

**ALASKA STATE LEGISLATURE  
HOUSE TRANSPORTATION STANDING COMMITTEE**

January 10, 2006

1:30 p.m.

**MEMBERS PRESENT**

Representative Jim Elkins, Co-Chair  
Representative Carl Gatto, Co-Chair  
Representative Mark Neuman  
Representative Bill Thomas  
Representative Mary Kapsner  
Representative Woodie Salmon

**MEMBERS ABSENT**

Representative Vic Kohring

**COMMITTEE CALENDAR**

OVERVIEW: FEDERAL FUNDS PREVIOUSLY EARMARKED FOR THE BRIDGES AND THE STIP [STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM].

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

JEFF OTTESEN, DIRECTOR  
Division of Program Development  
Department of Transportation and Public Facilities (DOT&PF)  
Juneau, Alaska

POSITION STATEMENT: Presented the Governor's transportation spending proposal.

GEORGE WUERCH, CHAIR  
Knik Arm Bridge and Toll Authority (KABATA)  
Anchorage, Alaska

POSITION STATEMENT: Testified in support of funding a bridge across the Knik Arm in Anchorage.

BOB FRENCH, Co-Vice President

Government Hill Community Council  
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

BERNARDO HERNANDEZ, Director  
Community Planning  
Fairbanks North Star Borough  
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

JIM COLVER, Deputy Mayor and Assembly Member  
Matanuska-Susitna Borough  
Palmer, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

GARRET VAN ABBOTT  
Ketchikan, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

KEVIN HOOD  
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

EMILY FERRY, Director  
Alaska Transportation Priorities Project  
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

CLIFF LOBAUGH  
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

BOB DOLL, Executive Director  
Better Ferries For Alaska  
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

JANET KUSSART  
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

JAN WRENTMORE, Business Owner  
Skagway, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

MIKE BARTON, Commissioner  
Department of Transportation & Public Facilities  
Juneau, Alaska

POSITION STATEMENT: Testified in support of Alaska congressional delegation ability to bring more money to Alaska transportation projects.

EDWARD THOMAS  
Craig Community Association  
Craig, Alaska

POSITION STATEMENT: Testified in opposition to governor's funding priorities.

JANELLE WALTON  
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

FRED ATTHORP  
Ketchikan, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

GLENN MILLER, Director  
Department of Transportation  
Fairbanks North Star Borough  
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

JOHN COMBS, Mayor  
Palmer, Alaska

POSITION STATEMENT: Testified in opposition to governor's proposed funding priorities.

#### **ACTION NARRATIVE**

**CO-CHAIR GATTO** called the House Transportation Standing Committee meeting to order at [1:30:17 PM](#). Representatives

Neuman, Salmon, Gatto and Elkins were present at the call to order. Representatives Kapsner and Thomas arrived as the meeting was in progress. Representatives Gara and Stoltze and Senator Huggins were also present.

OVERVIEW: FEDERAL FUNDS PREVIOUSLY EARMARKED FOR THE BRIDGES AND THE STIP

CO-CHAIR GATTO announced that the only order of business would be a discussion of federal funds previously earmarked for the [Knik Arm and Gravina Island] bridges and the STIP [Statewide Transportation Improvement Program].

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JEFF OTTESEN, Director, Division of Program Development, Department of Transportation and Public Facilities (DOT&PF), said his division works with federal funds. He noted that he will discuss three things: the Knik Arm and Gravina Island bridge funding that is in the governor's capital budget, the Statewide Transportation Improvement Program (STIP) as a whole, and the "forces bearing down on the STIP." Mr. Ottesen said there are \$91 million for the Gravina Bridge and \$92.6 million for the Knik Arm Bridge in the capital budget. He stated that the earmarks were renamed by Congress; they weren't taken away as earmarks, but renamed to DOT&PF without specific projects. Congress said that the eligibility for spending the funds is like the STIP category, which is a federal category that is the most flexible, he added. He said it could be spent on trails, roads, busses, ferries, and "just about anything you could name under the transportation umbrella." He said DOT&PF looked at this new classification of funds and considered what to do with it since it has no project earmark. He noted that state regulations require all unrestricted funds to go to a formula which he showed to the committee as a pie chart.

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MR. OTTESEN said that under the distribution formula, 48% of unrestricted funds go to the National Highway System, 8% go to other highways in the state--called the Alaska Highway System, and about 41% goes to trails, recreational access and community transportation programs. "The slice in orange, the two sub-categories, then gets further sub-allocated to Alaska's MPOs, or Metropolitan Planning Organizations," he explained. He said there are two MPOs in Alaska: Fairbanks and Anchorage. The rest of the pie is shared with all other communities for community-

class roads, he added, and the governor wants to take the bridge money out of the National Highway System's 48%. He said there is absolutely no impact to community projects due to the two bridges. "The bridges at this point are not impacting projects that communities nominate and ask for. It's not impacting money that goes to the MPOs of Anchorage or Fairbanks," he stated.

