



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441 Ex. 2150

PHONE: (907) 714-2150 • FAX: (907) 714-2377

www.kpb.us

**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

TO: Blaine Gilman, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Mike Navarre, Mayor *MN*

DATE: March 24, 2016

SUBJECT: Resolution 2016-017, A Resolution Authorizing the Acceptance of a Donation of Engineering Work and Permits for the North Road Extension Project From Apache Corporation (Mayor)

In 2014, Apache Corporation began considering the development of a drill pad site in the Nikiski area, approximately seven miles north of the Kenai Spur Highway terminus. Apache took preliminary steps towards developing a project extending the Kenai Spur Highway to the proposed site. Apache accumulated a significant amount of engineering and environmental data and permits for the project. In light of the recent decision by Apache Corporation to cease operations in the state of Alaska, Apache has agreed to donate the information and preliminary engineering and environmental work to the Kenai Peninsula Borough.

In 1998, the federal government appropriated approximately \$6,000,000 to be used by the borough to construct an extension of the Kenai Spur Highway. While some funding was used for preliminary environmental work, the borough concluded that the needed environmental impact statement would exhaust the allocated funds, and over \$5,000,000 remains for the project. In September 2014, the borough received letters of support from the Kenai Watershed Forum, Kenai National Wildlife Refuge, Alaska State Parks, and the Alaska Department of Fish and Game for a four mile extension of the highway to mitigate significant wetland degradation due to ATV use of the area. The State of Alaska Department of Transportation indicated that this type of project would be exempt from the environmental impact statement. However, the borough must contribute a 20 percent match to access the remaining grant funds. The borough is hopeful that the donation from Apache Corporation may offset some of this match requirement and provide a path forward for the project.

Accompanying this memo is the proposed memorandum of understanding regarding asset donation for this project. Your approval would be appreciated.