



## **Town of Inuvik Submission**

**Mackenzie Gas Project  
Joint Review Panel Hearings**

**16 February 2006  
Inuvik, NT**

**Presented by**

**Peter Clarkson, Mayor  
Town of Inuvik**

# **Mackenzie Gas Project Joint Review Panel Hearings – Town of Inuvik**

## **Introduction**

Town of Inuvik supports the Mackenzie Gas Project (MGP) because of the economic and employment opportunities that it will bring to Inuvik, the Beaufort Delta, and Mackenzie Valley. The MGP and associated development will also help provide long term sustainability and additional diversity to Inuvik's economy. The Town of Inuvik supports the MGP because of the long term benefits this project provides to the residents of Inuvik, aboriginal governments, businesses, and residents of the NWT.

The Town recognizes that there are social and environmental impact concerns associated with the MGP. We encourage the MGP proponents, aboriginal governments, and territorial and federal governments, to work together and ensure these concerns are addressed to reduce or mitigate the potential impacts of the project.

The Town of Inuvik as a municipal government is responsible for municipal services and infrastructure. Inuvik's location and infrastructure make it the logistical support centre for development in the natural gas production fields, gathering system, Inuvik area facility, northern end of the pipeline, and future exploration in the Beaufort Delta area.

The Town's overall objective is to ensure high quality and affordable municipal infrastructure and services. The MGP should compensate the Town for any use of community infrastructure or services. As Inuvik is a tax-based municipality we do not want resident tax payers subsidizing the MGP or have reduced services to residents because of the Project.

In the report below we will:

- a) outline what we have done to determine the potential impact to the municipality,
- b) identify the concerns the Town has with the MGP and municipal infrastructure, and
- c) make recommendations on how these concerns can be addressed.

## **Background and Impact Assessment**

To achieve a better understanding of the potential impacts that the MGP would have on the Town's infrastructure and services we have:

- a) reviewed the MGP EIS, Supplementary Information, Information Requests and responses,
- b) attended MGP information sessions and met with MGP staff,
- c) attended the Community Government Leaders Conference: Preparing for the Pipeline, Inuvik, NT (December 2004),
- d) commissioned a study on the status of municipal infrastructure and impacts of the MGP, (Inuvik Pipeline Impact Planning Study, Earth Tech Inc., June 2005),
- e) participated in the Northern Communities: Boom, Bust and the Role of Infrastructure Workshop, November 2005, Norman Wells, NT (November 2005),

- f) undertook a study on the impacts of the MGP and Town zoning and planning to identify impacts and potential mitigative steps (MGP Preparedness Report, Render Planning, January 2006),
- g) initiated a study to review municipal bylaws, fee for service user agreements, and impact and development agreements between municipalities and resource development projects, and
- h) began discussions with the MGP on the municipal infrastructure and services the project will need and the impact the project will have on the Town of Inuvik.

## **Issues**

The MGP is the largest resource development project ever undertaken in the NWT and will have an impact on the limited municipal infrastructure and services of communities in the Mackenzie Valley. Inuvik's geographical location and existing infrastructure (highway, river access, and airport) combined with availability of goods and services, places Inuvik in a strategic support location for the MGP. Over 50 % of the MGP facilities and infrastructure will be near or north of Inuvik (production fields, gathering system, Inuvik Area Facility, northern end of the pipeline).

The Town acknowledges that there are social, economic, and environmental concerns and impacts with the MGP, and although we fully support addressing these concerns, our concerns and impacts will focus on municipal infrastructure and services.

The MGP will have direct and indirect or secondary impacts on the Town of Inuvik. The Town disagrees with several statements in the MGP EIS that states many of the impacts will be short in duration or have no significance. The Town also feels that there will be impacts on community infrastructure and services that are not identified in the EIS as they were considered indirect or induced impacts from the project. To identify impacts on municipal infrastructure and services we will discuss each area separately below.

### **Roads, Increased Traffic, and Associated Issues**

The MGP EIS (Volume 6C Section 5) identifies that municipal roads will be used to transport equipment, machinery, camps, supplies, and pipe from the barge landing to the Inuvik Area Facility, Campbell Lake Camp, the pipeline, and gathering system. The number of truckloads and size (length and weight) of these loads will put considerable stress on municipal roads.