MR. OTTESEN said funding in the STIP is not the same as the first "number" that comes out of Congress, because Congress tends to reduce the original appropriation level. Last year it appropriated at only 80-85%, so DOT&PF is assuming an appropriation of 85% into the future, he said.

MR. OTTESEN said the heart of the issue is how DOT&PF's mission and the STIP intertwine. DOT&PF's mission is to move people and goods, he said, but not all roads are created equal. He showed a chart of Alaska roads and their ownership and importance.

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MR. OTTESEN said that prior to 1991, only the top two tiers of roads were eligible for STIP money, but in Alaska all roads are now eligible. "Our road mileage competing for these dollars tripled in one fell act of Congress," he noted. DOT&PF is trying to spend more of the money at the bottom of the pyramid, which means less money for the top, he stated.

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MR. OTTESEN showed graphs of vehicle-use across the state and the number of accidents. Arteries of commerce are the most important, he stated. The state is sending about 40% of STIP funding to local-class, community-class roads, and other states send only 20% of their STIP dollars to local-class roads. "We're already sending more money down to those lower-class roads than any other state at the expense of the big roads. That's another example of the problem."

MR. OTTESEN said a third issue is that the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) bill passed by Congress is full of earmarks, many of which are not fully funded. He questioned whether the STIP would be used to fund those projects, diffusing the money needed for DOT&PF's main job of keeping highways intact.

MR. OTTESEN said a fourth eligibility issue is that operations and maintenance have been shifted to STIP dollars, taking away

from new projects. The money goes to worthy needs like guardrails and line painting, he stated. DOT&PF's operating budget has been essentially flat over the past 25 years in actual dollars but not considering the increase in the cost of living. These are necessary, he said, but the state can't expect the STIP to support as many projects because of it.

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MR. OTTESEN said dollars are more limited now than in the recent past. The SAFETEA-LU earmarks to the two bridges were "just the drop in the bucket," he stated, and were not the only earmarks for projects in the state to subtract from DOT&PF's normal spending money. There were \$440 million for earmarks in Alaska and only \$125 million went to bridges. Focusing on the bridges as a source of a problem is missing the point, he stated. Mr. Ottesen showed a chart of the money the state would have received if there had been no earmarks, and said:

If you look at this pie chart...the large circle on the right was formula dollars the state would have received if there had been no earmarks. That formula is \$2,100 million in size, or \$2.1 billion. If you look at the orangey circle on the left, it's about a billion dollars in earmarks the state received. Where they overlap, the earmarks drew their money from the formula funds at the rate of \$597 million for about \$119 million each year of the five-year STIP.

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MR. OTTESEN said authorized money is not necessarily the amount Alaska will receive from the federal treasury. He said the total funds the state received under SAFETEA-LU was just over \$2.5 billion, including all the earmarks and all the formula money. He added that the money for the two bridges (\$148 million for Gravina and \$179 million for Knik) will be received on the five-year life of the bill in installments and will be fully available in 2009. He said Congress allocates money by formula in several different categories, and normally the state can select the projects for the money, but in this bill the pressure was on Congress to earmark. He continued:

There was a clamor for earmarks. There was a clamor for a very large program, and there were budget pressures at the same time. Those pressures essentially collided as the bill came to the end, and

they capped the bill down at a growth rate that was relatively modest, at the same time they needed to deliver earmarks. And the only way they could get out of the conundrum was to take earmarks out of money that states would have received as formula. That was money we would have expected to see in our regular program and would have gone to the [National Highway System] and the [Community Transportation Program] had it not been earmarked...Gravina was subtractive. It came out of the overlap of the two circles at \$148 million, and Knik came out of the overlap at \$179 million. The additional money to make up the full amount of earmark was additive.

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MR. OTTESEN added that in addition to earmarks "reducing our funds," there were other changes in SAFETEA-LU. The state also receives money for set-aside programs with narrow constraints, he said. The money for these restrictive programs grew by \$25 million per year for the past five years, and he said the state will "build projects with those dollars, but it tends to go to projects that are no where near as important to people who ask us for run-of-the-mill projects." The money tends to go to important safety improvements, bridge replacements, trails, and air quality issues. A third problem, he said, is the Highway Trust Fund is "not delivering cash at the level that we would like." He noted that the trust is built on gas taxes, and as the price of fuel goes up, less gas is purchased, and less money goes into the trust fund. He noted two national reports that suggest the trust fund has flaws and needs to be fixed. He added that Alaska relies on the trust fund almost exclusively for its highway program.

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MR. OTTESEN said construction costs have jumped almost 30% in the past year, and there have been increases in the price of cement, energy, steel, labor and asphalt. "If our projects cost 30% more, right there we've lost the ability to build 3 out of 10 projects that were previously on a STIP," he noted. He stated that legal requirements create "lots of strings," and he mentioned the National Environmental Protection Act and others that can add to the cost of a project.

