



Chapter Two Existing Conditions

History

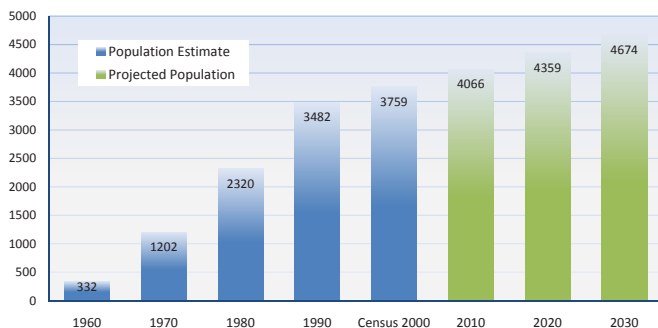
The history of the City of Soldotna begins with homesteading that occurred in the late 1940s, although Native Alaska Athabaskan peoples had lived and used the areas around the Kenai River for many thousands of years prior to the City's establishment. After World War II, veterans were given priority in homesteading in this area and settlement began to grow. The construction of the Sterling Highway from Anchorage and the Kenai Spur Highway occurred in the late 1940s and early 1950s, resulting in increased settlement in the area. A post office for Soldotna was established in 1949. Oil was discovered at the nearby Swanson River area in 1957, giving the population and economy of the area another major boost. Soldotna's location at the junction of the Sterling and Kenai Spur highways resulted in the area becoming a major location for retail trade, services and government on the Kenai Peninsula and the City was incorporated in 1960.

People and Economy

Population trends

The population of the City in 1960 was 332 residents. The City population increased rapidly over the next 40 years, reaching a population of 3,759 in 1980. Since then, population has increased at a rate of one percent annually. The population reached 4,061 in 2008, an increase of 8% over the 2000 estimate. Although no long-term population projections are available, growth is likely to continue at a rate of just under one percent annually over the next 20 years with the projected population in 2030 in the range of 4,674.

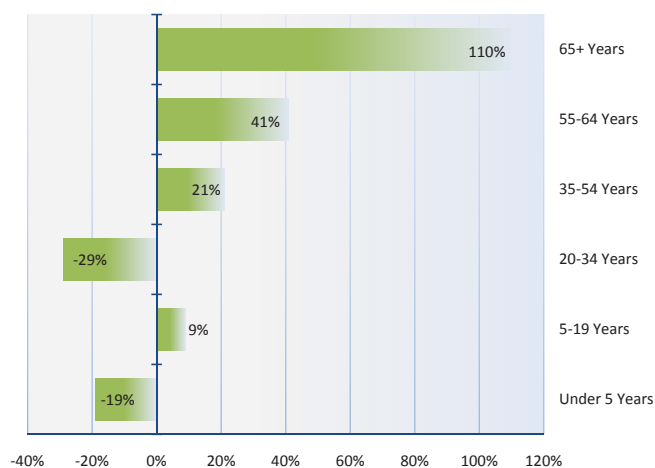
Soldotna Population Growth



Source: U.S. Census, DOWL HKM

The composition of the City's population has also changed significantly over time. The population is aging with a significant increase in the percent of the population over 75 years of age. The percent population under 10 years of age decreased between 1990 and 2000.

Percentage Change of Soldotna Population
by Age Group
1990 - 2000



Source: U.S. Census

This trend is consistent with the overall aging of the population on the Kenai Peninsula and the state as a whole. The Kenai Peninsula Borough school district student projections are consistent with this trend, showing the student population peaking in the late 1990s and projecting decreased student populations in the future. This recent decrease is believed to be a reflection of the aging of baby boomer offspring. Despite the uncertainties associated with projecting new births in future years, state population projections do not expect this decrease in school age children to persist beyond 2015, although the increase in the population over 65 does show a continued increase through 2030 (DLWD 2007 – AK Population Projections).

This population trend highlights challenges and opportunities for the City. The City will be challenged to attract young professionals and families to maintain the City's continued social and economic development for the long-term. The aging population, however, likely reflects the City's opportunities to provide quality health care services to attract the aging state and regional population.

