

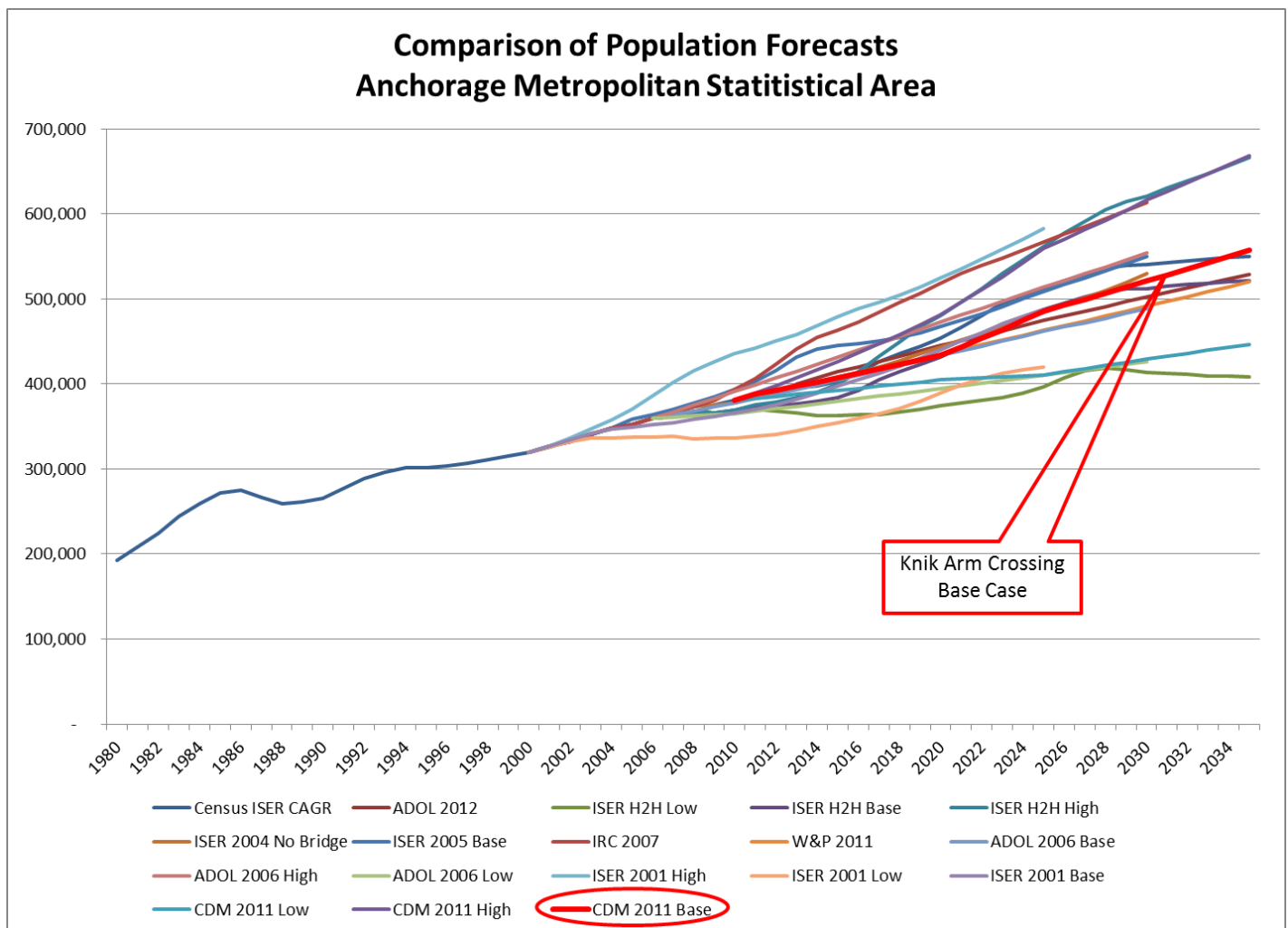
Knik Arm Crossing Traffic Study FAQ's

Who is KABATA?

The Knik Arm Bridge and Toll Authority (KABATA) is a State agency created on September 15, 2003 under Alaska Statute 19.75 to construct a bridge across Knik Arm (the KAC project) connecting the Municipality of Anchorage and the Mat-Su Borough. Using a P3 delivery method is a way to pay for this project over time, rather than paying for it up front like all other transportation projects in the state.

What's happening with growth in the MatSu?

- State forecasts predict that the MatSu Borough population will nearly double in the next 25 years.
- Knik-Fairview area has more residents than Wasilla and Palmer combined, and if incorporated, would be the fourth largest city in Alaska.
- Traffic on Knik-Goose Bay Road (KGB) is growing rapidly. At the KGB/Fairview Loop intersection, traffic volumes doubled between 1998 and 2011. 2-lane KGB currently carries more than half of the 4-lane traffic volume carried by the Glenn Highway at Eklutna, and more than 150% of the Seward Highway 2-lane traffic.



What work has been done to determine how much traffic will be on the bridge?

Since 2005, there have been six travel demand forecasts developed that predict traffic volumes on the KAC. All of these forecasts anticipate the need for 4 lanes on the KAC before 2035.

