

Department of Transportation & Public Facilities
Responses to Roads to Resources Overview Questions at
Senate Finance 3/31/11

Dated 4/6/11

In response to questions posed by Senate Finance Committee members during the Department of Transportation & Public Facilities Overview on Roads to Resources projects and FY12 capital budget requests, the following information is provided.

- ***Why are Maintenance and Operating (M&O) costs not included in the scoring matrix example on page 8 of the handout, or in the FY2012 project back-up?***

As discussed at the hearing, the scoring matrix provided in the handout is a starting point for discussion, and the department agrees that it will be important to include an estimate of future ongoing M&O costs; however, at this time project funding is focusing on the planning and EIS stages. An EIS will impact any future cost calculations for design, construction, and ongoing maintenance and operations. Lastly, it is the intent of this program to have toll revenues paid by industrial users to fund M&O annual costs.

- ***How much of funding request is for Right-of-Way acquisition?***

None of the FY12 funding request is for Right of Way acquisition. The current focus of the projects is to perform enough engineering work to support the EIS and permitting. Included in the engineering work to support the EIS will be right of way base mapping which will describe property boundaries, easements, etc. From that mapping initial appraisal of properties can occur.

- ***Who are the private landowners on the map on page 15 of handout (Road to Nome)?***

Landowners include state, federal, Doyon Ltd., Bering Straits, NANA, potential private ownership, and potential native allotments. Specific ownership information will take place after a corridor is selected for study. Again, accurate base mapping and title searches will be employed to determine accurate land ownership.

- ***How much do corporations benefit from each phase?***

Corporation's benefits related to the construction of a road would include factors such as savings in exploration, development, and production cost due to transportation infrastructure being in place to support those actions. It is not possible to quantify how much each corporation will benefit, but it is our hope that road construction will affect their ability to start production earlier which translates to jobs and state revenue. Lastly, it is the department's intent to recoup capital costs as the development realizes revenues.

- ***Was there a public hearing in Anaktuvuk Pass? When and where?***

A formal public hearing has not yet taken place in Anaktuvuk Pass. This will occur in the scoping phase of the EIS for the Foothills West project, expected in June, 2011. Three informational meetings have been conducted by DOT&PF in Anaktuvuk Pass since January, 2009, relating specifically to the Foothills project. The dates of these meetings, as well as the meeting notes, are available on the project website: <http://foothillsroad.alaska.gov>.

- *Provide a list of where and when public hearings on these proposals have taken place or planned.*

As described previously, no formal public hearings for these projects have taken place.

- A list of informational public meeting dates for the Foothills project is available on the project website at <http://foothillsroad.alaska.gov>. The Foothills meetings consisted of 3 rounds of public informational meetings at Anaktuvuk Pass, Nuiqsut, and Barrow.
- Informational public meetings related to the Ambler Mining District Access project have taken place at Ambler, Shungnak, and Kobuk in January, 2011.
- Informational public meetings for the Western Alaska Access Project have been held in most communities along the Yukon River Corridor between October 2010 and March 2011. A list of the community meetings and notes are available on the project's website: <http://www.dowlhkm.com/projects/westernalaskaaccess/Documents.htm>
- *How were expenditures to-date spent in terms of actual construction work project(s), as opposed to planning, study, design, etc.?*

As presented at the hearing, earlier year appropriations for Industrial Development Roads were part of a prior Administration, and were not as focused on specific projects and/or areas as the funding requested in and appropriated in FY11 for Roads to Resources and the three FY12 funding requests for Roads to Resources. As a result, the expenditures for prior year projects include funding for a variety of projects as provided in Attachment # 1.

- *How are amounts of prior year appropriations that are encumbered being spent or planned to be spent?*

The information below is provided as an update to the current Roads to Resources projects' FY2011 capital funding. See prior response and attachment for information on prior year appropriations.