#### **NT and Navy Roads**

The municipal roads that will be used to transport equipment, camps, and supplies from barges to the pipeline, Inuvik Area Facility, or camp location include NT Road and Navy Road. Both of these roads will need considerable enhancement to withstand the volume and weights of anticipated truck loads. Truck and trailer combinations of 210 ft long and weighing 299,000 kg (Associated Engineering, January 2006), will not be supported by

current roads and such loads cannot physically make needed turns on the existing roads. It is the Town's position that any enhancement needed to ensure safe transporting of barge cargo on municipal roads should be done by the MGP with complete costs covered by the MGP.

With the load weights and number of truck and trailer units (Volume 6C Section 5) these roads will also require additional maintenance during and after the construction period. It is the Town's position that all additional maintenance costs should be the responsibility of the project. As part of maintenance costs we also expect the MGP to ensure sufficient dust abatement is applied to all roads they use for the project as the volume of truck traffic would greatly increase dust in the community and this presents safety and health concerns.

#### Bypass Road, Airport Road, and the Dempster Highway

The Town does not have the responsibility for the Bypass Road, Airport Road, or the Dempster Highway, however, as community members use these roads on a daily basis the Town wants to ensure that the MGP keeps these roads in good condition and is responsible for any enhancement, maintenance, dust abatement, and repairs needed during and at the end of the MGP construction phase. Dust abatement is especially a concern for the Bypass Road which is currently a gravel road that is above the Town. Dust created on this road travels across the entire community. Increased traffic and dust on the Bypass Road would also present a serious traffic safety hazard.

#### Other Municipal Roads

The Town expects that all roads in the community's industrial areas, business areas and some residential areas will see increased traffic because of the increased activity in and around Inuvik. The transportation of supplies, workers, potable water and waste water, access to services in the community, and other associated traffic, will all contribute to an overall increase in the volume of traffic on most municipal roads. This increase in traffic on municipal roads is not identified in the EIS, however, the Town feels the increased traffic on municipal roads is a direct result of the MGP and will result in increased maintenance and wear and tear on these roads. The Town's position is that the MGP is responsible for additional costs associated with increased traffic because of the MGP.

#### Traffic Bylaw Enforcement and Safety

With the volume of increased traffic the Town will require additional bylaw enforcement to ensure compliance with community traffic and parking bylaws. Additional enforcement effort will be needed to ensure traffic safety is addressed and that community residents are not endangered. The three traffic fatalities during the recent exploration work is a somber reminder that increased traffic does result in increased safety concerns. The MGP should be responsible for the costs of additional traffic enforcement work by the Town's Bylaw Officers.

## Traffic Control and Monitoring

During the MGP construction phase the Town wants all MGP barge related truck traffic to be controlled and timed to have the least amount of impact on the community. Close coordination and communications with the Town's administration will be required.

### Road Condition Inspections

During the MGP construction phase the MGP should contract an independent engineering firm to conduct road inspections to identify any damage caused by the increased volume of traffic. At the end of the construction phase of the MGP a complete inspection of municipal roads should be conducted to ensure all roads damaged by the project are repaired by the MGP. Community tax payers should not be responsible for repairing roads damaged by the MGP.

### Increased Road Maintenance Costs After The MGP Construction

To handle the size of truck and trailer loads anticipated the NT and Navy roads will need to be enhanced beyond what would be considered normal truck traffic standards. Having roads and intersections that are wider than normal truck traffic standards will present increased maintenance cost for these roads in the future. The Town needs to be compensated for these increased future costs.

## **Potable Water**

The MGP will require potable water at the Campbell Lake Camp and at the Inuvik Area Facility Camp. The Town has the capacity with its current water supply system to provide potable water to the MGP. To provide potable water to the MGP the Town would enter into an agreement with the MGP and provide potable water on a fee for services basis. The fee for water would include operational and production costs as well as costs for capital infrastructure required to produce and make available potable water. As the amount of water needed during peak construction activity (11 B-trains/day) may cause fill delays for current users, the MGP should cover any costs needed to enhance the existing truck fill station or add an additional fill station specifically for MGP needs.