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MR. OTTESEN said Alaska STIP funds are reduced by the state's chosen safety laws that don't meet federal standards. He noted that Alaska's repeat offender law and open container law cost the state \$12 million to its road-building program.

CO-CHAIR GATTO asked if Alaska's pending seat belt law would reduce this loss.

MR. OTTESEN said the state will receive a financial reward when that law is enacted.

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MR. OTTESEN said SAFETEA-LU money is down this year, and "I'm here to tell you it's not all about the bridges. There's a lot of other factors in play besides the bridges." He noted that DOT&PF publishes a needs list built upon requests from communities which would cost over \$10 billion, and current funding can only address 2% of the list. He said there is a "disconnect between what people want for transportation and what we can deliver out of the STIP." He said there are three main systems of roads funded out of the STIP: the National Highway System, the Community Transportation Program, and the Alaska Highway System. He noted that to repave every mile would take 66-132 years for each system. He said, "We simply have a disconnect between the current miles on the state system and the dollars we're receiving in the STIP today."

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MR. OTTESEN said Alaskans expect the STIP to fund all roads with a few exceptions because there is no other source of dedicated funds. Other states provide additional funds, which are often larger than the STIP money they receive. He noted that Alaska has only begun to use tolls, which tend to be common in the rest of the country. He said that Texas will toll its entire freeway system to fund its roads, and Oregon is considering a mileage tax.

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MR. OTTESEN said the two bridges will cost about \$184 million, but other projects add up to more lost funding to the state for the five-year period. Building the state's earmarked projects will use \$269 million; the projects built with restricted funds will use \$125 million; the shortfall from the Highway Trust Fund will be \$300 million; preventative maintenance will cost \$260

million; the money lost from Alaska not complying with safety laws will cost \$60 million; and construction cost escalation will cost \$300 million. "In five years we have lost the ability to build over a billion dollars worth of projects, so it is simply not fair to blame it all on the bridges," he said. He added that the bridges will cost the state three \$12-million projects every year, and because of the other factors he just listed, the state will lose the ability to build twenty-two \$12-million projects. Alaska shares more STIP dollars to communities than any other state to the detriment of the higher-level roads, he stated, and the state has no supplemental funding source.

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MR. OTTESEN said that 100 years ago Alaska had a tax on every able-bodied man to build roads for two days, and 50 years ago Alaska passed the highest gas tax in the country. The state now has the lowest at \$.08 a gallon.

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CO-CHAIR GATTO said Alaska is different because the federal government funds all its transportation needs. The state gets back \$5.50 for every dollar it sends, he said, and he asked if that ratio varies.

MR. OTTESEN said it has varied, but it is a "bone of contention." There are many states that get less money back than they contribute, he said, and Alaska will be negatively impacted if that changes. "We were lucky to sustain the ratio we got, and I don't know that we could ever make it grow," he opined.

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REPRESENTATIVE NEUMAN asked if the money for the bridges will take away from local road projects.

MR. OTTESEN said it will not. Showing a pie chart, he said the money originally earmarked for the bridges "has been poured into that pie, and the slice that goes to the bridges is coming out of the slice on the left: the National Highway System slice. And the rest of the money is either going to the Alaska Highway System or it's gone down to the [Trails and Recreation Access for Alaska program] and the [Community Transportation] Program." The communities are getting more money because of the bridge earmarks, he stated.

CO-CHAIR GATTO noted that federal money is discounted by 15%.

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MR. OTTESEN said that is just a predication from past years, and writing the new STIP at 85% shows a little optimism.

REPRESENTATIVE KAPSNER asked what the money would be eligible for if the legislature decided not to build the two bridges.

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MR. OTTESEN said the bridge money would flow to the National Highway System.

REPRESENTATIVE KAPSNER asked for examples.

MR. OTTESEN listed national highways in Alaska, including the Parks, Seward, Glenn, Egan, Sterling, Steese, Dalton and the Alaska Marine Ferries and terminals.

REPRESENTATIVE KAPSNER asked if Lake Otis [Parkway] or a highway in Bethel would be eligible.

MR. OTTESEN said they would not but that community projects will receive more money. "You will see projects accelerate in the new STIP because of the decision that was made in money going to community programs," he added.

REPRESENTATIVE SALMON asked if bridge money could be used for the road from Haines to Juneau.

MR. OTTESEN answered, "In theory, yes."

CO-CHAIR GATTO asked if a road from Haines to Juneau would be considered part of the National Highway System.

MR. OTTESEN said that is likely because the ferry route is considered a national highway. The state would have to petition the federal Department of Transportation to add it, and the process takes about three years.

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REPRESENTATIVE NEUMAN asked if other states could use the funds if the bridges aren't built.

