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February 21, 2019

Dear Chairman Morisky & Board Members:

I am the Mayor of the City of King Cove and just started my 6th term (3 years). I was born and raised in King Cove and have lived my whole life here. I have been a full-time salmon fisherman for over 50 years.

I am very proud of my community of 950 residents. It is a great place to live. My wife is also a lifelong resident of King Cove and we have three children and 12 grandchildren. Large, multi-generation families are the norm for our community. My grandparents were some of the earliest residents of King Cove. I have 18 aunts and uncles and as you might imagine, a King Cove "family tree" has a lot of Macks.

Our community has worked diligently and thoughtfully to create and sustain a good quality of life for our residents. We respect and honor our elders. We invest in our children. They are the future of our community. King Cove is one of the largest Aleut communities in Alaska.

King Cove was settled in 1911 when Pacific American Fisheries built a cannery on the sand spit between King Cove Bay & Lagoon, and along with the permanent settlement of ten Euro-Aleut families, became a community. King Cove incorporated as a city in 1949 when Alaska was still a Territory. King Cove was one of the first, 20 incorporated cities in the Territory. We were the second smallest and most remote community to incorporate at that time.

In 1974, King Cove became a first-class city and adopted a Mayor-Council form of local government. We hired our first city administrator in 1976.

Our lives and King Cove's economy are fully intertwined with fishing, and in particular, salmon fishing. It is simply who we are, how we live, and what we expect our future to be as the second largest community in the Aleutians East Borough.

As Mayor, I am very fortunate to work with a very stable and caring City Council. Likewise, I have an excellent city administration to support and guide me and the City Council in making good decisions for King Cove. Our city administrator has worked for

King Cove for the last 29 years. His longevity, enthusiasm, and compassion have been invaluable to the community.

I would like to share with you some pertinent information about King Cove. Our city has an annual general fund budget of approximately \$2.5 million and another \$2.0 million in enterprise funds. Our enterprise funds include our two boat harbors, deep water port, electricity, water & sewer, and solid waste.

The city also provides utilities (water/sewer, electric, and solid waste) to Peter Pan Seafoods. Our community infrastructure has been built, operated, and maintained to provide dependable and reliable support for the community and Peter Pan Seafoods. This has been a formidable challenge for the city, but we are committed to providing quality and reliable utilities and services to all of our residents, businesses, and the fishing industry in King Cove.

The City has incurred over \$7.0 million in long term debt to provide this infrastructure. We need to have a stable and predictable revenue stream to meet our annual debt costs of \$500,000. We have raised our water rates by 70% over the last four years and just raised our solid waste rates by 50% in January to meet the increasing costs of maintaining these utilities. Please know this is SIGNIFICANT for the residents and fishing industry in our community.

The city is particularly proud of our electrical utility, which consists of our new (May 2017) Waterfall Creek hydro facility, our Delta Creek hydro facility (1994), and a state-of-the-art diesel plant commissioned in 2008. Together, these facilities annually produce about 4.5 MWh of power. Our two hydro facilities produce more than 80% of our annual demand. King Cove is truly a leader in renewable energy in Alaska.

The city's cost of \$0.30/kWh remains the "cheapest" (indeed a relative term) single-site kWh cost of all 170+ communities in rural Alaska that participate in the State's Power Cost Equalization (PCE) subsidy. Because of our very successful hydro facilities we no longer receive a PCE subsidy.

The city has a 2% local fish tax, 6% general sales tax and a fisheries business impact tax (probably the only one in the State). Collectively, these taxes usually accrue to over \$2+ million annually. Additionally, state fish taxes shared with King Cove provide an additional \$400,000 to \$500,000 in annual revenues. King Cove has no property tax.

The city has 26 employees in six departments, including administration (4 employees), public works (6), harbor/port (4), public safety (5), power (3), and recreation (3).

The city also has a heat recovery system that displaces another 25,000 to 30,000 gallons of diesel fuel annually used for space heat. This system uses a combination of diesel-generated engine heat and an electric boiler converting "excess" hydro energy into space heat. This system has been in place since 2010.

My point in providing this information is to inform you that we must continue to have predictably in our community revenue stream. Our revenue is directly tied to the fishing industry, and in particular, salmon. Consequently, any significant change in our revenue will have serious ramifications to our ability to meet these requirements. We have never fully recovered from the financial impacts of crab rationalization on our community from more than a decade ago.

Also, the city, in conjunction with the Aleutians East Borough, has spent more than \$3.0 million dollars in the last 25 years trying to obtain Congressional approval to complete the "missing" 12-mile link to connect our road system to the Cold Bay airport. The controversy stems from the fact that this one-lane, gravel road needs to pass through a very small portion of the Izembek National Wildlife Refuge, which separates our community from the Cold Bay airport. The Cold Bay airport is our access to the outside world. It is well known that our weather and topographic constraints of our small airstrip makes our access to the Cold Bay Airport very difficult. We have about 100 days a year when it is not possible to fly in or out of King Cove. This is a "battle" for the health and safety of our residents that we have vowed to never give up on until we are successful.

I would also like to reinforce the report referenced in the Aleutian East Borough's testimony by Dr. Kate Reedy, "The Importance of Salmon Fishing to Area M." It is a factual and in-depth summary of the above information I have summarized for King Cove and the other Area M communities.

In summary, I urge the Board to allow the status quo to remain for our current Area M salmon fisheries. I sincerely believe the best available science has been used, including the WASSIP study, to arrive at this point. The current regulations in place provide strong measures of conservation for Area M fisherman. We have accepted the need, and a willingness, to share the burden of conservation, particularly with past decisions regarding the Southeast District Mainland and Dolgi Island area.

I also commend ADF&G for continuing to do an excellent job in managing and regulating our salmon fisheries and acknowledge that the Department has the necessary authority to use emergency regulations when extenuating circumstances call for required action.

Thank you for reading and considering my comments.

Sincerely,



Henry Mack
Mayor