## **Waste Water Disposal and Treatment**

The Campbell Lake Camp and camp at the Inuvik Area Facility will require proper waste water (grey water and sewage) disposal and treatment. The Town of Inuvik's Waste Water Treatment facility currently has the capacity needed to take additional waste water. To accept waste water the Town would negotiate a waste water fee for service agreement that would have the MGP compensate the Town for operational, production, and capital costs associated with processing waste water.

## **Protective Services**

The Town provides Protective Services to the community by way of bylaw enforcement, rescue services and fire fighting. The increased activities of the MGP will result in increased demands for these services. The Town and the MGP need to have a fee for service agreement to ensure the Town is adequately compensated for use of these services.

## **Recreation Facilities**

Workers at the Campbell Lake Camp and the Inuvik Area Facility Camp may want to use the Town's recreation facilities. User fee agreements can be put into place to accommodate any use of the Town's recreation facilities. Town recreation facilities will also see increased use by workers from the MGP that may not be staying in MGP camps. Current user fees charged to individual community residents are subsidized by resident tax payers. As the MGP is not a municipal tax payer, the Town should receive additional compensation because of the increased use of recreation facilities. For example – the charge for an adult swim pass is \$6, but the real cost to the Town for that adult to be able to go swimming may be \$50. The difference between the swim pass admission charge and actual cost is paid by community tax payers.

## **Municipal Forced Growth and Land Development**

The Town of Inuvik is responsible for land development within the municipality. If land is needed for residential, commercial, or industrial uses the Town must develop and provide services to such land. With the short construction season and high costs of construction in the north, it is necessary to develop land one and sometimes two and three years before it is actually needed. These development costs are paid by the Town and not recovered until this land is sold. Development costs include surveying, engineering, road construction, utility installation, and drainage enhancement.

The Town has no option but to develop the land as residential properties will be needed for increased housing needs identified in the MGP EIS (Volume 6C Section 5.3.2). However, the scale of growth anticipated is beyond normal growth because of the MGP. The Town also is required to burden the risk in the event the MGP is not approved or the proponents decide not to proceed.

During the summer of 2005 the Town spent over \$2.8 million to develop residential lots. In the past 2 years the Town has spent over \$1 million to develop additional industrial use lots. These costs will not be recovered until all of these lots are sold putting an incredible financial strain on the Town.

Neither the federal nor territorial governments have come forward to provide any assistance for forced growth costs incurred by the Town of Inuvik. To address this issue the MGP should be required to provide bridge financing to the Town until properties are sold and costs recovered.

## **Community Impact Development Agreement**

Many of the MGP impacts on municipal infrastructure and services are easily identified and a reasonable compensation amount can be assessed or the impact can be mitigated. Fee for service agreements can also be put in place to compensate the Town for any use of their infrastructure or services.

However, there are many additional costs that will be incurred by the Town that are not easily quantified nor fit into a fee for service agreement model. Costs for increased maintenance on all municipal roads and Town recreation facilities, and increased time demands on Town staff and municipal council to deal with MGP issues, all places an additional financial burden on the Town. These additional costs are not covered by proposed fee for service agreements.

Having a Community Impact Development Agreement between the Town of Inuvik and the MGP would be a mechanism to provide compensation to the Town for additional costs incurred because of the MGP. Community tax payers should not have to subsidize the MGP and cover these additional costs.

## **Recommendations**

To address the concerns the Town has with the MGP and municipal infrastructure and services, we present the following summary of recommendations that the JRP and NEB will be able to use as conditions on any decision they make concerning the MGP.

### **Roads, Increased Traffic, and Associated Issues**

NT and Navy Roads - The MGP should be responsible for any enhancements needed to ensure safe transporting of barge cargo on municipal roads with the MGP covering all costs for enhancements, maintenance, dust abatement, and monitoring.

Bypass Road, Airport Road, and the Dempster Highway - The MGP should be responsible for all enhancements, increased maintenance, dust abatement, and monitoring needed to keep these roads safe and in good condition.

Other Municipal Roads - The MGP should be responsible for additional costs associated with increased maintenance because of additional traffic on all municipal roads.