Although the City’s population growth has averaged approximately one percent annually over the last several years, the population of the KPB increased at a slightly higher rate, with much of the population growth occurring in the unincorporated areas around Soldotna. To the north and east of Soldotna, the communities of Sterling and Ridgeway increased in population by just over one percent annually since 2000. To the south of Soldotna, Kasilof and Kalifornsky increased between 3 and 4 percent annually over that period. The greater Soldotna area (including surrounding unincorporated areas) increased 3.5% from 2006 to 2007, compared to an overall KPB increase of less than 2%. This greater Soldotna area accounts for almost 27% of the total borough population.

Economic trends

Soldotna serves as the economic hub of the Kenai Peninsula. It’s location at the intersection of two major highways in the most rapidly growing portion of the borough results in the City’s emergence as a retail center as well as the administrative center for the KPB. Half of the top ten employers in the KPB are located in Soldotna, including the KPB School District, Central Peninsula General Hospital, the KPB administration, and Fred Meyer.

Soldotna’s economy is solidly based in industries that have shown strong growth over the last decade and which are projected to continue to grow in the near future. The Education, Health & Social Services Industry accounted for over 20% of the City’s employment in 2000, with Retail making up another 17.5% and Arts, Entertainment, Recreation, Accommodation & Food Services making up almost 16%. The State projects that Health Care and Social Services will be the industry with the highest growth in the number of jobs in the state between 2006 and 2016, with Retail trade the second highest. Accommodations and Food Service come in third and Education Services comes in fourth (DLWD 2009 – Economic Trends Jan 2009). These top four employment generators are the top industries in Soldotna, providing a good opportunity for growing employment in the area.

The emergence of the health care industry as a primary industry for the Soldotna area provides the City with

Soldotna Employment by Line of Business
Census 2000 - by Percent of Total Labor Force



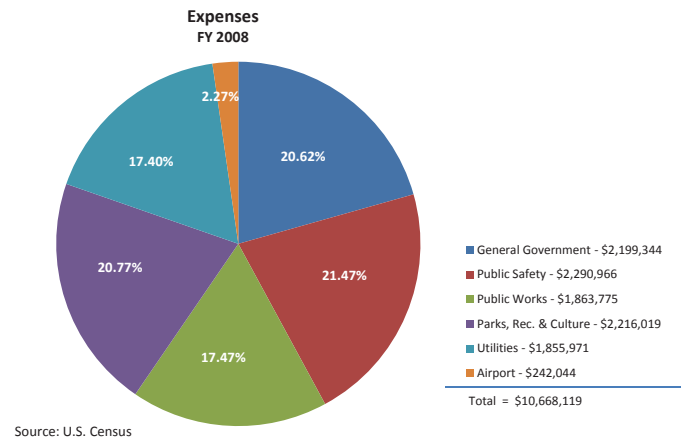
Source: U.S. Census

significant opportunities for the future. The industry provides high-paying jobs and draws an educated work force. It also contributes to the attraction of retirees who want to live outside the “urban Southcentral Alaska” area but still want high quality medical care similar to that found in Anchorage.

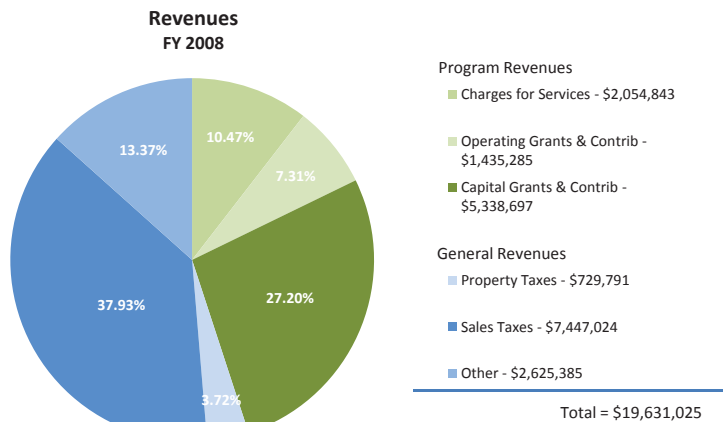
Soldotna’s strong economy is evidenced by the City’s low poverty rate (6.6%), the lowest in the KPB in 2000. The 2000 median family income in Soldotna was \$52,372, slightly lower than the \$54,106 for the KPB and the \$59,036 for the state (2000 census). The City’s median household income was the highest on the KPB at \$48,420 (census). The per capita income for the City (\$21,740) was higher than for the borough (\$20,949) but lower than the state (\$22,660) (2000 census).

