



## Resolution 20-12

### ***A Resolution Documenting the City's Rapidly Changing Fiscal Situation Due to Major Changes in our Fisheries Revenue Tax Base***

**WHEREAS**, starting with the 2019 summer salmon season, and now the 2020 winter season cod and pollock season, the City is experiencing a major decline in fish tax revenue as a direct result of two competing fish buyers and processors, Silver Bay Seafoods and Trident, now operating in False Pass;

**WHEREAS**, numerous King Cove fisherman are changing their fishing and market allegiance to these two new False Pass processors due to greater financial incentives and security;

**WHEREAS**, the community is very concerned that its 100+ year relationship with Peter Pan Seafoods appears to be on the verge of major changes, including significant declines in fish processing and fish tax revenue, that are now having major financial consequences to the City;

**WHEREAS**, there has been more than a \$400,000 shift in salmon tax revenue in 2019 and it's likely that another \$100,000 shift in cod and pollock will occur this winter, and when combined with a corresponding decrease in State shared fisheries taxes of approximately \$150,000, the City is experiencing a likely total decline in annual fish tax revenues of around \$650,000;

**WHEREAS**, the City's average annual General Fund revenues are about \$2.8 million and a \$650,000 reduction is about 25% - this is a very significant decline;

**WHEREAS**, additionally there are also decreases in harbor moorage and electric demand (less revenue) and with less fisherman and process workers in the community we anticipate at least a 10% reduction (\$65,000) in our annual general sales tax revenue;

**WHEREAS**, over the last couple of decades the City has evolved into a very competent and fiscally responsible provider of a full range of municipal government services for public works, public safety, maintaining all community roads, harbor/port, all utilities (water, sewer, landfill, and electric), recreation and teen center programs, and administration;

**WHEREAS**, the City has a very modest savings account that can only help offset a portion of the declines now occurring in our General Fund and other revenue funds for a limited amount of time;

**WHEREAS**, the history and evolution of King Cove as one of Alaska's premier coastal fishing communities is well known throughout the State and the community is very proud of this history;

**WHEREAS**, there is also a lesser known history of other communities and fish processing companys in the Aleutians & Alaska Peninsula that have subsequently “disappeared” (i.e. moving to other communities when fish processing activities and plants have relocated primarily due to financial reasons);

**WHEREAS**, the City must, and will do everything within our ability, to not let history repeat itself in this regard, and to sustain our quality of life and socioeconomic and cultural identity and well-being;

**WHEREAS**, the City has been one of the significant influences, both politically and financially, in organizing, promoting and sustaining the Aleutians East Borough (AEB) for the past 30+ years due, in part, to the City’s fish tax base with the-then dominance of Peter Pan Seafood’s; and,

**WHEREAS**, AEB has prospered during these 30+ years and has had a major impact in maintaining and operating AEB schools, funding quality marine infrastructure and other major transportation improvements, providing political advocacy particularly for our fisheries, and has achieved an impressive \$45 million Permanent Fund.

**NOW THEREFORE BE IT RESOLVED**, the City Council finds it important to document our proud history, document our contemporary changing financial times, and document our need to seek out a greater financial awareness and help from the State of Alaska and Aleutians East Borough;

**BE IT FURTHER RESOLVED**, the City Council calls on the AEB Administration and Assembly to further understand our situation, to freely engage with the City (and the other AEB communities) to identify viable solutions, and to revisit AEB possibilities for using a relatively small portion of its Permanent Fund to assist King Cove and the other AEB communities; and,

**FINALLY, BE IT RESOLVED**, the King Cove City Council understands the challenges and difficulties in needing to respond to changing times, but contends this was one of the major premises in organizing the AEB over 30+ years ago, and now respectfully urges AEB’s elected officials to rise to this challenge.

**PASSED AND ADOPTED**, by a duly constituted quorum of the King Cove City Council this 22nd day of January 2020.

\_\_\_\_\_  
Henry Mack, Mayor

ATTEST:

\_\_\_\_\_  
Kailee Calver, City Clerk

Ayes \_\_\_\_\_ Abstained \_\_\_\_\_  
Nays \_\_\_\_\_ Absent \_\_\_\_\_