Knik Arm Crossing Travel Forecasts

Date Published	Purpose	Client	Firm	Socioeconomics	Model Base	Forecast Year	Tolls Incorporated	Bridge Forecast
Oct. 2005	KAC EIS	KABATA	HDR	ISER, 2002 base year data – published 2005	2002 MOA & MSB models	2030	No	46,652 trips/day
Nov. 2005	Preliminary Traffic and Toll Revenue Study	KABATA	WSA	ISER, 2002 base year data – published 2005	2005 KABATA/EIS Model	2039	Yes	42,000 trips/day (39,000 in 2035)
Sept. 2007	Final Traffic and Toll Revenue Forecast	KABATA	WSA	Insight Research Corporation, 2006 base year data	2005 KABATA/EIS Model	2039	Yes	46,400 trips/day (43,400 in 2035)
Sept. 2010	H2H EIS	DOT&PF	HDR/CH2M	ISER Dec. 2009	2005 KAC Model	2035	No	37,200 trips/day
Feb. 2011	KAC TRS Update	KABATA	WSA	IRC & 2010 Census	H2H Model	2035	Yes	36,000 trips/day
May 2012	MOA LRTP	MOA/ DOT&PF	CH2M	ISER Dec. 2009 & 2000 Census	H2H Model	2035	No	37,100 trips/day

Why is an economic and demographic study important to us?

Economic and demographic studies provide insight that anticipates the growth trends for an area. While local planners update their studies every few years to react to the short term changes in the economy, an investment grade study must look at the long term trends to provide confidence to the financial market. We prepared an investment grade study because the financial marketplace requires these robust studies that reflect the long term trends.

Why is the Division of Legislative Audit (DLA) recommending the KAC traffic study be revised?

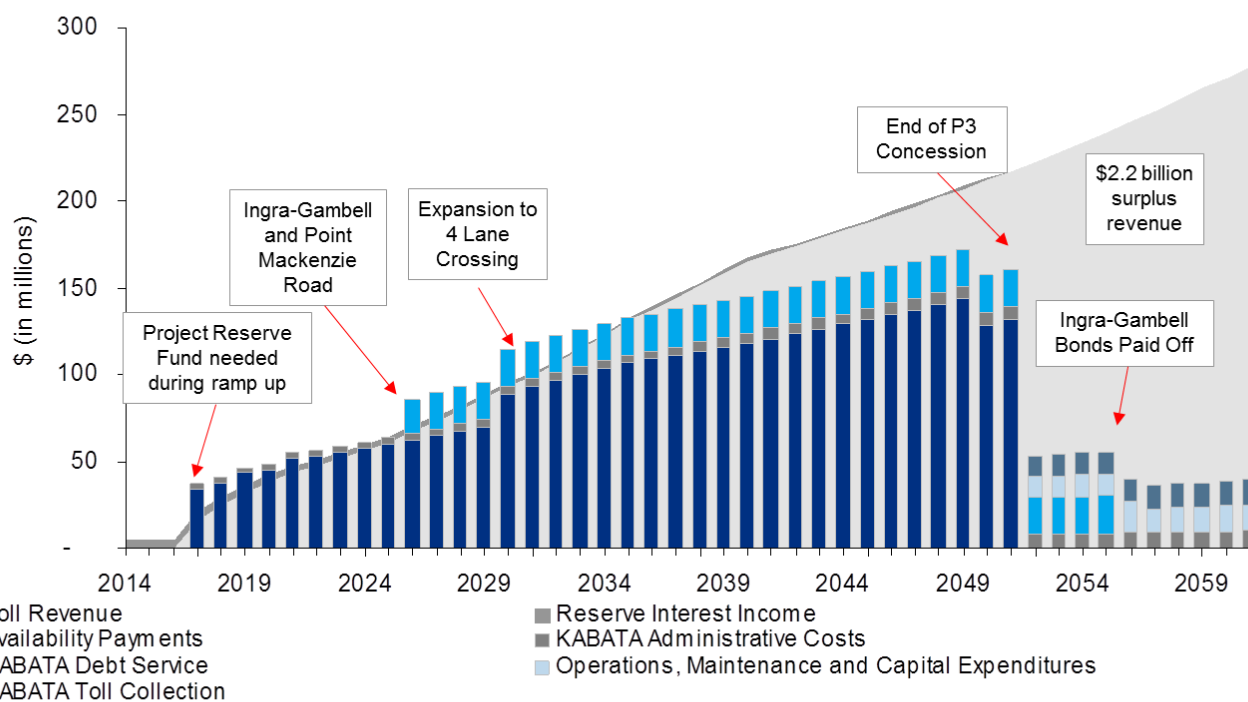
DLA has learned that the MatSu Borough school district recently conducted an economic and demographic study to plan for future schools and public buildings. Their plan assumes that there will be no change to the historical population and economic growth in the Point Mackenzie area after the KAC is built. The traffic model being prepared for an ADOT project in Wasilla also uses the school district economic and demographic study. It does not consider any increased growth in population or jobs in the Point Mackenzie area as a result of the Knik Arm Crossing.

Why did the MSB not consider growth from the KAC in their traffic model? KABATA met with the MSB to discuss the differences between the models. Until the bridge project is certain, they are choosing to assume there is no bridge. Once the bridge is constructed, they can plan accordingly.

Why did KABATA select the base case traffic and revenue forecast?

KABATA and its advisors have utilized the base (expected) revenue forecast for its base financial model and for determining the level of project reserve funding necessary. This case results in the need for a \$150 million project reserve and anticipates additional appropriations totaling around \$37 million will need to be requested in about 2031, when traffic grows to a level that would require widening the road to 4 lanes. Since this is the expected case derived from an extensive traffic and revenue forecasting effort, it is an appropriate basis for a legislative request.

KABATA Projected Obligations and Toll Revenues – Alternate (33% TIFIA)



Impact of KABATA on the State's Credit