MR. OTTESEN said the money is for the Alaska DOT&PF.

REPRESENTATIVE THOMAS asked if the bridge funding will require a state match.

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MR. OTTESEN said there would be a state match at a 91:9 ratio, or about \$22 million of state money, "and likewise it would be a little over \$23 million for Knik Arm, and then of course the projects have cost estimates that may be different than these earmark amounts." Also, the bridge projects would need money in addition to match money in order to be completed on current schedules, he added.

REPRESENTATIVE THOMAS asked if it matters what the legislature does, because none of the projects that the legislature voted for last year were built. He said that DOT&PF has power over the legislature, and it seems that the body can only vote to not build.

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MR. OTTESEN explained that last year DOT&PF was building a STIP based on an estimate of future funds. He said the state was getting money on a monthly installment plan, and at the tenth installment out of twelve, the federal government said Alaska actually owed money and wanted some back. Mr. Ottesen said DOT&PF had only nine months worth of money, so 2005 projects will move into 2006. He apologized for the over-estimate which was caused by inflation, restricted funds, and deductive earmarks, which could not have been reasonably anticipated, he said.

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CO-CHAIR ELKINS asked if the \$11 million already spent for the Gravina Bridge is included.

MR. OTTESEN said the \$11 million is in addition to the funds proposed for the project.

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REPRESENTATIVE GARA expressed that good government would require an estimate of costs before allocating funds, and the plan for the Knik Arm Bridge does not include four miles of road from

downtown Anchorage and the costs for the road on the other side of the bridge. He said the bridge design, the access route and number of road miles is not final.

CO-CHAIR GATTO interjected to say, "Mayor [George] Wuerch is, in my opinion the most knowledgeable person about all of these questions." He asked that the committee let Mr. Wuerch testify.

REPRESENTATIVE GARA continued to ask if it was unique that DOT&PF is asking to put \$90 million into a project before anyone knows the costs.

MR. OTTESEN said he thinks there have been times when the state has done it before. He said he thought there was a decision to go ahead with the Parks Highway which took several years. He also said the Whittier Tunnel had cost estimates that were wrong. He noted that there have been other mega projects that add to the state's infrastructure. He said the road to the north of the Knik Bridge will be built anyway.

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GEORGE WUERCH, Chair, Knik Arm Bridge and Toll Authority (KABATA), Anchorage, said that the 2003 legislature created the authority. He said forecasts show that the area's population increase will be the same whether the Knik bridge is built or not, except after 2010 when forecasts show an increase in population in the Matanuska-Susitna area due to the bridge. Two public opinion polls show that the bridge project addresses a legitimate need and has good, strong support, he stated. He said a Florida designer drew up a design of the bridge and made a cost estimate. He pointed to results of a Federal Highway Administration scoping process that included access roads and a bridge of 8,200 feet. He said the scoping also looked at access to the bridge through tunnels under Government Hill, and "there's any number of solutions there that are yet to be resolved in the final [Environmental Impact Statement]."

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MR. WUERCH said there are three proposals from different "world-class" engineering design firms resulting in a project cost estimate of \$600 million for a 8,200-foot bridge "with gravel causeways and roads and tunnels, as the case may be, on each end, total project connectivity to existing roads..." He showed the committee a funding chart which included the \$94 million federal funding, a special grant to the Matanuska-Susitna

[Borough] to build and pave the road to the port, and the possibility of state appropriations and private sector investments. He said he assumed a 1:1:1 ratio of federal, state, and debt, and he then hired a firm to test the commercial market for debt. He said the firm said that "we're credit worthy for \$200 million, assuming a toll of three to five dollars per crossing--that's on a private vehicle; trucks, of course, and heavy haulers would cost more." He added that if federal or state money can't pay for it, he would look at restructuring the debt environment. The cost in time and money of bypassing the bridge, he said, is \$15 for a person who lives in Pt. McKenzie and wants to drive to Anchorage. He said tolls are a great way to leverage state and federal money.

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MR. WUERCH continued:

The \$94 million from the federal pool is only 4% of the total money in TEA-LU. So Alaska's \$2.1 billion, you saw on the slides a minute ago, the \$94 million is about 4% of that total. In addition, what you see with a toll bridge is the opportunity to leverage your contribution, the state and federal equity, by a substantial number. And on that closing, I will just say a rate of return in the neighborhood of 35% isn't all bad if you're making investments, and when you pay one third of the cost with debt and let others pay it, that's a good advantage.

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REPRESENTATIVE KAPSNER asked where the \$50 million road grant to the Matanuska-Susitna [Borough] would come from.

MR. WUERCH said that would be state money, "because if it's state money, then it becomes a maintenance project--that road exists, it's gravel today, it should be asphalt, and they can move that project forward this season, and they can pave that road, and move it ahead, and that's \$50 million dollars worth of work that the toll bridge doesn't have to do."