Fiscal Trends

Soldotna funds City services primarily based on sales tax receipts. The City levies a 3% sales tax in addition to the KPB’s 3% sales tax. Sales tax revenues accounted for 45% of total revenues for the fiscal year ending in 2008. Sales tax revenues alone were \$7.4 million in that year, compared to total expenses of \$10.7 million. Other major sources of revenue were service charges (\$2.1 million) and capital grants for improvements (\$5.3 million). Property taxes make up less than 5% of total City revenues (COS 2009).



Source: U.S. Census



**Taxable Sales by Area
2002 - 2007**



Source: KPB 2008

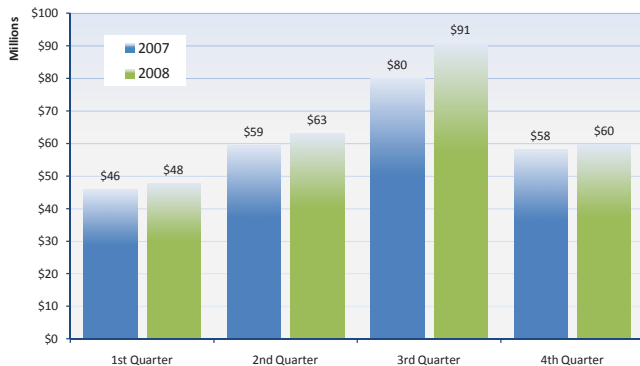
Soldotna accounts for 15% of gross sales in the KPB and 25% of taxable sales. Taxable sales have grown at an average rate of 7.2% from 2003 through 2008 in Soldotna, versus 6.2% for the KPB and 5.3% for Kenai (KPB Situations & Prospects 2007, Nov 2008).

Taxable sales increased the most in service and professional businesses, which include educational services, finance services, health and social services, and other professional services.

Although tourism sales make up a relatively small percentage of taxable sales for the City, sales revenues regularly show a marked increase in the third quarter of the year which typically accounts for 30-35% of total taxable sales.

The significance of sales tax revenues in the City's fiscal security highlights the need to remain competitive and attractive to businesses and customers. The recent development of a Walmart and a Lowe's in Kenai has the potential to increase Kenai sales to the local population at the expense of Soldotna's. Soldotna's location on the Sterling Highway, however, is expected to remain a strong factor in the City's favor.

Soldotna Taxable Sales by Quarter; 2007-2008



Source: KPB 2008

Soldotna Annual TAXABLE Sales by Line of Business; 2003-2008 in \$

LOB	2003	2004	2005	2006	2007	2008
Resource Production	\$53,445	\$24,403	\$29,575	\$34,327	\$43,133	\$50,577
Sales	\$135,997,009	\$143,250,121	\$152,149,810	\$162,055,202	\$175,657,256	\$209,999,367
Construction	\$1,123,434	\$1,054,535	\$1,002,298	\$938,809	\$985,188	\$944,534
Rentals	\$6,225,915	\$6,558,835	\$6,578,222	\$6,825,029	\$8,171,789	\$8,204,532
Tourism	\$20,772,105	\$21,979,858	\$23,398,168	\$25,066,602	\$24,042,079	\$18,322,611
Services	\$14,519,872	\$15,017,384	\$14,635,114	\$16,794,536	\$17,923,945	\$19,118,781
Professional	\$3,665,152	\$3,675,592	\$3,591,626	\$4,013,780	\$4,398,267	\$5,003,549
Utilites	\$3,712,214	\$3,898,545	\$4,410,657	\$5,169,826	\$5,662,440	\$5,932,835
Manufacturing	\$1,421,516	\$1,511,891	\$2,165,467	\$3,405,902	\$3,114,350	\$1,801,023
Transport/Warehouse	\$170,122	\$66,563	\$114,607	\$104,245	\$196,204	\$78,963
Wholesale	\$2,235,271	\$2,209,742	\$2,263,975	\$2,178,318	\$2,332,434	\$2,391,044
Public Administration	\$731,717	\$812,079	\$870,925	\$958,451	\$968,136	\$967,141
Total	\$190,627,772	\$200,059,548	\$211,210,444	\$227,545,027	\$243,495,221	\$272,814,957

