

PRINCE OF WALES BOROUGH FEASIBILITY STUDY
OCTOBER 29, 2012 KICK-OFF MEETING
SUMMARY & QUESTIONS FOR SHEINBERG TEAM TO ANSWER

POWCAC met with Barbara Sheinberg and Meilani Schijvens of Sheinberg Associates for a Borough Feasibility Study kick-off meeting on Monday, October 29, 2012, from 1:00 -3:00 pm at Craig Tribal Association Hall. Approximately 40 POWCAC members and other residents attended the meeting. At the meeting Sheinberg presented borough and project information and answered questions.

Send any additional questions about
POW Borough Feasibility
by November 9 to
POWStudy@SheinbergAssociates.com

This MEETING SUMMARY lists the 10 questions that POWCAC originally asked the Sheinberg Associates Team to research and answer.

- Additional questions and points that Sheinberg was asked to address during the meeting are listed here as bullets.
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1. Describe the types of boroughs and how are they different from one another.
 - How many new Boroughs have formed, of which type
2. Describe the mandatory, and optional, functions and duties of a POW Island Borough.
3. Determine whether POW Schools will gain or lose revenue if a Borough is formed, and explain why.
 - Describe the ways that a POW Borough School District could be set up so that schools retain individuality and own 'control' and identity.
 - If a borough formed, what flexibility is there on timing for when the borough must form the consolidated school district?

Comments:

 - Effects on schools are major concern.
 - There will continue to be separate schools, even if borough formed.
 - We can completely maintain independent sites, even if borough formed.
 - There would be one superintendent, and one school board, but each school would have its own principal.
 - Each school could have an advisory council or site council.
 - Must be a 1-2 page Frequently Asked Questions (FAQ) so that everyone has the same information. We need to get this out to everyone. Around the table here we understand these issues but many, many people do not. We need the FAQ sent out everywhere, to every community.
4. Develop two realistic POW Borough budgets (one for a borough exercising mandatory duties only (schools, planning, taxation) and another for a borough that exercises a few additional duties.
 - General Consensus: For budget 2 (additional powers) assume areawide EMS emergency services (in light of tsunami scare), Harbors and Transportation powers (non areawide), Economic Development powers.

- Regarding community roads (outside of cities): is the Borough going to maintain roads? Naukati just bought a new road grader. How would this work?
- Can you also examine the potential for cost savings? For example, if we combine EMS services, does combining buying powers provide the Borough greater ability to procure revenue?
- Regarding revenue projections, what will they be based on, what is the assumption for population growth? Sheinberg notes that generally the borough budgets are a 'snapshot in time' based on current conditions, and general assumptions about inflation are made for the future...will have to think about this.
- Could the state cut back on services or funding if a boroughs forms (i.e. – state troopers, road maintenance, police, fire, emergency protection). Do we expect this to happen on Prince of Wales?
- Would there be better access to grants?
- What kind of financial and legal support and costs did Wrangell bear when it became a Borough?

5. Estimate the acres of State land that a POW Borough would be entitled to select, and show where it can be selected from.

- Can you show what has been removed from possible selection by the Borough?
- The Wilderness area on Coronation Island, if this was within Borough what are revenue implications?
 - Sheinberg notes that Secure Rural Schools (SRS) funding amount switches if borough formed from a formula based on number of students and road miles to one based on number of Tongass acres in borough. That is why number of Tongass acres in a borough matters. HOWEVER, this is likely not as critical an issue anymore because it is highly likely that last federal SRS payments will come to Southeast communities and schools in January 2013 and last federal PILT payments in July 2013. Together the loss of these two federal revenues means that a year from now there will be \$2.75 million less coming to POW (and of this \$1.7 million dedicated to school funding). A "Fiscal Cliff" is coming to Tongass communities (unless Congress reauthorizes PILT and SRS, which seems highly unlikely.)
- What is the effect on unincorporated communities thinking about becoming 2nd class cities? A borough selected from the same pool of land that a community can select from, correct?
- Is there a way to reserve lands around unincorporated places for those communities to select in future if they become 2nd class cities?
 - Sheinberg notes that the borough won't work unless there is good communication and a common purpose...these kinds of relationship questions should be talked about before forming a borough, or as part of deciding whether to do it or not---possibly when writing your borough charter if you decide to be a Home Rule borough. One way or another



communities need to communicate and agree on the rules that will be in effect in their borough. POWCAC is a good model.

6. Describe legal options for Assembly apportionment on POW given the area's demographics.
 - Would an unincorporated community have same voice in the Borough as an incorporated community?
7. Prepare a table clearly describing how a POW borough will affect existing 1st and 2nd class cities, school districts, and unincorporated communities in the study area.
 - If Naukati (for example) wants a community center, who would we go to for funding? Do our funding options become more limited or expand under a Borough?
8. Describe the effects of a POW Borough on local tribal governments and Native Corporations.
 - What is the impact on Native Corporations? What are the implications regarding taxing, timber, etc.
9. What are the options for raising local revenue to support a POW Borough? (Including a tax on extraction of resources).
 - Address the limited life span of POW mines, and the implication of relying upon them for a borough tax revenue.
 - In response to short mine life cycles, what about setting up permanent fund? What would that look like?
 - What are anticipated revenues of the two mines?
 - Many people have property on POW but do not live on POW. Can we discount taxes for residents?
 - What exemptions are allowed to property tax, such as for 1st \$150,000 of value of senior's homes.
 - In past people have been confused with term "bed tax" and think it is a tax on number of beds in a house - use correct term, "lodging tax."
 - Sheinberg notes that we need to make realistic assumptions to estimate number of lodges and rooms; we'll need a team familiar with the island to review our assumptions/data to ensure accuracy.
 - Can we explore employment head tax that would use an employment count one time every July?
 - Assessment of property tax can be very restrictive, but sales tax and vary by season. For example, we could have a 10% summer sales tax and 0% winter sales tax, explore options and run scenarios.
 - Compare revenue from a lodging tax versus property tax.
10. Describe the implications of forming a POW Borough on land planning and permitting.

Other

The Prince of Wales Island borough boundary to use, there are 3 'options' to include per the Model Borough Boundary...any changes?

- Consensus: Include all 3 options for informational purposes. Send a courtesy letter to the adjacent communities about what we are doing (Port Alexander, Edna Bay, Kake) so there are no surprises.
- How does it work, what happens if certain communities or landowners don't want to be part of the borough?