" and small portions of other areas are part of this study. The Glacier Bay Model Borough (Pelican, Elfin Cove, Gustavus, Hoonah, Game Creek, and Tenakee Springs) is part of this study as is the Chatham Model Borough (Kake and Angoon). In addition, small portions of Prince of Wales and Wrangell-Petersburg Model Boroughs are included (Figure 2).

Six factors combined to cause the State to fund this investigation.

1. The City of Hoonah has been actively studying borough formation for over a decade. Some of Hoonah's motivations are to:
  - A. Be pro-active in considering what is most advantageous for the region;
  - B. Be in a borough with Glacier Bay, the traditional territory of Huna Tlingit;

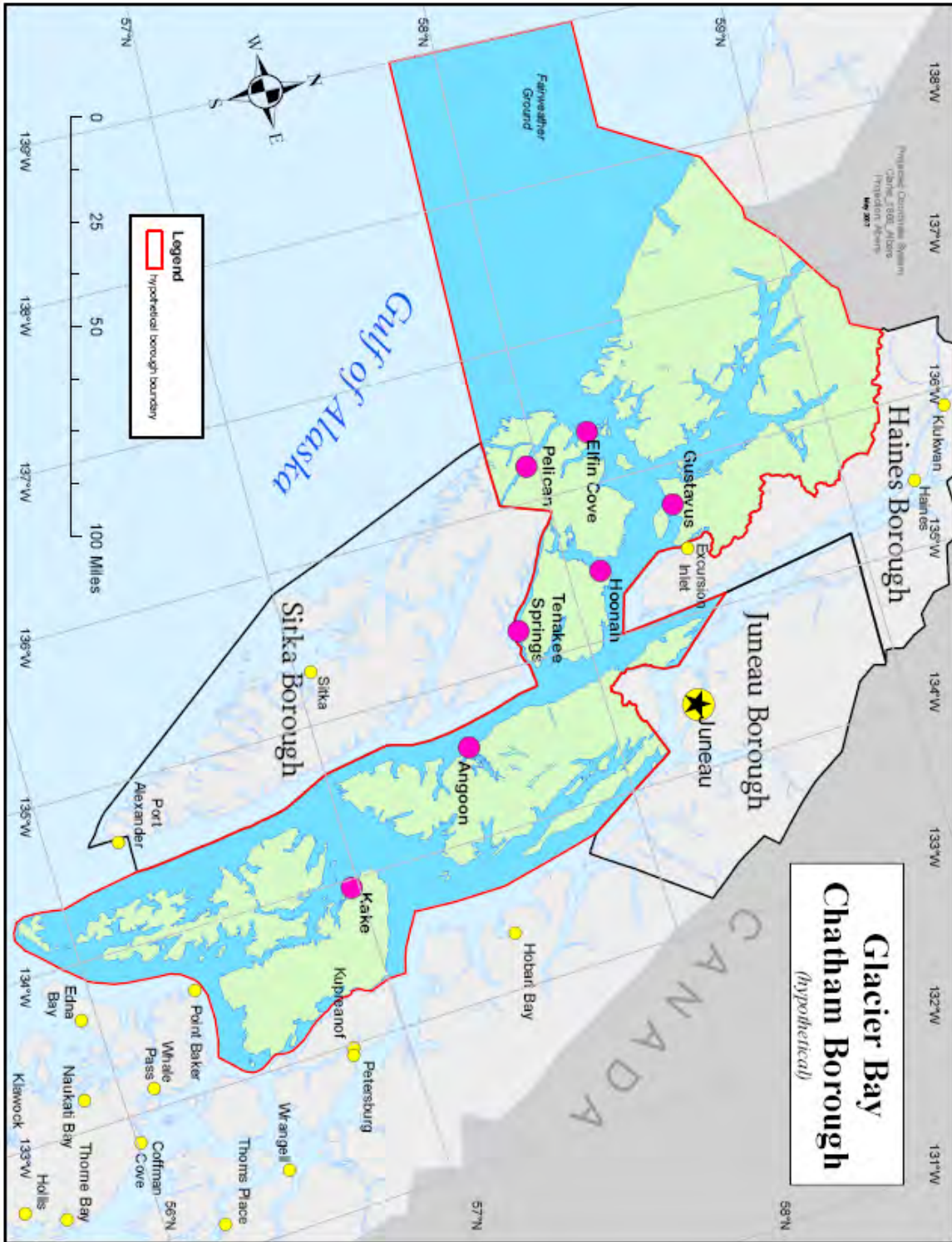
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<sup>7</sup> This seemed to be the minimum acceptable change to this study's boundary; some offered written documentation arguing for a larger boundary to include all of Kupreanof Island and areas across Stephens Passage.

