

February 7, 2017

Testimony of Liz Cabrera, Director of Community & Economic Development, Petersburg Borough, before the House Committee on Community and Regional Affairs.

Chairs Fansler and Parish and members of the committee, thank you for the opportunity to address you today regarding HB 85 an act related to the general land entitlement of the Petersburg Borough.

HB 85 increases the general land entitlement of Alaska's newest borough, Petersburg, to be comparable to the land entitlement received by all other boroughs in the state. An amount equal to approximately .79% of a borough's land mass, which in Petersburg's case is 14,666 acres.

For those of you who are unfamiliar with our community, the Petersburg Borough is located in central Southeast Alaska and encompasses an area of 3,800 square miles of land and sea. The borough's population center is located on the northern tip of Mitkof Island, which is home to a diverse and prolific commercial fishing fleet and three major seafood processing facilities. In 2013, the residents of Petersburg voted to form a borough – for a number of reasons, including having a greater say on land use decisions in our surrounding area, having an opportunity to increase our municipal land base, and many also felt it was important for all area residents to support our school system through local taxes.

About 12 months after borough formation, Petersburg received a general land grant entitlement certification from the state indicating we were entitled to 1,896 acres under AS 29.65.010. However, this amount was reduced by the 457.47 acres already received by the City of Petersburg, even though certain tracts of the City's 457.47 acres is restricted from development and only available for public, charitable, or recreational use. After deducting the 457.47 acres, the Borough's land entitlement was 1,438.53 acres. An area roughly 1/3rd the size of the Anchorage International Airport.

In making this calculation, DNR uses a statutory formula – a municipality is entitled to 10% of VUU land within its boundaries.

The lands available for selection are designated as VUU or “vacant, unappropriated and unreserved” land by the State of Alaska. These lands are either “unclassified” or classified as “agricultural, grazing, materials, public recreation, settlement, and resource management” but for the most part no development has occurred on any of the VUU lands.

You may wonder why we received such a small land entitlement to begin with. The majority of land within the borough, over 96%, is managed by the federal government as the Tongass National Forest. Of the non-federal lands within the borough, 1.73% is owned by the Goldbelt Corporation, 1.34% by the State of Alaska, and .4% by the Alaska Mental Health Trust and University of Alaska. Only .3% is in private ownership and a mere .04% is owned by the municipality. When DNR applied the land entitlement formula to the Petersburg Borough, only a very small amount of land remained in VUU status.

As we began to evaluate our potential selection, we realized that our entitlement wasn't adequate for what we were hoping to accomplish and many other boroughs also received small land entitlements initially and then were able to increase these through the legislature. You'll note in HB 85 that Petersburg is listed as the 16th borough, so 15 boroughs out of 18 boroughs have received an increase in their entitlement through the legislature. The most recent example was in 2010 when both Wrangell and Haines received additional acreage.

Why is this important to Petersburg specifically? As I mentioned previously, just over 96% of our land base is federally managed and of our non-federal lands the major landholder are Goldbelt Corporation and the State of Alaska. In short, while the borough itself is relatively large, the majority of land is not

and will never be included in the local tax base¹ and most is not available to generate economic return for our residents or the state.

The Petersburg Borough would like the opportunity to move some these lands into private ownership and add them to our tax base as residential or commercial developments. We would like the opportunity to secure new sources of rock for construction and maintenance of our roads and other projects. And, we'd like the opportunity to use some of our land to address the requirements of the Army Corps of Engineers compensatory mitigation rule, which effects nearly every new development project within the borough, by establishing a community wetlands mitigation bank. This would directly benefit residents by expediting the process of obtaining a wetlands permit for new development projects, including projects as small as single-family residences. 1,400 acres simply does not provide sufficient developable land to support these goals.

In our discussions with the Department of Natural Resources, they explained that the agency generally does not voice support for this type of legislation, but neither does the agency oppose Petersburg's request. We provided a general outline of the lands we would select under HB 85 and DNR did not express any concerns about these potential selections.

Lastly, the members of this committee know better than most that these are difficult times. In our own small way, we, in Petersburg, want to be part of the solution, not a casualty of crisis. An increased land base is a key component to the long-term sustainability of our municipality.

Thank you for the opportunity to speak to you today and I'd be happy to answer any questions you may have.

¹ PILT is \$2.64 per acre minus previous payments, like Secure Rural Schools.