

**From:** richardmcgahan  
**To:** [Commission, Boundary \(CED sponsored\)](#)  
**Subject:** Response to the Preliminary Report regarding Nikiski Incorporation  
**Date:** Monday, June 12, 2017 11:44:43 AM

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FROM: Karen S. McGahan  
53 year Nikiski Resident  
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Kenai, Alaska 99611

**LOCAL GOVERNMENT EXPERIENCE:**

Elected Nikiski Fire Service Area Board Member (on the first service area board)

3 term elected Kenai Peninsula Borough Assembly Representation from Nikiski (1980-1989)

**CURRENT EMPLOYMENT:**

KSRM Radio Group, Soldotna, Alaska 99669  
McJack Fishing, Nikiski, Alaska 99635

**PRELIMINARY REPORT FROM THE LBC STAFF  
RESPONSE FROM KAREN S. MCGAHAN**

**FINDINGS:** This may seem a little backwards, but I think I need to start with the interpretation of AS 29.05.021 by the LBC Staff.

The letter of the law does not take into account the spirit of the law, the intent of the law, or what reality has actually occurred in Nikiski and the Kenai Peninsula Borough.

As a second class borough, the powers invested in this borough are schools, solid waste and economic development. The service areas in Nikiski are not funded by the borough or provided by the borough. In fact, they were voted in by Nikiski residents only, and are funded by Nikiski residents only. By the **LETTER OF THE LAW**, they are administrated by the borough, but in **REALITY** the borough charges the citizens of Nikiski a fee for administration. We could hire a management firm to do that, and perhaps for less money.

The road service area was voted in only by Nikiski residents. As other areas created their own road service areas, it became obvious to others that Nikiski had a larger tax base. So the borough, with no vote by the Nikiski taxpayers, merged the road service areas. Now, again, Nikiski is paying our own way, providing our own services, and also paying for others. The elected board was dissolved by the borough and changed to a board appointed by others. I do not believe this is the **SPIRIT** of the law. I do not believe this was the **INTENT** of the state law. I do not believe this is local government.

As the report states: "The formation of a city government is encouraged by the constitutional mandate to maximize local self-government." That is exactly what the petition proposes. Although the **LETTER OF THE LAW** states that service areas are a creature of the borough, the Nikiski service areas were not voted in by all the borough residents. Instead they were voted for by Nikiski taxpayers, in spite of the borough refusing such services (this history has been documented in the petition), funded by Nikiski taxpayers, provided by Nikiski taxpayers (some firemen are second generation Nikiski firefighters and paramedics), and administered by a management team (Kenai Peninsula Borough) that is paid for with fees collected from the Nikiski taxpayers.

Essential services that are provided by Nikiski service areas are not in fact, or reality, provided by the borough, but are in fact, and reality, provided totally by Nikiski taxpayers. Now we want a local government, with a locally

elected city council, to be able to determine our community's next steps.

Roads are a big issue. We want a local council issuing contracts and determining how our funds are spent. I believe the LBC Staff has had credible evidence presented showing that a local city government could definitely provide these services better than we are currently able to do with the merged road service area.

I hope that I have shown that the LETTER OF THE LAW does not reflect the reality of the Nikiski situation. Nikiski is unique in our desire to create our own city. Our main motivation is self-determination, since we have been providing our services with our taxes for a long time.

**BULLETS:** Now I would like to address the bullets in the Preliminary Report.

#1 and 4

**Community/ Boundaries:** The boundaries of the proposed city are the traditional boundaries established as the Nikiski Fire Service Area over 35 years ago. These boundaries were approved by the borough. I am not opposed to leaving out the forested, unpopulated area, or Tyonek. In fact, the reduction in boundaries was anticipated as a possibility, but NOT the rejection of the petition on that basis.

It is incorrect to say that these boundaries have not been served or will not be served by the service areas and taxpayers of Nikiski. The budgets of the service areas are open for review and Tyonek and the west side, as well as the industry in the Inlet, have been well served for many years. The figures prove that the LBC Staff is wrong in this assumption. This evidence has been provided to the LBC staff, both in the petition and in the response to the Kenai Peninsula Borough, with financial figures, maps and details regarding services,

Tyonek, in particular, has been served well by the Nikiski Fire Service Area, the North Peninsula Recreation Area and the Nikiski Senior Citizen's Service Area, funded by the taxpayers of Nikiski, while not paying for these services themselves. It would be to the benefit of the taxpayers of these service areas to not pay to serve Tyonek, and I'm fine with omitting that area. I think that when the residents of Tyonek realize what that means, they will miss the weekly training sessions of their volunteers by the firemen of the Nikiski Fire Service Area. I'm assuming the State of Alaska will need to take up this service at a cost to the state.

Again, regarding the boundaries of the proposed city, the citizens asking to vote on this issue utilized the boundaries previously approved as the Nikiski Fire Service Area more than 35 years ago. If the LBC requires a change in the boundaries, this should not negate the vote to incorporate.

#5

**Best Interest of the State:** Because the petition also shows, in great detail, that the proposed city budget would save money on road services, the mill rate would very likely drop. Since the Nikiski area encompasses almost all the industry on the Kenai Peninsula, a drop in the local mill rate would give more tax dollars to the state from the 20 mills industry pays.

Also, as I previously stated regarding Tyonek, the taxpayers of Nikiski now cover those costs. That is also certainly saving the state money.

The incorporation definitely would maximize local self-government. One of the major issues is local leadership for self determination of the Nikiski community. That has been adequately and overwhelmingly shown by our public hearings, written public comments and our history, which was documented in the petition.

#7

**Statement of Nondiscrimination Essential Municipal Services:** There is nothing in state law that says the city must take on law enforcement that is currently being done by the state troopers. Nikiski residents fund the Nikiski Fire and Emergency Service Area which is a public safety service. Also, police protection is in the petition as a service which might be enacted by the taxpayers in the future.

The City of Soldotna has been in existence as a city since 1963 or 1964 and has still chosen not to have a city fire department which could be considered an essential service. That was not essential for the boundary commission to allow a vote for that city to incorporate.

In conclusion, I think that the LBC's Preliminary Report is based on the letter of the law regarding the service areas, and not on the reality of how that statue has developed here on the Kenai Peninsula. Perhaps the Preliminary Report by the LBC Staff was done hurriedly. I'm not sure why, but for some reason, many documents and evidence submitted with many hours of hard work, seemed to have been ignored.

Perhaps the boundaries in the petition need to be reduced. If that is necessary for this petition to go forward, I'm in favor of that. However it happens, the Nikiski citizens should be allowed to vote on this issue.

Thank you,  
Karen S. McGahan