Source: KPB 2008

Land Use

Existing Land Use Patterns

The City regulates land use under Title 17 of the City Code. The general pattern of zoning places single-family, two-family and small areas of multi-family residential districts between the Kenai River on the west and the Kenai Spur Highway on the east. Rural residential areas lie primarily east of the Kenai Spur Highway; although there is also a rural residential area west of the river and north of Kalifornski Beach Road. Commercial zoned areas are located primarily in a linear pattern along both highway frontages, as well as along Kalifornski Beach Road. Limited commercial areas are located between the commercial areas and the residential areas west of the Kenai Spur Highway, as well as in a small area south of the river and west of the City airport.. Industrial lands are primarily located south of the Kenai River on or near the airport. The City has recreational areas located along the Kenai River. Institutional areas are concentrated between the Kenai Spur Highway and the river, although the City also has a major institutional area west of the river along Kalifornski Beach Road.

Approximately 45% of residentially-zoned lands are developed in the City, with an estimated 1,076 acres of undeveloped residentially-zoned lands. Of this total, about 180 acres has wetland constraints, primarily rural residential areas east of the Sterling Highway. There are approximately 230 acres of commercial land available, of which about 30% is limited commercial.

Recent zoning activities show continued demand for commercial areas, particularly for limited commercial areas in the vicinity of the hospital and full commercial zoning along the Sterling Highway on the east side of the City. There has also continued to be a change from single- or two-family zones to multi-family zoning in the core of the City's residential area.

Although the City is fairly developed, platting actions continue to fill in and reconfigure parcels for development west of the Kenai Spur Highway, and large parcels continue to be subdivided for development east of the highway.

As discussed previously, the population in the unincorporated areas in the vicinity of Soldotna has been growing faster than Soldotna over the last several years – particularly to the south and west of the City. Residential development is continuing to expand in the immediate vicinity of the City, as well as commercial development along the highway corridors outside the City limits.

Natural Resources

The Kenai River

The Kenai River is a major community asset as well as a viable economic engine. The superior natural setting of Soldotna is due in large part to the Kenai River which runs through the center of town, providing ample economic and recreational opportunities for the community and visitors as well as valuable habitat for wildlife.



Wetlands

There are approximately 200 acres of mapped wetlands within the City boundaries. The majority of the wetlands lie in the vicinity of Soldotna Creek between the Sterling Highway and the Kenai River. Wetlands are also found along Slikok Creek on the west side of the City. These wetlands provide for water recharge, water quality improvement, habitat for waterfowl and wildlife. Other wetlands are located between the Sterling and Kenai Spur highways at the north end of the City and along the river at the west end of the City.

Floodplains

Much of Soldotna is in the floodplain of the Kenai River. Flooding occurs seasonally and substantial flood damage has been caused by ice dams and glacial outbursts, which is flooding that occurs when water dammed by a glacier or a moraine is released.

Transportation -

Transportation infrastructure

Two major state highways converge in Soldotna, providing access north to the Anchorage area, west to Kenai and south to Homer. These state highways function as major throughways but are also the primary transportation infrastructure for local traffic moving from one part of the city to another. The City's arterial road network provides a relatively complete grid

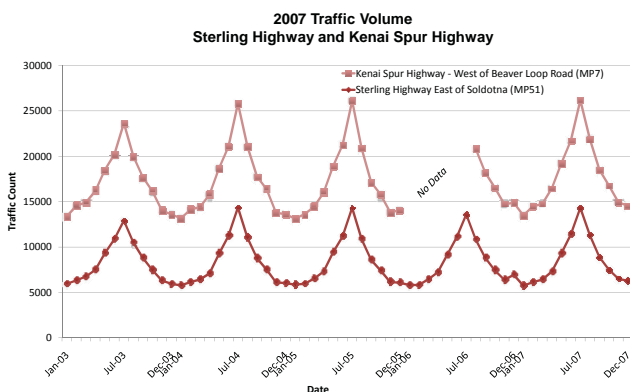
in the western portion of the City. The road network on the eastern side of the City is more limited, as much of the area away from the highway remains undeveloped.

Pedestrian routes exist along the highways and along some of the City arterials. The City completed a trail plan in 2001 that proposes a thorough pedestrian network throughout the City. A multi-use separated trail facility has been constructed along the Kenai Spur Highway continuing all the way to Kenai.

Parking availability is sufficient for the majority of the year, although it can be an issue in commercial areas during the summer. In addition, parking demand has increased significantly in the area around the hospital as some of the formerly-residential areas have been converted to medical offices and support services.