REPRESENTATIVE KAPSNER asked if the money would be from the [general fund].

MR. WUERCH said, "We want to take advantage of the scheduling and the efficiency of doing it with state money that the [general fund] would be the proper way to go about that."

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REPRESENTATIVE NEUMAN asked why Alaskans outside of Anchorage would want to fund the bridge.

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MR. WUERCH answered that people north of the Matanuska-Susitna [Borough] will see increased efficiency of freight transfer and "the potential to see the railroad laid right alongside this highway bridge in future years." He noted that for Southeast Alaska residents "struggling for ferry funds or new roads and bridge funds, it's probably a toss up."

CO-CHAIR GATTO said the House Transportation Standing Committee addresses airports, the marine highway, roads and railroads for the entire state.

REPRESENTATIVE GARA asked about the \$600 million in total costs for the bridge. He said there is no mention of the cost of roads to connect downtown Anchorage to the bridge.

MR. WUERCH said that is actually phase two because the Anchorage transportation plan "says that that connection cannot be made until the highway to highway connection is complete." He said in 2021 or 2023 there would be enough traffic for a second viaduct across Ship Creek. The first connection would be from "A" Street and "C" Street and the existing viaduct.

REPRESENTATIVE GARA asked if the cost of upgrading the four-mile connections from "A" and "C" Streets is in the estimate.

MR. WUERCH said those costs are included, and it is "\$62 million for a bottom of the bluff connection and \$63 million for a tunnel."

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CO-CHAIR GATTO asked when the bridge would be open.

MR. WUERCH said December 2009 is an optimistic but attainable date.

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BOB FRENCH, Co-Vice President, Government Hill Community Council, Engineering Consultant, Anchorage, said he commutes along the Glenn Highway between Eagle River and Anchorage every day. He noted a letter from the mayors of the Matanuska-Susitna Borough, the Kenai Peninsula Borough, and the Municipality of Anchorage proposing reduced funding for bridges in order to fix existing road problems. He said the mayors note that the two bridges and the Juneau access road will cause "unnecessary increased fatalities, congestion and maintenance costs throughout the state. Mr. French said Mr. Ottesen's presentation showed that the overall STIP is underfunded, and the state can't afford to fund new projects when it can't afford to fix current problems. He stated that Governor Murkowski's budget only has \$94 million for the Knik Arm Bridge which will only fund 3/20th of the total cost.

MR. FRENCH related that it is premature to fund something where the draft environmental impact statement "is not even put forward and we have no idea of either where the routes will go or what those costs are going to be." He urged the committee to look at the opportunities lost if the bridges are funded.

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BERNARDO HERNANDEZ, Director, Community Planning, Fairbanks North Star Borough, said he is on the technical committee of the Metropolitan Planning Organization (MPO) of the Fairbanks Metropolitan Area Transportation System (FMATS). The Fairbanks MPO has historically received \$10 million of federal funds passed through Alaska's DOT&PF per year for road projects, and DOT&PF Commissioner Mike Barton recently gave notice that it would now be awarded half of that. "This reduction is especially poignant when considering that in 2005 our budget was reduced by \$4.2 million due to deductive federal earmarks and a rushed effort by DOT&PF to protectively obligate funding which in the end was allocated to other state road projects," he stated.

MR. HERNANDEZ said that the Fairbanks Transportation Improvement Program has been approved by the Federal Highway Administration and has undergone an extensive public review process, which was based on the historical \$10 million annual funding level. He said that the cuts have devastated the budget for several critical road projects. These projects include major access corridors that are substandard and over capacity, he added. The road projects are also essential to the state's gasline project.

MR. HERNANDEZ said that Fairbanks is a regional hub of the north, and it is a growing community. He noted that the SAFETEA-LU bill is important because Alaska will receive 31% more funding than the previous bill, but Fairbanks will receive 50% less. At 65 degrees latitude, the FMAT area faces many road construction challenges and expenses. He said that creating a center left-turn lane on one road will "consume an entire year's allocation to our MPO. We need to act now. Please restore our funding to its historical levels."

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JIM COLVER, Deputy Mayor and Assembly Member, Matanuska-Susitna Borough, Palmer, said transportation corridors are clogged and a Knik Arm Bridge will not help with the immediate problems. He said the borough was assured that the bridge would not derail funding for essential transportation projects, and "we now know that not to be the case." He said the borough does not believe in the governor's proposed allocations, and is wondering what happened to the remaining \$140 million that was slated for the bridge that has left Southcentral Alaska. He asked why that money went to a \$50 million study for a railroad to Canada. He said the borough would support using the money for roads rather than a study.