Foothills West Transportation Access:

Foothills prior year encumbrances are dedicated to the following activities:

- On-going hydrology studies including 2011 spring break up and river gauging studies to be conducted in May, 2011- \$1,303,000.
- Contract environmental 2010 field studies completing technical reporting activities in 2011 - \$1,075,000.
- Contract 3rd Party Environmental EIS work through EIS scoping - \$586,000.
- State agency coordination activities related to EIS development - \$37,000.

Total encumbrances (3/23/2011) - \$3,001,000.

All remaining encumbrances are funded by AR 65472 / LA Citation Ch 43/10/38/15.

Ambler Mining District Access:

Ambler prior year encumbrances are dedicated to ongoing route analysis office studies scheduled to be completed in May, 2011 - \$826,000.

Remaining encumbrances are funded by AR 65470 / LA Citation Ch 43/10/38/12.

Western Alaska Access:

Western Alaska Access Planning Study developed planning and economic analysis of alternatives for transportation corridors between central Alaska and the Seward Peninsula. Project completed in January of 2010 - \$1,000,000 Ch 82/06/108/11 (Industrial Roads)

Western Access Project Phase 1 includes public involvement, construction staging and funding alternatives which will be completed in May 2011- \$677,537 Ch 43/10/38/18 (Roads to Resources Western Access Project Phase 1).

The balance of this funding will be used for advanced route mapping, field studies, engineering analysis and implementation planning.

- *Provide an overlay of map on page 15 of handout that shows where wells have been drilled, i.e. Renaissance, etc.*

In terms of drilled wells, the focus of the discussion was on the area of development by Renaissance Corp., which focused in the Foothills West area. The Foothills West slide is on slide 11 of the Roads to Resources handout provided to the committee. Please see Figure # 1, titled Exploratory Well Sites in the Vicinity of the Project Study Area, on page six of this document as an overlay to slide 11 for the Foothills West area.

The following questions were posed by Senator Olson in a handout during the committee meeting.

- *Will there be more public participation in the DOT process to come?*

Yes, each of the projects will go through a rigorous public participation process as follows:

- The Foothills West project is beginning the formal EIS NEPA process. As part of this process the USACE will conduct formal scoping meetings and public hearings in Anaktuvuk Pass, Barrow, Nuiqsut, Fairbanks, and Anchorage. The scoping meetings are anticipated to occur in May-June 2011.
- The Ambler Mining District Access project will continue to conduct informal public informational meetings in the upper Kobuk communities of Ambler, Kobuk, and Shungnak in April/May 2011, and expand community outreach efforts as potential corridors are better defined.
- The Western Alaska Access project has conducted thirty public informational meetings in communities over the past several months. The public report will be available online in April 2011.

Everyone who provided contact information on the public meeting sign in sheets will be notified of the completion of the study and where the results can be found. There will be more publications, newsletters and visits dependant on which route is chosen.

- *Will comments raised in past public hearings in Anaktuvuk Pass, Nuiqsut, and Barrow be addressed and relayed back to the communities? If so, how?*

There have been no formal public hearings to date. All comments raised in past public informational meetings are available on the project website: <http://foothillsroad.alaska.gov>. These comments will be considered in the development of project conceptual design elements, as well as brought forward in the project EIS to help better understand environmental impacts.

- *What is the "proposed timeline for the \$8 million included in Governor Parnell's fiscal year 2012 Capital Budget? Is there a timeline DOT is currently working under for this road project?*

The \$8 million will fund environmental and preliminary engineering activities to allow for a completed EIS Record of Decision anticipated in the Spring of 2013. DOT&PF is working with the agencies to accelerate this schedule to Fall/Winter 2012. Once a Record of Decision and permits are in hand the department will vigorously pursue construction so that additional oil can be added to TAPS.

