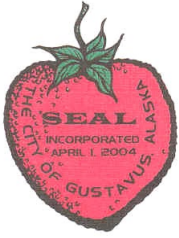


EXHIBIT V



**City of Gustavus**

P.O. Box 1

Gustavus, AK 99826

Phone: (907) 697-2451

July 14, 2022

Mr. Dennis H. Gray, Jr  
City Administrator  
City of Hoonah  
PO Box 360  
Hoonah, AK 99829

Dear Mr. Gray:

**Subject: Proposed Xunaa Borough**

Thank you for your letter of June 23, 2022 describing your proposal to form a Xunaa Borough with boundaries similar to the previously proposed Glacier Bay Model Borough, and offering to include the City of Gustavus. We wish the best to you, our neighbors in Hoonah, as you consider a new model of government to serve the needs of your residents.

I brought your letter to our City Council in our work session of Monday, July 11, the first opportunity to discuss it in a public meeting. No council members saw the need to reconsider the City's policy as stated in our resolution CY19-19, opposing the formation of a borough that included Gustavus and Glacier Bay National Park. Therefore, we must once again respectfully decline your offer. We do not feel a borough that spanned the communities of Gustavus and Hoonah would serve the interests of either community well. Indeed, despite your best efforts, it may seriously impact the Xunaa Borough's success in meeting the goals of the community of Hoonah. We honestly believe you will be more successful without us.

The community of Gustavus exhibits a skepticism toward local government, especially one with more comprehensive powers than our existing second-class City. The idea of adding a second layer of municipal government, particularly with an administrative and assembly center distant from Gustavus would not be supported here. We acknowledge a goal is to improve our school but feel it

unlikely that the school would be better managed by a Xunaa Borough School District than it is by the Chatham REAA District. If Gustavus needs to take local responsibility for the Gustavus School, we can do so by forming a first-class city rather than being absorbed into a borough and we would fund it from our own tax base.

The proposed revenue source appears seriously challenged. We doubt a Xunaa Borough would have authority to tax commercial fish harvest that is not landed at a port within the Borough. Even if authorized, the fish tax collection would be problematic. The boundaries of the proposed borough could not extend out to sea beyond the State boundary, so fish caught beyond 3 miles of the shoreline, e.g., on the Fairweather Grounds, would be out of reach anyway. If the proposed tax model is not viable or proves inadequate, another area-wide revenue source such as sales or property tax would have to be substituted. We understand that property taxes are no more popular in Hoonah than in Gustavus. The diversity of ownership of private land in Gustavus, including non-residents, would render tax assessments and collection difficult and costly. A Borough-wide sales tax would also be strongly resisted here. By the way, the Borough would need to collect the Gustavus sales and bed taxes and remit them to the City without deduction—more Borough expense for no revenue.

A Xunaa Borough would be required under State law to assume zoning, planning, and platting powers. You have suggested that those powers would be delegated to the City of Gustavus, but the City would almost certainly decline to take them. As a second-class city, Gustavus could not be compelled to assume such powers, so their provision would fall back to the Xunaa Borough. The Borough would have to establish a planning commission, develop a planning and platting department, and employ professional staff. The large amount of private land with potential for subdivision and development here may drive a lot of work for the department, the planning commission and a borough assembly, and the Borough would have to be responsive to that demand. The cost of planning and platting services to Gustavus would absorb funding that would otherwise be available to provide services in Hoonah.

Finally, including Gustavus in the Xunaa Borough proposal risks failure of your incorporation vote. Registered voters turn out strongly in Gustavus. A total of 312 voted in the last municipal election. Gustavus would likely vote No unanimously on borough formation. Even with strong support in Hoonah, the

No vote outside Hoonah may doom incorporation. The probability of incorporation success is higher if Gustavus is not included in the proposal.

We are sorry to throw cold water on your proposal. We sincerely wish you success in meeting the needs of your community. But we believe success is best assured if the Xunaa Borough boundary does not extend beyond mid-channel in Icy Strait and excludes Gustavus, Pleasant Island, and Glacier Bay National Park. We look forward to opportunities to partner with Hoonah to achieve shared goals, such as for resource and subsistence sustainability. We will make the best progress as independent municipalities.

Sincerely,

*Mike Taylor*

Mike Taylor  
Mayor, City of Gustavus

Copies:

Mr. Robert P. Blasco, Attorney, Hoffman & Blasco, Juneau.

Ms. Patricia Philips, Mayor, City of Pelican, Alaska

Mr. Dan Kennedy, Mayor, City of Tenakee Springs, Alaska

Senator Jessie Kiehl, Alaska Legislature

Representative Andi Story, Alaska Legislature

Representative Sara Hannan, Alaska Legislature

Mr. Nils Andreassen, Alaska Municipal League