Traffic Bylaw Enforcement and Safety - Increased traffic on municipal roads will require additional bylaw enforcement to ensure safety and compliance with community traffic and parking bylaws. The MGP should be responsible to cover any costs for increased bylaw enforcement.

Traffic Control and Monitoring - During the MGP construction phase all MGP barge related truck traffic to be controlled and timed to have the least amount of impact on the

community. Close coordination and communications with the Town's administration is required.

**Road Condition Inspections** - During the MGP construction phase the MGP should contract an independent engineering firm to conduct road inspections to identify any damage caused by the increased volume of traffic. At the end of the construction phase of the MGP a complete inspection of municipal roads should be conducted to ensure all roads damaged by the project are repaired by the MGP.

**Increased Road Maintenance Costs After The MGP Construction** - The MGP should be responsible for any ongoing maintenance costs that are needed because of special road requirements that are beyond normal road standards.

**Potable Water** - The MGP should have a fee for use agreement with the Town for any potable water the MGP needs.

**Waste Water Disposal and Treatment** - The MGP should have a fee for use agreement with the Town for any waste water (grey water and sewage) disposal and treatment.

**Protective Services** - The MGP should have a fee for service agreement to ensure the Town is adequately compensated for additional Protective Services needed.

**Recreation Facilities** - The MGP should have a fee for use agreement for any use of the Town's recreation facilities.

**Municipal Forced Growth and Land Development** - The MGP should be required to provide bridge financing to the Town for increased demands for land development until properties are sold and costs are recovered.

**Community Impact Development Agreement** - The MGP should have to complete a Community Impact Development Agreement with the Town of Inuvik to provide compensation for additional costs incurred by the Town because of the MGP. The Community Impact Development Agreement would provide compensation for goods or services used by the MGP, but not covered by user fee or service agreements.



## **Conclusion**

Although the Town of Inuvik supports the approval of the MGP, the Town wants to ensure that community use of municipal infrastructure and services continues at the high standards residents currently enjoy. The Town also wants to ensure that community residents and tax payers are not subsidizing the MGP by providing or maintaining municipal infrastructure and services used or damaged by the MGP.

It is critical for the protection and enhancement of municipal infrastructure and services that use and development agreements are completed with the MGP and the appropriate level of compensation is provided to the Town. As a tax-based community we are responsible for municipal infrastructure and services where costs are covered by municipal property taxes. Because the MGP development and facilities are outside municipal boundaries the Town is not able to receive compensation by taxing MGP property or improvements. The only way the Town can receive compensation is for the MGP to negotiate and complete user fee and service agreements and a Community Impact Development Agreement that fairly compensates the Town for use of infrastructure and services.

Corporate taxes and royalties paid by the MGP proponents to the Federal government do not provide the Town of Inuvik with funds to enhance or maintain municipal infrastructure and services. Neither the Federal nor Territorial governments have approached the Town with funding to cover increased municipal infrastructure or services costs because of the MGP.

The Federal Social Economic Impact Fund (SEIF) negotiated between the Federal, Aboriginal, and Territorial governments will not cover increased costs for municipal infrastructure or services. The Town was not involved in these negotiations and no one has approached the Town and said the SEIF would be available for increased costs for municipal infrastructure and services because of the MGP.

Additional costs for municipal infrastructure and services caused by the MGP must be covered by the MGP. It is a cost of building the pipeline, gathering system, and production facilities. The MGP should provide benefits and a legacy for all communities along the Mackenzie Valley and to do this, the Project needs to be responsible for all costs associated with the MGP.

The Town of Inuvik looks forward to negotiating and completing mutually beneficial user fee and service agreements with the MGP. We also look forward to negotiating and completing a Community Impact Development Agreement with the MGP. We believe that the Town and the MGP can work together to ensure both of our needs and interests are met through the above agreements and associated compensation.

## **References**

- 1) Community Government Leaders Conference: Preparing for the Pipeline, Inuvik, NT (December 2004),
- 2) Inuvik Pipeline Impact Planning Study, Earth Tech Inc., June 2005,
- 3) MGP Preparedness Report, Render Planning, January 2006,
- 4) EIS for the Mackenzie Gas Project, Volume 6: Part C.