



City of Valdez  
2016 Federal Legislative Priorities

WRRDA Project Request: Release of Tract J, Harbor Subdivision from Navigational Servitude.

The property known locally as “Sea Otter RV Park” is land that was created from dredge material taken from construction of the existing Small Boat Harbor. As a result, this property is under navigational servitude, a protection mechanism put in place by the Corps of Engineers so the agency has unrestricted future access in the case additional navigational improvements (like expansion of the harbor) are required. This designation significantly limits the developability of property. Tract J and the tidelands south of it were investigated as a potential harbor site and found to be unsuitable. The City of Valdez requests the navigational servitude designation be removed from this property in the next iteration of the Water Resources Reform & Development Act (WRRDA) so it may be used to its maximum potential as a waterfront upland development location with permanent improvements.

FERC Permitting for Proposed Gas Pipeline. The development and construction of a proposed large diameter gas pipeline from Alaska’s North Slope (“ANS”) to south central Alaska (“ANS Pipeline”) is subject to a Federal Energy Regulatory Commission (“FERC”) review and permitting process. Present plans call for the Pipeline to terminate at a liquefied natural gas plant to be constructed on the Cook Inlet side of the Kenai Peninsula at Nikiski.

Notwithstanding these plans, an alternative route with a point of termination near Valdez, Alaska, adjacent to the Trans-Alaska Pipeline System (“TAPS”) marine terminal, is supported by previous scoping decisions made by the Federal Energy Regulatory Commission (“FERC”), the Bureau of Land Management (“BLM”), and the United States Corp of Engineers (“Corp of Engineers”) in completing Environmental Impact Statement (“EISs”) for natural gas pipeline proposals from the North Slope to Southcentral Alaska. Final EISs for substantially similar natural gas pipeline projects were completed in both 1988 and 1995. Both EISs considered a route from the North Slope to Boulder Point at Nikiski, and both EISs concluded that the Valdez Route was a superior alternative.

The City of Valdez should actively participate in the FERC permitting process to ensure that the most advantageous ANS Pipeline configurations (i.e., point of termination, spur lines, off-takes) are ultimately selected, and advance the selection of the Valdez area as the point of termination.

National Forest Recreation Funding: Chugach National Forest. On a national level all National Forest Managers are having challenges maintaining their recreation budgets. We need to work

and support our local forests to ensure that they do not have their recreation budgets decreased further. The recreation budget not only covers maintenance of the Parks, it also covers the costs of reviewing, issuing, and regulating commercial permits. Currently the recreation funding problem is paralyzing commercial operators on the Chugach National Forest. In order for a commercial operator to land, camp or hike on Chugach National Forest managed land they must have a commercial operator permit. The Chugach National Forest permitting staff has a backlog of requests for commercial permits to a point that they are currently not accepting any new permits until January of 2016. This moratorium on permitting means that a business cannot expand operations or a new business cannot legally start operations until, at the earliest, the summer of 2016. Pressure needs to be placed federally to increase funding and unlock the doors of the Chugach for proper commercial use that fits the forest plan.

Secure Rural Schools & Community Self Determination Act. The City of Valdez joins the Alaska Municipal League in urging members of Congress to pursue a long-term congressional solution for continued SRS payments to forest boroughs and cities in Alaska. This act expired in 2012 and has been extended on a year-by-year basis. Congress should establish a new revenue sharing program to allocate revenues generated from the management of federal lands to all forest boroughs and cities. If Congress fails to renew its long-standing federal obligation by not providing a long-term solution, eligible boroughs and cities face dramatic budgetary shortfalls. Since 2008 the City has received approximately \$15 million through this program in annual payments ranging from \$2.8 million to \$1.6 million. If this program is discontinued the City's annual National Forest Receipts program funding will drop to about \$60,000.

PILT (Payment in Lieu of Taxes). The City of Valdez joins the Alaska Municipal League in urging members of Congress to support continued full funding of the PILT program. These funds are to offset costs incurred by Alaska's boroughs and cities for services provided to federal employees and families, the public and to the users of public lands. These include education, solid waste disposal, law enforcement, search and rescue, health care, environmental compliance, firefighting, parks and recreation, road maintenance, and other important community services. Since 2005 the City has received \$7.75 million through this program in annual payments ranging in size from \$430,000-\$752,000.

Tax-Exempt Status of Municipal Bonds. The City of Valdez joins the Alaska Municipal League in supporting the preservation of the federal deductibility of local property and income taxes and the tax-exempt status of municipal bonds that provide critical funding for public facilities, infrastructure and development. Provisions like the tax exemption for municipal bond interest have been a part of the federal tax code for over 100 years, helping finance more than \$3.7 trillion in public works projects.

"Waters of the U.S." Rulemaking. The City of Valdez joins the Alaska Municipal League in supporting efforts to prevent the redefinition of "waters of the U.S." that would result in the federal regulation of all public safety ditches. The U.S. Environmental Protection Agency and the U.S. Army Corps of Engineers have proposed to broaden the existing definition; this would

increase the number of locally-owned and maintained public safety infrastructure that would fall under federal permitting authority.

Federal Initiatives to Support Alaska LNG Project. The City of Valdez supports any Federal initiative that could facilitate an actual commitment (by the state or private entities) to construct a large volume Liquid Natural Gas (LNG) Alaskan Pipeline project to tidewater; specifically Valdez.

Strategic Port Recognition & Use. The Port of Valdez is the nation's northernmost deep water, ice free port serving as a 1) primary supply route for oversize and munitions shipments; and 2) strategic alternate supply route for standard shipments to interior Alaska federal installations. To ensure the Port of Valdez remains for strategic use, an increase in routine freight to federal installations is critical.

Prince William Sound Weather Buoy Maintenance. The City of Valdez requests measures be taken to ensure adequate resources are allocated to maintain existing weather buoys in Prince William Sound.

United States Coast Guard Marine Safety Unit. The USCG provides critical Homeland Security, Vessel Traffic, Life-Saving Measures, and Instrumentation Maintenance throughout Port Valdez and Prince William Sound. The City of Valdez requests measures be taken to ensure adequate resources for all five detachments.

Approach Guidelines in Glacial Fjords for Harbor Seals. The City of Valdez supports the actions taken by the Alaska Delegation to strongly encourage NOAA to work collectively with mariners, especially sightseeing day boat operators, to minimize the impacts of newly proposed, and likely unattainable, approach guidelines in glacial fjords to protect birthing and nursing harbor seals. Continued work regarding this issue is requested.

Funding for Electric Intertie between Railbelt Grid and East Alaska Corridor. The East Alaska (Richardson Highway) Corridor pays some of the highest electric rates in the State for those communities on the road system; 4-6 times the cost of power along the Railbelt. This holds true even with the price of oil at historic lows. These communities are not subsidized through the State's Power Cost Equalization (PCE) program. High utility costs keep development and diversification opportunities to a minimum. The City of Valdez looks to federal energy and economic development agencies to assist with a funding package to make an electric intertie possible between the Alaska Railbelt and the East Alaska Corridor.

Continued Funding for the Federal Aid in Sport Fish Restoration (SFR) Act. Commonly referred to as the Dingell-Johnson or the Wallop-Breaux Act, this federal funding source is administered through the Alaska Department of Fish & Game to help fund projects improving recreational power boating and sport fishing access. The City of Valdez has requested \$1.5 million through this program to assist with grant eligible components (like launch ramps) in the new harbor.

Maintaining strong federal funding of this program is key to distribution of enhancement money at the local level.