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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Senator Fred Dyson
12641 Old Glenn Highway
Suite 201
Eagle River, AK 99577

Dear Senator Dyson:

Thank you for your June 27, 2013 letter asking about the state costs per person on the various modes of transportation. You specifically asked that we keep this at the "10,000 foot view" and not become too detailed. I trust you will find we have kept this analysis suitably factual.

Each borough or census area in the state was identified as benefiting from one or more of the three major transportation systems: the Alaska Marine Highway System, the Rural Aviation System and the state highway system. We elected to not include the International Airport System as it is self-financed from revenue generation.

Judgments were made as to the degree of benefits of each system to each borough or census area. For example, Nome, Juneau, Sitka, Kodiak and other larger areas have an extensive road system, even though they do not connect to the continental highway system. The populace therefore was included as benefitting from roads. Further, while areas such as the Kenai Peninsula do include an AMHS ferry terminal, this system is not of significant routine benefit to the residents of that borough. Each of these judgments can be questioned, but overall I believe we have applied a consistent logic.

Based on the above selections, we then calculated the cost per person by dividing the number of citizens benefiting from each mode into the net cost (after revenue of all types is accounted). This yields a cost per capita, per system as follows:

System	**Number of Primary Users**	**Net Cost to State**	**Cost Per Capita**
Highways	674,012	$28,545,600	$42
Rural Aviation	206,480	$42,944,300	$166
AMHS (Ferries)	107,525	$118,812,900	$1,105
All Systems	732,298	$181,642,200	$248

On the capital side, we did not prepare a similar analysis. In part because:

- Capital programs vary in amount from year to year.
- The capital program involves a variety of federal money, which is often specific to certain types of work, such as specific ferry money, or airport runway safety area funding.
- Capital costs are focused on long-term assets; such accounting would have to go back decades to fairly capture costs to some elements of each mode, making an analysis very time intensive.

Please let me know if you need additional information.

Sincerely,

Patrick J. Kemp, P.E.
Commissioner
Department of Transportation and Public Facilities