- *Why was the Galbraith route selected as the preferred alternative? Which alternative route might have the least impact on subsistence activities and harvests?*

The Galbraith Route is considered the State of Alaska's recommended study area. The "preferred alternative" will be developed as part of the EIS process – expected to take between 18 and 24 months to complete. The State selected the Galbraith Route based on exploration potential in the Foothills region, as well as a variety of engineering and environmental factors (construction costs, avoidance of major watersheds, etc.). DOT&PF, through a Contractor, is currently completing 2 years of subsistence studies. The results of these studies will be available in May of 2011.

- *Each proposed route for the road to Umiat, cross critical migratory corridors for, Central Arctic Caribou Herd (CAH) and at times the Teshekpuk Caribou Herd (TCH) and the Western Arctic Herd (WAH). Subsistence harvest of caribou is critical to physical, cultural, and spiritual health of numerous Alaska Native communities. How have roads and resource development projects throughout the state impacted caribou migration routes?*

Caribou migration routes and subsistence harvests will be analyzed in detail as part of the Foothills West EIS process. DOT&PF has provided detailed project information to, and solicited the expertise of, the Alaska Department of Fish and Game, the Western Arctic Caribou working group, the North Slope Borough Wildlife Division, and US Bureau of Land Management. The department does not have an exact number of roads in the state that have impacted migration routes but knows it is an extensive number and many highways have multiple crossings.

- *Communities also rely on the harvest of furbearers and other migratory and resident fish and game resources.*

DOT&PF has put significant effort into subsistence studies to identify and better understand fish, game, and other subsistence resources. More information will be derived from social and environmental studies conducted as part of the EIS process.

- *Will the road be opened to the public? Because funding for the road is from the State, might we encounter a similar situation like the Haul Road where it was private for some time and then finally opened to the public?*

DOT&PF is aware of the community concerns related to public access in this region. Public/Industry safety concerns in relation to an industrial use road will be further evaluated in the EIS process for this project. In very general terms the facility will not be open to the public until it is brought to a highway design standard. This is for safety reasons. The amount of time it would take to bring this highway to an acceptable safety standard will be a function of how quickly the developer brings their venture into production. For instance, the Umiat road may be opened in a quicker time frame because an oil line will need to be buried in a finished embankment.

- *A public road can increase sport hunters as well as create public access to the Colville River and other rivers important to subsistence activities and harvests. Are there plans to keep hunting a certain distance from the road?*

All state land in townships within the Umiat Meridian require a permit for motorized vehicle use, unless that use is for subsistence purposes or is on a graveled road. Additional evaluations of the Dalton Highway Corridor Management Area as related to road access will be conducted as part of this project. In addition, the impacts of hunting and public access to the Colville, and other rivers will be evaluated in the project's EIS process.

- *An increase of sport hunting of caribou may increase the resources and staff needed for the management of the wildlife. Is there a plan to fund these needs?*

The EIS will thoroughly discuss the wildlife management needs, the potential for more protection, subsistence uses and all other aspects of game management. This information will be used by other agency staff to consider environmental mitigation.

- *What is the long-term plan for funding the road and maintaining it?*

The long term plan for funding and maintaining industrial designated roads to Ambler and Umiat would include:

- Environmental and permitting work will be funded by state general funds.
- Initial pioneer road construction will be funded by either the state or the state and the private developer.
- Road improvements to bring the highway to a higher design standard will be funded by developers.
- The staff will enter private/public partnerships to minimize state costs and to seek a return of the state's initial investment.
- Maintenance costs will be returned to the state via industrial use highway tolls.

The long term funding for the Western Access route would vary from those constructed strictly for industrial uses.

- The initial pioneer road will be constructed with state general funds.
- Subsequent widening and improvement projects will more than likely be funded with federal aid funds.
- Construction of this roadway will more than likely be a long term process dependent upon community access needs and resource development.
- The Roadway would be designated as an industrial use highway for the collection of tolls from industry users.
- Maintenance costs (approximately \$12,000.00/per mile at today's cost) will be returned to the state via industrial tolls.

Figure #1