<sup>8</sup> Early in the study team member Northern Economic Inc was consulted about methodology and assumptions.

- C. Avoid a borough property tax;
  - D. Have a regional/borough voice will give allow more political influence; and
  - E. Protect federal revenue streams to Hoonah and the region that could be reduced if other areas in Southeast Alaska form a borough and this area does not.
2. The Legislature and Governor are considering reinstating some form of revenue sharing for cities and boroughs and other bills give strong financial incentives to form a borough. If any of these measures pass, the region should be positioned to take advantage.
  3. Many areas in Southeast Alaska are studying or petitioning the Local Boundary Commission to form or enlarge boroughs. Skagway Borough was just approved, and Petersburg-Kupreanof, Wrangell-Meyers Chuck, and Ketchikan (and Meyers Chuck) are all petitioning to form boroughs. Kake is actively exploring several borough concepts.
  4. Some Kake and Hoonah residents and officials began exploring the idea of the Glacier Bay and Chatham regions joining together, as a way to increase regional clout and revenue. Hoonah ran a comparison on the potential revenues a Glacier Bay, versus a Glacier Bay Chatham borough could generate. Finances look stronger when the two regions join. As a result, Hoonah issued the June 2006 Initial Feasibility Study for a Glacier Bay Chatham Borough.
  5. In response to interest, Representative Thomas and DCCED helped host a meeting in Juneau in March 2006 to talk about forming a joint borough.
  6. During 2006 the Legislature earmarked funding for three borough economic feasibility analyzes, including a Glacier Bay Chatham Borough.

