

EXHIBIT FF

SENT BY MAIL AND EMAIL

January 25, 2023

Acting Commissioner Heidi Teshner
Alaska Department of Education & Early Development
333 Willoughby Avenue
9th Floor, State Office Bldg.
Juneau, AK. 99801
deed.commissioner@alaska.gov

Re: Best interest determination for proposed Xunaa Borough School

District

Dear Commissioner Teshner:

On December 2, 2002, the City of Hoonah, pursuant to AS 14.12.025, requested the Department of Education & Early Development (“DEED”) to find that conversion of the current City of Hoonah School District into the proposed Xunaa Borough School District is in the “best interest of the state and the proposed school district.” A copy of that letter is enclosed. The request was made in conjunction with the City’s upcoming petition to the Local Boundary Commission (“LBC”) to form the Xunaa Borough, and the purpose of this letter is to advise DEED that the City of Hoonah has now submitted that incorporation petition to LBC staff for informal review.

I am also enclosing portions of that petition that better illustrate that the conversion from the current first-class city school district to a borough school district will have only a beneficial effect on the state’s and the region’s educational system and, for that reason, is clearly in both’s best interest.

The borough incorporation petition (“**Petition**”) and a map of the proposed Xunaa Borough (“**Exhibit C**”) are enclosed. Under Alaska law, education is a mandatory borough function, exercised through an equally mandatory borough school district. AS 29.35.150–160; AS 14.12.010(b). Accordingly, under the proposed charter (“**Exhibit I**”), education will be excised areawide (*id.* at p. 2, §1.05.A.3) through an elected borough school board. *Id.* at pp. 14–15; Art. VIII. The new Xunaa Borough School District will seamlessly succeed the current City of Hoonah School District, assuming all of its assets and liabilities (*id.* at p. 27, §16.06) and continuing the employment of all employees. *Id.* at 28, §16.07. As the petition’s Transition Plan (“**Exhibit F**”) explains:

Upon incorporation, the City of Hoonah School District will be dissolved, and all of its assets and liabilities will be transferred to the Xunaa Borough School District. The Borough School District will be responsible for K-12 education on areawide basis. However, there does not appear to be any current demand for general K-12 education outside of the Hoonah Townsite Service Area. For example, Game Creek is an insular settlement with purposefully limited contact with the larger community, and Game Creek children are home-schooled. Elfin Cove and Funter Bay have no known school-age residents, with Funter Bay being almost entirely a seasonal recreational community.

Currently, the Hoonah School District owns and operates a K-12 school, with total current enrollment of 135. The district employs a superintendent, 12 certified teachers, 10 classified instructional aides and seven administrative employees. Petitioner does not project any increase in either capital or personnel requirements for the school district as a result of borough incorporation.

Id. at p. 5. Thus, conversion of the City of Hoonah School District to the Xunaa Borough School District will not result in any increased educational costs. However, and as explained in our December 2 letter, it will result in the significant benefit of substantially increasing the local tax base for computing the local contribution under AS 14.17.410(b)(2).

As we also noted in our December 2 letter, there is considerable tension between the 250-pupil target in AS 14.12.025 and the unequivocal requirements of AS 29.35.150–160 and AS 14.12.010(b) that all boroughs must deliver education on an areawide basis and that all boroughs constitute a school district.¹ Add to that the fact that school districts do not have any taxing power,^{2/} but are wholly dependent on the borough (or first-class city) under which they operate, and the potential for a constitutional mess arising from that tension is obvious.^{3/}

¹ / Indeed, one doubts whether the conversion of a city school district into a borough school district even constitutes a “new school district” under AS 14.12.025.

² / Alaska Const., Art. X, §2.

³ / Take, for example, the Xunaa Borough. That borough will bring organized government to the currently unorganized population centers of Funter Bay, Game Creek and Elfin Cove. The unorganized borough exists only a way station, “intended to serve as a means to decentralize state services and to foster local participation in the administration of state programs within regions not ready or suited for organized borough status.” *Local Government in Alaska*, LBC Staff, May, 2015 at 11 (“*Local Government*”). If the LBC determines that the area encompassed by the Xunaa Borough is otherwise suited for organized government, but borough incorporation is bolloxed by insistence on a 250-pupil school district minimum, then the State of Alaska’s intricate process for local government formation would have been upended, as would the Alaska Constitution’s goal of “promot[ing] large boroughs embracing natural regions.” *Local Government* at 2; Alaska Const., Art. X, §§1 and 3.

Some day, the State may need to come to grips with this statutory puzzle. But this is not now the case. There is age-old wisdom that matters ought to always be resolved on the narrowest ground possible. Here, conversion of the City of Hoonah School District to the Xunaa Borough School District will be an unmixed blessing, and we urge DEED to accordingly find that the conversion will be in the "best interest of the state and the proposed school district."

Respectfully,



Gerald Byers
Mayor
City of Hoonah