MR. COLVER stated that the Matanuska-Susitna Borough fares the worst in the proposed STIP, losing \$25 million for road projects that had been scheduled for 2006. "We're not even funded at status quo," he noted. He added that the borough's roads have the highest fatality rates and the region is the fastest growing. He said that by 2025, 20 roads in the area will be beyond capacity. If critical improvements are not made, 20 more roads will fail, he added. He said several important improvements to the Parks and Glenn highways, initiated with the 2004 and 2006 STIP, have no funding in the new STIP. "History shows that if we do not continue STIP projects, they will drop off the list," he said. He noted that the sewer meridian improvements have been pushed to 2009, and he gave other examples of projects that are getting into "the never-neverland."

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MR. COLVER added that air quality funds are completely deleted from the borough, and such funds should be spread equally among regions, giving extra consideration for communities that provide

matching funds. The proposed STIP allocates over \$400 million in advance construction dollars to large projects, which consume most of the allocations previously promised to the Southcentral region, he said. To improve roads and address critical safety needs, the state should reduce allocations to the large-scale projects to allow critical transportation infrastructure projects to move forward. He asked the committee to restore funding to programs previously in the STIP.

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REPRESENTATIVE NEUMAN commented that Mr. Ottesen said that bridge funding would not take away from community road programs. He added that the Knik area is the largest growing part of the region, and the bridge would help relieve congestion through the Matanuska-Susitna corridor. He said, "The KABATA has testified earlier that they are committed to putting funds towards the projects in the Knik area, out to Big Lake, to help the road improvements through that...that would help reduce the funds that are needed from the state in that area, would be paid for through a toll authority."

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GARRET VAN ABBOTT, Ketchikan, said he was born in Ketchikan and enjoys living there and wants the community to prosper. He noted that a bridge to Gravina will not help the majority of Ketchikan residents and is a waste of money. It will benefit the few who are invested in property. The proposed bridge will harm Ketchikan and warp the economy, he said, and cause disruption in the tourist economy. The ferry works perfectly and is quicker than the bridge would be for many residents, he noted. He asked the fate of the ferry if the bridge were built. The massive project will cause a cancerous growth on Gravina Island, he stated. He concluded that the bridge will not accomplish anything substantial, and he urged the committee to spend the money on something useful.

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KEVIN HOOD, Juneau, said the DOT&PF presentation made clear the importance of prioritizing Alaska's transportation projects because of under-funding of the large list of projects. He asked the committee to remove the Juneau access road from the proposal. He said many live in Juneau because of the wild surroundings and lack of road access. He said he doesn't want to see the region become like other states; he enjoys the Alaskan

character. He said the ferry system is a state treasure and should be enhanced. It is not always affordable to riders, so he encouraged the committee to allocate funding to the ferries. He said the people who work on the ferries have many ideas to make the system more efficient.

CO-CHAIR GATTO said he plans on having another hearing to discuss the Marine Highway.

MR. HOOD said he was glad about that and stressed that the road will not increase quality-of-life and is a waste of money. He suggested it would increase congestion and allow for big box stores which negatively impact locally owned businesses.

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REPRESENTATIVE THOMAS asked if Mr. Hood would support a ferry terminal in Berners Bay.

MR. HOOD said that Berners Bay is special and would be a national park if it were located anywhere else, but he would like to have time to think about the question. He stated that downtown is a preferable site for a ferry terminal.

REPRESENTATIVE THOMAS said the fast ferry uses 800 gallons per hour, and a terminal in Berners Bay would save 3000 gallons of fuel per day.

MR. HOOD said that is a good point, and noted that Washington state ferries run on bio-diesel.

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EMILY FERRY, Director, Alaska Transportation Priorities Project, Juneau, said she represents a Juneau-based ad hoc watchdog group made up of volunteers, unions, community leaders and conservation groups. She said the take-home message from the hearing is that Alaska doesn't have infinite resources for transportation funding. She noted that there are many forces Alaska can't control, but it can control the projects the state chooses to put its limited funding into. She said the \$90 million dollars for each bridge and the \$45 million for a Juneau access road are just the tip of the iceberg. "We're talking about billions of dollars of investments that we would be committing here." She said the committee needs to be aware that the projects are the number one thing that the state can control at this point. There are many other priorities including safety,

congestion and efficiency needs. She added that the future gas pipeline will need improvements to the National Highway System, including the Dalton and Alaska Highways. She said that the current STIP eliminated \$256 million from the last STIP for projects that would facilitate gas pipeline construction.

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CLIFF LOBAUGH, retired veterinarian, Juneau, said he was initially opposed to the ferry system, but he has had to "eat my words" because it brought the communities together. He noted that people in outlying areas don't have the same access to the ferries because it has not been kept up. He said he is opposed to the road. He noted that Annette Island once had the best airport in the country. He mentioned the proposed plywood mill in Berners Bay that was successfully resisted. Juneau's ferry terminal was moved far from the main visitors center, and he said he is against most of the things proposed by Mr. Ottesen and DOT&PF commissioner Mike Barton.