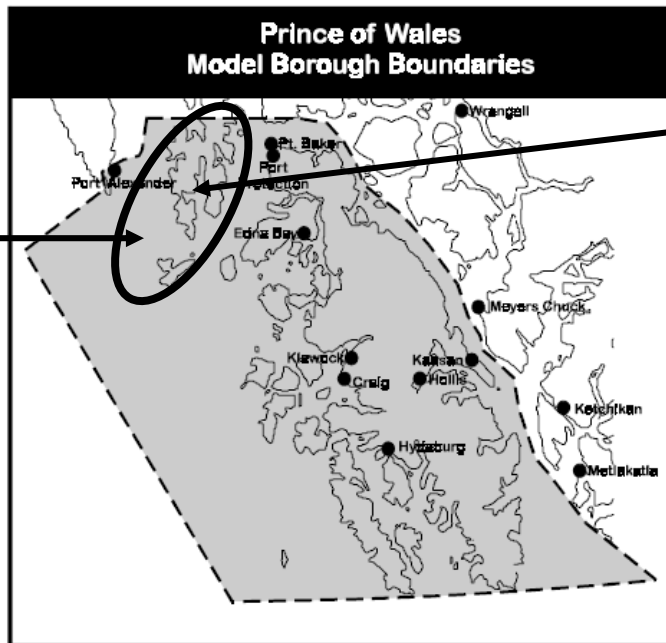
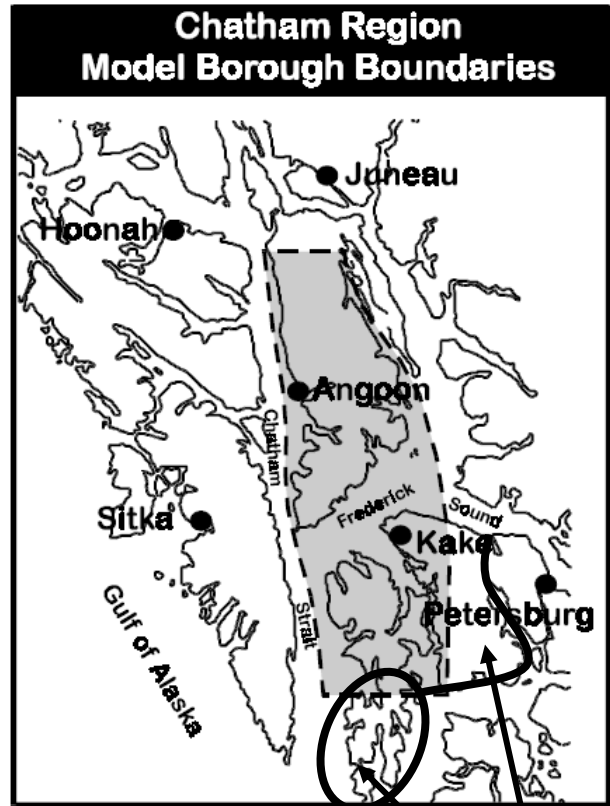
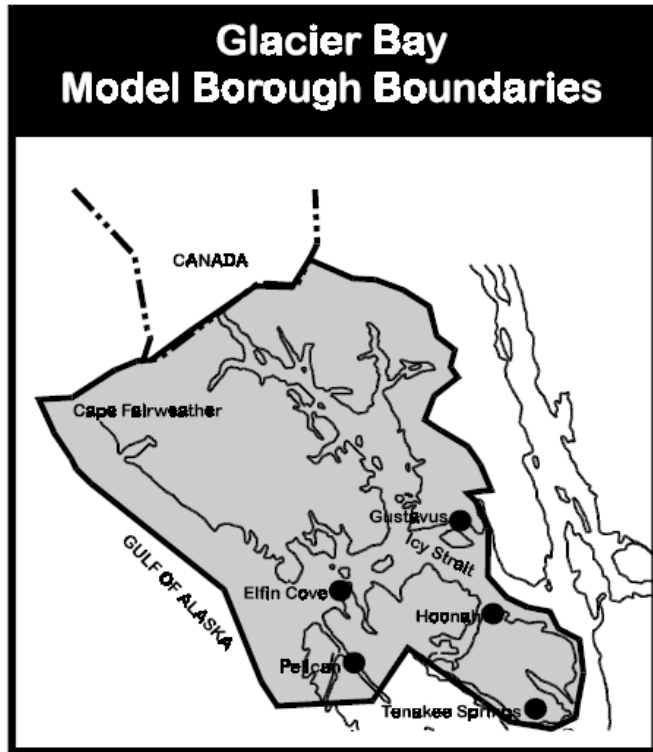
Figure 1



**Figure 2 – Glacier Bay Chatham Borough Boundary Relationship to State Model Borough Boundaries**

All of the Glacier Bay Model Borough is included in this study.

All of the Chatham Region Model Borough is included in this study.



Kuiu Island and Coronation Island are included in the study area.

Kuiu Island and Kupreanof Island east to Duncan Canal are included in the study area.

Research for this Glacier Bay Chatham Borough Economic Feasibility Assessment occurred during November 2006 - February 2007. A round of informational meetings in each community occurred in December and January. The draft report was issued in early March 2007. A second round of community meetings, each with an informal open house and a formal public meeting that included public comment occurred in March - April 2007. On May 3 at least two representatives from each community came to Juneau to discuss the project during an all day facilitated regional meeting. The final report was issued in May 2007.

This report would not have been possible without the opportunity to interview or information provided by the following individuals:

