

# Kenai Peninsula Borough

## Alaska Liquefied Natural Gasline Project Advisory Committee

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### MEMORANDUM

**TO:** Charlie Pierce, Borough Mayor  
Wayne Ogle, Assembly President  
Members of the Borough Assembly

**FROM:** Tim Johnson, Committee Chair  
Members of the Project Advisory Committee

**DATE:** January 8, 2019

**RE:** UPDATE Alaska Liquefied Natural Gasline Project Advisory Committee (PAC) to Kenai Peninsula Borough Assembly

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#### **SUMMARY:**

The PAC has established a regular point of contact with Alaska Gasline Development Corporation (AGDC) and the community. This is engaging and informing the public, especially KPB residents in the Nikiski area. A key learning is understanding the substantial potential socioeconomic impacts this project could have upon the KPB. The KPB would be well served by starting now to plan and prepare for potential impact from an LNG project.

#### **RECOMMENDATIONS:**

- The KPB should work with Alaska DOT and AGDC to address all issues associated with the Kenai Spur Highway re-route.
- The KPB should actively seek to understand and participate in all discussions surrounding Payment in Lieu of Taxes (PILT) and the Municipal Advisory Gas Project Review Board (MAGPRB) that was established to define this process.
- The KPB should prepare a broad list of potential impacts from the construction and operation of a major LNG project. This list may be the basis for planning and prioritization to mitigate the impacts of such a project.

## **DISCUSSION:**

The Kenai Peninsula Borough Alaska Liquefied Natural Gasline Project Advisory Committee has been active since March of 2018 working to serve the borough's best interests in all matters relating to this project. The PAC's mission is focused in 4 main areas which are detailed below.

### **1.) Monitor activities and developments related to the AK-LNG Project**

- The AK LNG PAC has established a regular dialog between the Kenai Peninsula Borough and AGDC. This in turn has created an ongoing point of contact between the public and AGDC, especially in the Nikiski community.
- Key information is centrally located on the PAC web page making all information readily available to the public.
- Increased discussion and understanding around the Kenai Spur Highway Re-route, LNG Water Supply, Payment in Lieu of Taxes (PILT), and other key topics.
- Input has not just been from AGDC, but also from industry experts, Alaska Department of Revenue, special interest groups, and comment from the general public.
- A key for the PAC in the near term is broader understanding of and planning for PILT and how this might work through the Municipal Advisory Gas Project Review Board (MAGPRB).

### **2.) Receive public comment**

- There has been good attendance by the public for every PAC meeting.
- Substantial comment received regarding the Kenai Spur Highway Re-route and LNG Project Water Supply.
- Some issues have been raised and addressed; many issues will be topics of discussion as the project progresses.

### **3.) Inform the administration and assembly of these activities and developments;**

- The Mayor's office has been in attendance at every PAC meeting.
- There has been an Assembly member (ex-officio) in attendance at every meeting.

#### **4.) Suggest to the assembly and/or the mayor or his designee comments and recommendations to be made to AGDC.**

- Several recommendations have been acted on by the Mayor's office.
- The borough should be engaging key stakeholders (cities, service area boards, Native organizations) to better understand viewpoints and potential impacts of the project.
- At this point, there is not a funded LNG project. However, AGDC continues to make substantial progress and if they are able to obtain FERC approval and secure investment monies, the project will begin moving forward very quickly. Waiting until a project is fully approved and funded will not allow the borough enough time to plan and obtain funding for mitigations needed to offset the impacts of such a large project.
- The borough should quantify and prioritize potential impacts to proactively prepare for potential PILT funding that could help mitigate impacts during Construction (CPILT) and Operation of the project (OPILT).
  - Participation in and better understanding of The Municipal Advisory Gas Project Review Board (MAGPRB) process.
  - Action will be required very quickly if there is a decision to move forward with the project. Any mitigating actions requiring infrastructure construction will need to be well prepared and fast tracked.
  - PILT payments should not be tied to annual legislative appropriation.
- This issue of greatest concern in the Nikiski area remains the Kenai Spur Highway re-route. AGDC and the project team have continued to engage the community and have responded to input while holding to their minimum scope of re-routing the Kenai Spur Highway around the new LNG facility. While a solution that addresses the concerns of all involved, a number of key issues remain that could benefit from a broader conversation involving KPB and Alaska DOT:
  - Consideration of the potential impact of bluff erosion. The current proposal is susceptible to erosion.
  - Ensuring design basis is suitable for the likely traffic.
  - Consideration of design optimization that accounts for community need (connection of highway re-route to Holt-Lamplight road for example).

- Key presentations, links, and dialog can be found on the PAC website. The most important documents relating to socioeconomic impacts and PILT are Resource Report #5 (AGDC filing with FERC