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BOB DOLL, Executive Director, Better Ferries For Alaska, Juneau, said he represents a coalition of communities and groups interested in expanding the marine highway system and other ferries. He said that coastal Alaska is served by ferries, and there is concern that it will be short-changed by other projects. Ferry systems require capital investment and operating dollars, and he suggested the committee focus on the DOT&PF mission: the movement of people and goods.

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JANET KUSSART, Juneau, said she prefers to keep Berners Bay pristine and maintain the ferry system without a Juneau access road. She asked the committee to consider the many needs in the state, and postulated that Anchorage and Fairbanks residents would rather repair their roads than build a road out of Juneau. The Juneau access road would not really go anywhere, she said, except to a ferry terminal "somewhere north." Travelers would still need to take a ferry to get to Haines or Skagway. She urged the committee to keep the ferries running and dependable. Ms. Kussart told a story of friends trying to get to Juneau to visit the public market. They tried two roads to Haines and Skagway, and the roads were both closed. They waited until one road opened up and were lucky enough to catch the fast ferry in order to make it to Juneau in time. She noted that if they had

had to take a road to Juneau, it would likely be closed and they would never had made it, but the ferry got them to Juneau.

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JAN WRENTMORE, Saloon Owner, Skagway, said she is also representing the Skagway Marine Access Committee (SMAC) which supports marine access in Lynn Canal and opposes a Juneau access road. She said that despite the testimony of Mr. Ottesen, the current STIP is a failure of the transportation planning process and demonstrates that transportation in Alaska has become a political football. She noted that with little or no explanation two thirds of Alaska's long-awaited improvements to the existing transportation system have been stripped and replaced with mega projects, such as the Juneau road, which receives only marginal support and will drain the state's transportation coffers long into the future. She said local officials across the state are protesting the slashing of funds from much-needed repairs and upgrades to local facilities and infrastructure, including the Alaska Marine Highway. In Skagway alone, she noted, two projects with extreme importance to public safety--the Dyee Road improvements and the gateway pedestrian project--have disappeared from the STIP.

MS. WRENTMORE asked what the rationale was for supplanting priority projects for a little-supported road. She noted that Haines, Skagway, and more than half of Juneau have voted against the road. "When have the people in Lynn Canal had the opportunity to comment on the Gravina Bridge and Knik Arm crossing and the clear impacts they will have on the availability of future funding for local projects?" she asked. She requested that the funding that has been removed from the STIP for ferries and local fix-it projects be re-instated and that the Juneau road and other mega projects be removed until the Alaskan public has had an opportunity for review and comment.

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MIKE BARTON, Commissioner, Department of Transportation & Public Facilities, Juneau, said DOT&PF supports good transportation. He said DOT&PF has heard a variety of perspectives, but it is important to know that the congressional delegation, particularly Don Young, has worked hard to get this money. He said the state is getting \$2.5 billion for transportation in Alaska over the next five years which is more than the state

ever has. He noted that he, like others, wished the money were "in different pockets."

CO-CHAIR GATTO said there are 30 people on line that would like to testify. He said he would stay around while most of the rest of the committee could go to other appointments.

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EDWARD THOMAS, Craig Community Association, Craig, said the city of Craig and the community association have identified the Port St. Nicholas road project as important to the community. It has been in the works since 1993, he said, and was identified in the last two STIP processes as a joint DOT&PF and Bureau of Indian Affairs project with each contributing \$3 million. After preliminary engineering, he said, it became apparent that more funding was needed, and DOT&PF said it would absolutely not provide more funding because it was trying to do away with community-based transportation projects. He said the community association requested funds through Alaska's congressional delegation. Congressman Young had identified \$3 million back to the project; however, DOT&PF is proposing to offset those funds. He noted that without the money, the road will end up too narrow and unsafe.

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JANELLE WALTON, Anchorage, noted that KABATA said the Knik Arm crossing is going to cost \$600 million, but a DOT&PF study estimates the cost at \$1.5 billion. She said it was a huge difference, and there needs to be serious research on the estimate. She added that the toll estimate of \$3.00 to \$5.00 each way is a ridiculous amount to pay and would add up to \$120 - \$200 a month for the average commuter. It is especially ridiculous, she pointed out, since KABATA's own study has said there is no significant change in the time for the commute between Wasilla and Anchorage. She asked why commuters would pay so much to shave five minutes off of a commute, and why would the state want to spend \$1.5 billion to build something that won't save anyone any time. She said the state needs to look at the real cost of the bridge. She noted that avalanches stranded drivers last year because DOT&PF has cut funding on snowplows. She said very basic maintenance has been cut.

CO-CHAIR GATTO asked Mr. Wuerch about the \$1.5 billion cost estimate.