Alice Rarig, Alaska Department of Health and Human Services  
Angela Jack, Hoonah Indian Association  
Arnold Leibelt, Alaska Department of Health and Human Services  
Ashley Reed, Finance Officer, City of Hoonah  
Betty Bean, Clerk, City of Pelican  
Bill Rolfzen, Local Government Specialist IV, Alaska Department of Commerce, Community and Economic Development  
Bob Loescher, consultant, Loescher & Associates  
Bob Loieselle, CEO, Shee Atika Corporation  
Carol Seymour, Assistant Clerk, City of Pelican  
Caroline O'Dell, Business Manager, Pelican School District  
Charles Hartzell, VPSO, City of Angoon  
Charles Horan, Assessor, Horan & Company  
Charlene Morrison, Alaska Division of Retirement and Benefits  
Chris Hall, Alaska Primary Care Association  
Dan Bockhorst, Local Government Specialist V, Alaska Department of Commerce, Community and Economic Development  
Dan Robinson, Economist III, Alaska Department of Labor and Workforce Development  
Dan Rose, Business Manager, Hoonah City Schools  
Dawn Holland-Williams, Alcohol Beverage Control Board  
Dave Woolf, Finance Manager, City and borough of Sitka  
Dennis Finnegan, Assessor, Ketchikan Gateway Borough  
Dora Sigurdsson, Fisheries Biologist IV, Alaska Department of Fish and Game  
Eddie Jeans, Division Director, Alaska Department of Education and Early Development  
Elizabeth Sweeney Nudelman, School Finance Manager, Alaska Department of Education and Early Development  
Elsie Westman, Public Health Nurse, State of Alaska  
Eric Gebhart, Superintendent, Kake School District  
Eugene Avery, Superintendent, Hoonah School District  
Francine Willis, City Clerk, City of Angoon  
Frank Sackman, Officer, City of Kake Police Department  
Gilbert Nelson, Administrative Assistant, Alcohol Beverage Control Board  
Gordy Wrobel, Chairman, Community of Elfin Cove Non Profit Corporation  
Hank Copesey, volunteer fire chief, Kake Fire Department  
Henrich Kadake, Mayor, City of Kake

Hugh Miller, Police Chief, City of Hoonah  
Ingrid Zaruba, Research Analyst II, Alaska Department of Labor and Workforce Development  
Jane Button, Elfin Cove resident  
Jessica Gharett, Data Manager, Restricted Area Management Division, NOAA  
Jeff Oleman, volunteer, Angoon Public Safety  
Jerry Medina, City Administrator, City of Hoonah  
Jim Carey, Assessor, City and Borough of Juneau  
Jim Corak, Assessor, City and Borough of Sitka  
Joan Gilbertson, Natural resource Manager I, Alaska Department of Natural Resources  
Joel Jackson, volunteer, Kake Public Safety  
Johan Dybdahl, CEO, Point Sophia Development Company  
Jonathan King, Northern Economics (team member)  
Kapryce Manchester, Clerk, City of Gustavus  
Karl Lehr, General Manager, Kake Tribal Corporation  
Kathy Lea, Retirement Benefits Manager, Alaska Division of Retirement and Benefits  
Kris Bitterman, City Clerk, City of Kake  
Mark Gorman, SouthEast Alaska Regional Health Consortium  
Mark Millard, Health Program Manager III, Alaska Department of Health and Human Services  
Mary Jane Doster-Gates, Accountant IV, Department of Revenue  
Michael Plotnick, Research Analyst III, Alaska Department of Fish and Game  
Mike Nelson, volunteer fire chief, Elfin Cove Fire Department  
Mindy Lobaugh, School Finance Specialist II, Alaska Department of Education and Early  
Development  
Mossy Meade, administrative assistant, Gustavus Fire Department  
Norman Cohen, consultant  
Pat Carr, Health Program Manager IV, Alaska Department of Health and Human Services  
Patricia Phillips, Mayor, City of Pelican  
Pattie Lewis, Elfin Cove resident  
Paul Johnson, Gull Cove Lodge  
Peter McKay, Planner IV, Department of Commerce, Community and Economic Development  
Peter Naroz, General Manager, Kootznoowoo Corporation  
Robyn Taylor, Principal, Chatham School District  
Sandi Marchbanks, Mayor, City of Gustavus  
Shirley Perkins, EMS Volunteer, Elfin Cove  
Steve Van Sant, State Assessor, Department of Commerce, Community and Economic  
Development  
Thor Christensen, Southeast Alaska Emergency Medical Services  
Vance Cortez Rucker, Superintendent, Chatham School District  
Walter Jack, Mayor, City of Angoon  
Worth Barthel, Retirement Benefits Specialist II, Alaska Division of Retirement and Benefits

Team member Northern Economics Inc. was consulted about study methodology and assumptions. [www.northerneconomics.com](http://www.northerneconomics.com)

Maps and GIS consultation were provided by Alaska Map Company [www.akmapco.com](http://www.akmapco.com)