

**From:** [richardmcgahan](#)  
**To:** [Collins, Eileen M. \(CED\)](#)  
**Cc:** [Stacy Oliva](#); [Michele Hartline](#)  
**Subject:** Re: Incorporation of Nikiski Comments  
**Date:** Saturday, January 28, 2017 12:55:22 PM

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Dear Ms. Collins,

The following are my comments regarding the incorporation of Nikiski, Alaska

I think the incorporation of Nikiski is probably unique. I don't know if the Local Boundary Commission has ever had an area that wishes to incorporate that is already paying for their services and is not asking for more services. The boundaries of the area to be incorporated are historical boundaries which were established approximately 35 years ago, and the taxpayers within those boundaries have been paying for their services that they voted to have, in the form of services areas allowed by the state, ever since.

This is how I see this: The service areas that we are paying for only from our taxpayers within these boundaries will become departments of the city.

Rather than our funds and our budgets being approved by the borough assembly, and administered by them, they will be approved and administered by people who live within our boundaries in the form of an elected city council. There are many advantages to this. In a 9 member borough assembly, Nikiski has only one member. 8 members who do not live here decide our direction. Nikiski is unique in that Nikiski has embraced industry, and also endures the impacts from industry. This is different from the rest of the Kenai Peninsula Borough. They usually do not share our vision, do not endure the impacts, and do not have the assets that we have in Nikiski. This is evidenced by what has happened with our road services. Nikiski was the first area in the borough to create our own road service area. Others soon followed. The borough, without a vote of the taxpayers, merged the road service areas. it was openly stated at that time that the purpose of merging was to spread the tax revenue derived from Nikiski to the rest of the borough where development is definitely NOT embraced. In 2016, 2.2 million dollars was collected within the Nikiski Road Service Area boundary, and only \$645,000 was budgeted back to the Nikiski area. Of that, only approximately \$365,000 was actually spent on our roads.

**Incorporation Advantage:**

When our road service area becomes the Nikiski City Road Department we will have the funds available to have much better roads. This is a definite need. We have contractors within our area, who know our area. We will have much better service.

**Another Incorporation Advantage to Nikiski and to the State of Alaska:**

We had a proposed budget analysis done by a professional firm. We will have money left over to run a city and even perhaps lower the mill rate from what we have now. Since the state collects 20 mills from industry, and local mills are then dispersed from that to the local community, if we are able to lower our rate, the state will retain more money from the Nikiski industrial base.

That means that from the financial angle, incorporation of Nikiski would be an advantage to Nikiski taxpayers, and may also very well be a financial advantage to the State of Alaska.

**And a final Incorporation Advantage:**

Finally, besides the financial aspect, the main reason I am in favor of the incorporation of Nikiski is for self determination by local residents.

The effort for incorporation was started without the LNG plant being a consideration. However, as that possible development unfolded, it really shined a light on why we need our local folks elected to a city council, and why we need a local governing body to determine our direction. As a municipal group was created to discuss and make decisions regarding the LNG plant and pipeline, including Fairbanks, Nenana, Anderson, the Denali Borough, Wasilla and on down the possible pipeline corridor, Nikiski, where the terminus was proposed, was not consulted. When the possibility of the North Road being moved to accommodate the LNG plant was proposed, Nikiski, where the impact would be huge, was not involved in the development of that plan.

We need to be able to handle our own tax revenue and to determine our own direction. We need a Nikiski City Council made up of local residents to listen to the residents of Nikiski and determine our future.

Thank you for considering my comments.  
I am a 52 year resident of Nikiski and I am in favor of incorporation.  
Karen S. McGahan