MR. WUERCH said that study was done in 2003 by the Alaska DOT&PF who had hired a good firm to price out a project from a 1984 Environmental Impact Statement (EIS), but there were many flaws in the EIS. He said that study had bridge piers further apart. The study also had "forty miles of new road to come in west of Nancy Lake to the Parks Highway. To look at the \$1.5 or whatever number that was in there, compared to the proposal that's on the table today and sponsored by the Knik Arm Bridge and Toll Authority, they're like apples and oranges," he said.

MS. WALTON said that before the committee takes Mr. Wuerch's word, the members need to take a look at these studies. She said that Mr. Wuerch's proposal removes many of the roads to Point McKenzie, which are gravel roads and four-wheeler roads and will need to be upgraded. It will take a huge amount of money to upgrade the roads that lead to the bridge, she stated. If there will be much commuter traffic there needs to be roads created and upgraded substantially. "There's all of these road systems that have been conveniently removed from the project to get this \$600 million mark," she said, because KABATA does not want the bridge to be seen as a mega project. "There needs to be more research before we just blindly sink money in there, and watch it just turn into this hole where more and more money needs to be put into it," she concluded.

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FRED ATTHORP, Ketchikan, said that the Gravina Island Bridge all started with a Gravina Island federal land sale which offered a preference for [military] veterans. So a group of investors advertised in Seattle for veterans to buy the land and turn it over to the investors. Enough veterans were found, he said, and a plane was chartered to bring them up to make the land purchase.

MR. ATTHORP noted that he received an email from Thailand asking about "the bridge to nowhere." "The absurdity of this bridge seems to be a national embarrassment and an international joke," he said, "and the money would serve the public interest far better if were spent on highways or our ferry system rather than to build a bridge so that a few politically-connected speculators could make a profit on deviously acquired land."

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GLENN MILLER, Director, Department of Transportation, Air Quality Division, Fairbanks North Star Borough, said it is

absolutely necessary to maintain the current STIP for a program called Congestion Mitigation Air Quality (CMAQ). He noted that the Fairbanks area has gotten \$2 million appropriations from DOT&PF through STIP due to previous violations for carbon monoxide levels. These funds are used to implement control measures for air quality, he said, and now DOT&PF has proposed to eliminate the funding in fiscal year 2007. The projects have gone through an extensive approval process at federal, state, and local levels involving FMATS, DOT&PF, the Federal Highways Administration, the Environmental Protection Agency (EPA) and the Alaska Department of Environmental Conservation. The money is used for control measures designed to keep Fairbanks within attainment.

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MR. MILLER said EPA has recently proposed changes that will affect the Fairbanks area with regard to particulates. "Even at current EPA established particulate standards, Fairbanks is barely within the threshold for particulates and [it] appears that level is rising. In this month alone air quality advisories have been issued seven times as our 24-hour readings measured within the unhealthy-for-sensitive-groups range." Area families want to rely more on wood heat as fuel prices increase, but air quality problems require limited use of wood stoves. He noted that Fairbanks has demonstrated five years of clean monitoring data for carbon monoxide, shifting the emphasis from reaching attainment to maintaining attainment. He urged historic appropriations of funding through the STIP.

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JOHN COMBS, Mayor, Palmer, Alaska, said the STIP does not come close to the transportation needs of the core area of the Matanuska Valley. He said Representative Neuman is correct that the Knik area is growing fast in terms of percentages, "but we're talking somewhere in the neighborhood of 5-8000 people, while in the core area we're talking 7% to 8% growth in 40-45,000 people." In the past five years, 12,000 people have moved into the area. Some roads were built in the 1950s, "and anyone coming from Anchorage and has to go west onto Palmer-Wasilla has to come all the way down to the Palmer intersection at the Glenn and Evergreen, and take a left and go west in order to get to Wasilla, to shopping areas and to the residential areas." He said a right-of-way has been requested, as well as "a lot of things. Some things just keep being pushed back on the STIP." The roads are crowded and dangerous, so "we're moving people but

we're also killing people by moving them on these roads," he stated. He added that reconstruction of a road between the Parks Highway and a Palmer road to a four-lane road has been repeatedly delayed. He spoke of other delayed STIP projects. The Palmer-Wasilla highway was on the STIP and has disappeared, he noted, and the Old Glenn Highway has been pushed back and then disappeared. "If you take a look at what has occurred with the preliminary proposal from the STIP, and you take a look at the Matanuska-Susitna Valley, which is now the third largest concentration of citizens in the State of Alaska, between West Wasilla and East Palmer, it's almost like we're ignoring the bear that is in the living room, here. There's a lot of people moving in here; we're gaining 500 students in our school system each and every year. And if you take a look at what's been allocated in this proposal, it doesn't even begin to adequately meet our needs," he concluded.

CO-CHAIR GATTO requested emails to the committee from interested public regarding the proposal.

#### **ADJOURNMENT**

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There being no further business, the House Transportation Standing Committee meeting was adjourned at 3:35 p.m.