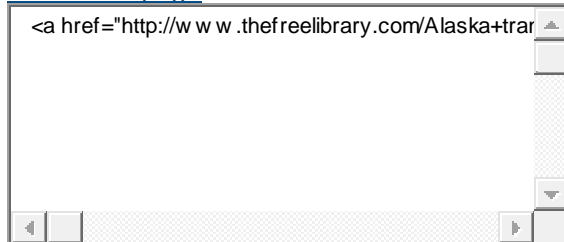


# Alaska transportation infrastructure fund: building roads, rails, airports, harbors and ferries.

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The time for a dedicated fund for transportation infrastructure is long overdue. Building, maintaining, replacing and upgrading Alaska's transportation infrastructure is an expensive proposition, one that requires an investment of public funds. The federal government's deep pockets are shrinking, especially for Alaska--we are facing less money from the feds for transportation projects. Creating a dedicated transportation fund would bolster the state's transportation network while providing more opportunities for natural resources development and the flow of commerce, which in turn would help grow the overall economy and create jobs.

It is possible for state-funded projects to be completed in three years instead of the 10 years it takes for federal-funded projects. The Elmore Road Extension is one example. This is partially due to differences in requirements and sequencing. When the state picks up the tab for the whole project, separate components can be simultaneously completed, whereas federal projects are done one step at a time--no step can be taken until the previous step is completed. It's a slow hop to progress.

## Not a New Idea

The idea of an Alaska Transportation Infrastructure Fund is not new and has been introduced in the Alaska Legislature several times, never making it to the governor's desk. Year after year final passage of a bill for an Alaska Transportation Infrastructure Fund eludes sponsors. Last time it stalled out in the Finance Committee.

Passage by the State House and Senate, along with the governor's autograph doesn't in itself guarantee the fund will come into existence, either. It does guarantee the people of Alaska a voice in the matter of the state's transportation infrastructure. Once legislation passes, the next step is a vote by the people to amend the Alaska Constitution to allow for the fund and provide seed money.

The way it works is much like an endowment. Projects would be financed from proceeds of the fund, which would be initiated by an amount set by the legislation--\$1 billion has been proposed in the past, it may be wiser to seed it with a larger investment at this juncture. Alaska now has close to a \$17 billion backlog of transportation projects, counting the road to Nome--but not all the new infrastructure the state needs to take us through the end of the century. The roads, rails, airports, harbors and ferries for the next few generations deserve to be built, need to be funded, have already been studied and in many cases, designed.

## Widespread Support

I spoke recently with Alaska House Rep. Peggy Wilson about the Alaska Transportation Infrastructure

Fund when she was in Anchorage from her home in Wrangell. I learned this fund is "above and beyond what we're doing now. It doesn't do anything with what we do now and it's the only way to grow economic development." Wilson has long been a champion of legislation for a dedicated transportation fund, and she will continue to push for passage.

"What do we have?" she asked in November, days after the election, in reference to the Alaska economy. "Natural resources--that's all we have. We need roads to resources."

AGCof Alaska Executive Director John MacKinnon loaded me up with a stack of reports detailing the support for a state-funded transportation program when he briefed me about it early this fall. After reading hundreds of pages of studies and comments and details, I am convinced voters would overwhelmingly approve a constitutional amendment for the Alaska Transportation Infrastructure Fund just =====as they have approved nearly every transportation bond issue appearing on the ballot since statehood. Case in point: a few weeks ago Alaskans approved nearly half a billion dollars in general obligation bonds for state transportation projects. We Alaskans are hungry for transportation infrastructure. We want to get from here to there.

MacKinnon says Alaska needs a state-funded transportation program funded sufficiently and predictably--a fund providing continuity between administrations and considering all modes of transportation. The AGC has been making it an Alaska Legislative Priority for years, something the organization will continue to do until it's brought into existence.

I talked with Wells Fargo Economist and Vice President Aryam Vazquez, of the Global Emerging Markets Wells Fargo Country Risk Management Group earlier this year when he was in town from his base in New York City. He laughed that there were no more roads than exist in Alaska, telling me: "The first thing you have to do is build roads!" Our lack of infrastructure development had him shaking his head in disbelief. He was adamant roads must be built to realize resource development. End of story.

The Alaska State Chamber of Commerce supports the establishment of a state fund for transportation--the organization's policy position is clear: "The Alaska Chamber encourages the Alaska State Legislature and the Governor to create a funding mechanism for maintenance and capital improvements for investment in Alaska's land, water, and air transportation systems. Alaska's transportation infrastructure is pivotal to the State's economy to access markets, supplies and resources. Improving and investing in its transportation system will enhance the competitiveness of businesses and economic opportunities for its people."

The Alaska Municipal League commissioned the Alaska Transportation Finance Study, published in January 2009. Executive Director Kathie Wasserman wrote that the study by Cambridge Systematics, a nationally recognized transportation finance consulting firm, "made three important findings: the maintenance and development of the state's transportation infrastructure is under funded, resulting in serious safety and capacity issues. Second, anticipated changes in federal highway funding could result in decreased federal funding to the state, as funding shifts from low-population rural states to metropolitan and urban locations. Third, the state must examine the creation of a reliable and predictable source of transportation funding to support economic development and social well-being."

As we go to press, the AML was in Anchorage at the Captain Cook for its annual conference, and one of the things being put forth was Alaska Municipal League Resolution #2013-09 7: A Resolution Urging The Alaska Legislature To Fund A Transportation Infrastructure Fund To Generate Money For Failing Transportation Infrastructure. The AML resolution asks for the fund to generate investment earnings annually to improve, upgrade and expand State of Alaska roads and highways

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, the Alaska Marine Highway System, airports, port and harbors, and public transit and local roads.

These are but a few examples of the many leaders and organizations in the state supporting a dedicated transportation fund.

#### Another Opportunity

The next opportunity to put the issue before voters is the 2014 General Election, two years from now. That should be plenty of time for the Alaska Legislature to archetypically transform into Super Legislators and actually get something done on this front and invest in infrastructure. The legislation drafted for the Alaska Transportation Infrastructure Fund provides sustainability by directing certain transportation fees and taxes into the fund, along with appropriations, to add to the initial seed money to create the fund and keep it growing. Each passing year the cost of building and maintaining transportation infrastructure increases, every project that is a federal project takes longer to bring to fruition, and every missed opportunity for a 100 percent state-funded project leaves money on the table--over time that has added up to billions of dollars that could be invested in roads, rails, airports, harbors and ferries. We could be building bridges--across our many rivers--to the future.

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