

## Environmental Studies Program: Ongoing Study

Title	Kenai Peninsula Borough Economy, 2008 to 2020 (AK-20-x09)
Administered by	Alaska Regional Office
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Procurement Type(s)	Contract
Conducting Organization(s)	Industrial Economics, Inc. and Northern Economics, Inc.
Total BOEM Cost	\$223,466
Performance Period	FY 2021–2022
Final Report Due	September 9, 2022
Date Revised	September 12, 2022
PICOC Summary	
<i>Problem</i>	The Kenai Peninsula Borough bears most of the costs and benefits of OCS energy development in the Cook Inlet Planning Area. The communities of the area have experienced unprecedented changes in economic conditions, including an ongoing state recession.
<i>Intervention</i>	The study will describe changes in the structure of the principal components of the population and economy, including Native corporations, oil and gas, commercial fishing, and recreation and tourism. Researchers will make a quantitative and qualitative description of borough revenue, expenditures, and government services.
<i>Comparison</i>	The study will document trends over a 12-year period.
<i>Outcome</i>	Documentation of the changes in the economic conditions of the Kenai Peninsula Borough and its diverse communities.
<i>Context</i>	The Kenai Peninsula Borough adjacent to the Cook Inlet planning area

**BOEM Information Need(s):** BOEM needs updated baseline information on the population, economy, and institutions of the Kenai Peninsula Borough (KPB) and its diverse communities. Lease Sale 244 in 2017 leased 14 blocks in the Cook Inlet Planning Area and exploration activities are planned on those blocks. Lease Sale 258 is scheduled under the 2017 to 2022 Five-Year Program. This study will provide information for the description of the existing environment and analysis of impacts to the economy, social systems, commercial and sport fishing, recreation, and tourism in environmental analyses for future lease sales, Exploration Plans, and Development and Production Plans.

**Background:** The villages within the KPB primarily have mixed subsistence-cash economies, towns have primarily commercial fishing based-economies, and cities have diverse economies predominantly in the oil and gas and government sectors. Existing information collected and reported in past studies has been aggregated at the borough-level. This study will provide a finer analysis of community-level effects. The 12-year study period will allow researchers to capture major trends and changes experienced by communities caused by growth and decline in the major sectors. A similar study of the North Slope

Borough Economy was invaluable in completing similar environmental analyses for Beaufort and Chukchi Sea OCS activities (Northern Economics 2006).

**Objectives:**

- Describe the structure of the KPB and constituent communities and how it has changed from 2008 to the 2020, including employment and income, in- and out-migration, demographic trends, institutional analyses of local and regional governments, non-profit and other entities, revenues, and expenditures.
- Evaluate the role of the Alaska Native Claims Settlement Act (ANCSA) regional and village corporations in the KPB as a force for economic development and delivery of public services.
- Identify how the KPB and its communities, regional and village corporations, tribes, and others used revenues from the oil and gas industry from 2008 to 2020.
- Establish a basis for assessing social and economic effects of future onshore and offshore energy development activities.

**Methods:** Researchers will develop a qualitative and quantitative profile of the borough and its communities for a 12-year period and provide trend data to document major changes across economic sectors, using existing information from land use and zoning plans, community development plans, and U.S. census data. Researchers also will compare borough-level trends with economic trends in the State of Alaska. The focus will be on commercial fishing, oil and gas development, recreation, and tourism. Researchers will describe trends in revenues and expenditures and the private, public, and non-profit sectors, including Alaska Native corporations, as well as trends in income, employment, out-migration, and in-migration and how these relate to other sectors, including subsistence and commercial fishing. Finally, researchers will apply a typology of village, town, and city to describe how the KPB and local governments have adapted to the decline in revenues and how individuals, households, and communities have responded to changing conditions. This typology has proven useful for distinguishing effects between communities in previous studies (e.g., USDO, MMS 2003; USDO, BOEM 2016).

**Specific Research Question(s):**

1. What is the structure of the population and economy of the KPB?
2. How has the KPB changed and adapted during the study period?
3. How have communities changed and adapted during the study period?
4. How do local and regional institutions contribute to the economy of the KPB?

**Current Status:** Completed

**Publications Completed:**

Cuyno L., Schug D. (Northern Economics, Inc. Anchorage, AK), Flight M., Bhattacharya A., and Horsch E. (Industrial Economics, Inc. Cambridge, MA). 2022. Kenai Peninsula Borough Economy, 2008 to 2020. OCS Study BOEM 2022-053. Anchorage, AK: U.S. Department of the Interior, Bureau of Ocean Energy Management. 271 pp.

**Affiliated WWW Sites:** <http://www.boem.gov/akstudies/>

**References:**

Northern Economics, Inc., 2006. North Slope Economy 1965 to 2005. OCS Study MMS 2006-020.

Prepared for U.S. Department of the Interior, Minerals Management Service, Anchorage, AK.  
224 pp.

USDOI, BOEM, 2016. Alaska Outer Continental Shelf, Cook Inlet Planning Area, Oil and Gas Lease Sale 244 Final EIS. OCS EIS/EA BOEM 2016-069. Alaska OCS Region. Anchorage, AK.

USDOI, MMS, 2003. Cook Inlet Planning Area Oil and Gas Lease Sales 191 and 199 Final EIS. OCS EIS/EA MMS 2003-055. Alaska OCS Region. Anchorage, AK.