



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Transportation and
Public Facilities

OFFICE OF THE COMMISSIONER
Patrick J. Kemp, P.E., Commissioner

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April 23, 2014

The Honorable Tammie Wilson
House of Representatives
Alaska State Capitol, Room 412
Juneau, AK 99801

Dear Representative Wilson:

This letter is in response to your verbal request to provide responses to several comments made to legislators about the impacts of the Knik Arm Crossing (KAC) project on other federally funded projects.

First, it is important to remember the distinction between federal budget authorization and placement in the STIP for KAC and use of actual federal funds for construction.

KAC can receive federal budget authorization and a place in the STIP without having any effect whatsoever on the timeframe for when other projects advance and receive actual federal funding for construction. In fact, the STIP's list of projects to receive actual construction funding is subject to several forces. For instance, the level of FHWA formula funding from the federal government can increase, as it did for Alaska in MAP-21. Similarly, the STIP is usually amended every year to reflect the fact that some projects (we are not sure which ones) will slip for lack of permits, litigation, etc., and others must be moved forward to use those federal funds.

When KAC is shovel ready and needs construction funds, DOT has designed its use of those funds to occur in smaller amounts spread over a six year period. This minimizes impacts to other projects. In fact, there could be no impacts to certain projects for a specific area. If other projects slip for lack of a permit or litigation, etc., (and this happens every year) it opens up additional room in the STIP for projects to continue even with the addition of KAC to the actual funding list.

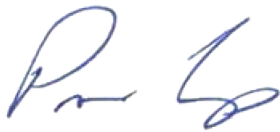
I would also note that over time, KAC will also be the source of non-general fund revenue dedicated to funding transportation projects. KAC will enable more projects to be built in the future as a result of proceeding now.

"Keep Alaska Moving through service and infrastructure."

The fear of mega projects rising without future checks and balances deserves clarification. As a mega project under FHWA's non-routine oversight, they carefully review the design, cost estimates, risk assessments and funding sources. If bids were to come in substantially higher, this would require a new financial plan and a return to the Legislature. The use of the design-build contracting technique as is planned is also a form of risk transfer to the private sector design-build team, adding more risk protection for the state.

We hope this answers your questions to your satisfaction. Please let us know if you require further clarification.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick Kemp".

Patrick Kemp, PE
Commissioner
Alaska Department of Transportation and Public Facilities

Cc: Randy Ruaro, Deputy Chief of Staff, Office of the Governor
Michael Foster, P.E., Chair, Knik Arm Crossing and Toll Authority Board