Traffic Levels

The highest recorded traffic levels in the Kenai Peninsula occur near the intersection of the Sterling Highway and the Kenai Spur Road. Annual average daily traffic counts at this site increased from just under 11,000 in 1995 to a peak of 14,470 in 2004. Traffic levels have decreased slightly since then and were 14,120 in 2008 but were up to 18,300 near the Kobuk Avenue intersection. Along the Spur Highway between Redoubt Avenue and Marydale Avenue the 2008 average daily traffic count was 15,809 and on Kalifornsky Beach Road at Skyline Drive, the traffic count was 13,090. Traffic levels peak during the summer (July) and decrease significantly in the winter (Dec-Jan).



Community Facilities and Public Infrastructure

Community Facilities and Organizations

As the administrative center for the KPB and a major service center for a large portion of the borough's population, the City has many community facilities and

organizations providing health and social services. In addition to the Central Peninsula Hospital, Peninsula Community Health Services, Heritage Place Nursing Home, Hospice of the Central Peninsula, Frontier Community Services, Bridges Community Resource Network, Soldotna Area Senior Citizens/Senior Center and the Boys and Girls Club are located in Soldotna.

Cultural and educational facilities within the City include the Soldotna Historical Society Museum, the City Library, the Kenai Peninsula College (KPC), Soldotna Visitor's Center, and several schools. The Kenai River Campus of KPC has an extensive library, an art gallery, and a multi-cultural consortium that sponsors programs and events that provide a forum for discussion of cultural diversity issues. The Kenai River Center, a multi-disciplinary center focused on the health of the Kenai River, is located south of the river near the airport. The Kenai River Center also has a research library that is available to the public, and sponsors lectures. The Kenai National Wildlife Refuge is located just south of Soldotna.



Farnsworth Park

Park and recreation facilities in the City include Centennial Park, Soldotna Creek Park, and Swiftwater Park, Riverview Park, Sunrise Park, Aspen Park, Farnsworth Park, Parker Park, Rotary Park, the Karen Street Recreation Area, and the Soldotna Sports Center. The Sports Center includes an Olympic size indoor ice rink that is open to competitive and recreation leagues and racquetball courts. The Karen Street Recreation Area includes a skateboard park, as well as ski and sledding hills. Rotary Park and Soldotna Creek Park provide access to the Kenai River, and Centennial and Swiftwater Park provide camping along the river. The Soldotna Little

League operates ballfields on Kalifornski Beach Road and the Soldotna Equestrian Association hosts programs at the rodeo grounds near the ballfields. There are a number of trails used for recreation within and in the vicinity of the City and other recreation facilities, such as pools, are available at local schools. Other local business and civic organizations include the Soldotna Chamber of Commerce, the Soldotna Visitors Center, Rotary, the Elks, the Soroptimist of the Twin Cities, the Soldotna Historical Society and the Kenai Watershed Forum.

Public safety

The City Police Department operates has 15 full-time staff. The Alaska State Troopers also have a detachment located in Soldotna, which covers the western Kenai Peninsula. Reported violent crimes in the City have been reduced by over 50% from 1995 to 2007 (KPB 2008). Fire service and emergency medical services are provided by Central Emergency Services (CES). CES operates a 24-hour station in Soldotna.

Public utilities

Soldotna has 3.3 million gallons per day (MGD) capacity of water through four Class A ground water wells, and the parks have five seasonal water wells. Soldotna is operating at 24%-36% capacity using 800,000 to 1.2 MGD per day. One thousand two hundred service connections provide water to 3036 people. The wastewater treatment capacity of Soldotna is 1.2 million gallons per day plant capacity though it is permitted for 1.02 million gallons per day. Wastewater treatment is operating at 75% capacity servicing 2935 people. The primary treatment is filter solids and secondary treatment is extended aeration activated sludge process. The treated effluent is discharged into the Kenai River and dewatered sludge is disposed in the borough landfill. Currently utility service is not available to the entire Soldotna population within the city boundaries, though some utility service is provided to customers outside the city limits. Soldotna's commercial water and sewer rates are lower than many other Southcentral Alaska city, including Homer, Seward, Palmer, and Wasilla. Soldotna's water and sewer rates are higher than Kenai, which has possibly the lowest rates of any other city on the peninsula, but are comparable to Seward and Homer.