

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

February 10, 2015

1:03 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Shelley Hughes, Co-Chair
Representative Louise Stutes
Representative Matt Claman
Representative Dan Ortiz

MEMBERS ABSENT

Representative Charisse Millett
Representative Benjamin Nageak

COMMITTEE CALENDAR

PRESENTATION: JUNEAU ACCESS ROAD PROJECT DETAIL

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MARC LUIKEN, Commissioner Designee
Department of Transportation & Public Facilities (DOT&PF)
Anchorage, Alaska

POSITION STATEMENT: Answered questions and provided a status report on Juneau Access Road Project.

GARY HOGINS, Project Manager
Division of Statewide Design & Engineering Services
Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of the Juneau Access Road Project.

PAT PITNEY, Director
Office of Management & Budget (OMB)
Office of the Governor
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions on the Juneau Access Road Project.

GREGG ERIKSON, Consultant/Owner
Erikson & Associates
Bend, Oregon

POSITION STATEMENT: Testified during the discussion of Juneau Access Road Project (JA).

TOM BRICE, Lobbyist
Alaska District Council of Laborers
Laborers Local 942
Juneau, Alaska

POSITION STATEMENT: Testified in support of the Juneau Access Road Project (JA).

MIKE SCHAEFER, Mayor
Municipality of Skagway Borough
Skagway, Alaska

POSITION STATEMENT: Testified during the discussion of the Juneau Access Road Project.

JAN WRENTMORE, Member
Skagway Marine Access Commission
Skagway, Alaska

POSITION STATEMENT: Testified during the discussion of Juneau Access Road Project.

RICH MONIAK, Civil Engineer (CE)
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to the Juneau Access Road Project.

CRAIG DAHL, Executive Director
Juneau Chamber of Commerce
Juneau, Alaska

POSITION STATEMENT: Testified in support of the Juneau Access Road Project (JA).

WAYNE JENSEN, Chair
Alaska Committee
Douglas, Alaska

POSITION STATEMENT: Testified in support of the Juneau Access Road Project (JA).

MURRAY WALSH
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of Juneau Access Road Project (JA).

PAULETTE SIMPSON
Douglas, Alaska

POSITION STATEMENT Testified in support of the Juneau Access Road Project (JA).

NANCY WATERMAN
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of Juneau Access Road Project (JA).

EMILY FERRY, Volunteer
Southeast Alaska Environmental Council (SEAC)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of Juneau Access Road Project (JA).

CLAY FRICK
Haines, Alaska

POSITION STATEMENT: Testified during the discussion of the Juneau Access Road Project (JA).

PAUL GROSSI, Lobbyist
Alaska State Pipe Trades UA Local 262
Juneau, Alaska

POSITION STATEMENT: Testified in support of the Juneau Access Road Project (JA).

COREY BAXTER, District 8 Representative
International Union of Operating Engineers Local 302
Juneau, Alaska

POSITION STATEMENT: Testified in support of the Juneau Access Road Project (JA).

ACTION NARRATIVE

[1:03:44 PM](#)

CO-CHAIR SHELLEY HUGHES called the House Transportation Standing Committee meeting to order at 1:03 p.m. Representatives Stutes, Claman, Ortiz, and Hughes were present at the call to order. Representative Foster arrived as the meeting was in progress.

PRESENTATION: JUNEAU ACCESS ROAD PROJECT DETAIL

1:05:10 PM

CHAIR HUGHES announced that the only order of business would be a detailed status report on the Juneau Access Road Project.

1:07:29 PM

MARC LUIKEN, Commissioner Designee, Department of Transportation & Public Facilities (DOT&PF), began a PowerPoint status of the Juneau Access Road Project (JA) by discussing the purpose and reason to start the project in the first place 23 years ago: to provide improved surface transportation to and from Juneau within the Lynn Canal corridor. Originally, the department identified seven alternatives, but recently explored an eighth option as a result of the draft Supplemental Environmental Impact Statement (EIS). He offered to review each alternative.

1:09:09 PM

CO-CHAIR HUGHES referred back to the five bullets on slide 2 that identified the purpose and need for the Juneau Access Road Project (JA), [which read: provide the capacity to meet transportation demand in the corridor, provide flexibility and improve opportunity for travel, reduce travel times between the communities, reduce state costs for transportation in the corridor, and reduce user costs for transportation in the corridor]. She asked whether the alternatives were evaluated in terms of finding solutions to these five purposes and needs for the Juneau Access Road Project (JA).

COMMISSIONER LUIKEN answered yes; the purpose and need was part of the analysis, such that each alternative had various merits that met the purpose and need statements.

CO-CHAIR HUGHES asked whether the process was used to narrow down the alternatives to the one that best provides solutions to each of the bullet points.

COMMISSIONER LUIKEN answered yes.

1:09:59 PM

COMMISSIONER LUIKEN directed attention to the list of alternatives and specifically to Alternative 1B, which was the additional alternative researched as a result of the court order in 2012 [slide 3]. He reviewed the remaining alternatives:

Alternative 1 would continue the existing service in Lynn Canal from Auke Bay [slide 4]; Alternative 1B would provide enhanced service as an alternative to the project [slide 5]; and Alternative 2B would build a road north from the terminus of the Glacier Highway on the west side of Lynn Canal terminating near Katzehin [slide 6]. He said the draft Environmental Impact Statement (EIS) and draft Supplemental EIS list Alternative 2B as the preferred alternative.

1:12:00 PM

COMMISSIONER LUIKEN continued briefly describing the alternatives: Alternative 3 would provide a ferry terminal in Berners Bay and another one on the west side of Lynn Canal with a road going north from there; Alternative 4A would terminate the road in Berners Bay and provide ferry service from Berners Bay to Haines and Skagway [slide 8]; Alternative 4B would provide a similar alternative, with the road terminus in the Berners Bay area; Alternative 4C would operate ferries from Auke Bay [slide 10]; and Alternative 4D would build a terminal at Sawmill Cove and operate ferries from Auke Bay and from Sawmill Cove to serve Lynn Canal.

COMMISSIONER LUIKEN reiterated that the purpose and needs statement was used to examine the merits of each of the eight alternatives. In addition, the alternatives were analyzed based on consistency with the 2004 Southeast Alaska Transportation Plan (SATP). Although the aforementioned plan has been updated, it is still in draft form. Thus the 2004 Southeast Alaska Transportation Plan (SATP) is the most current version of the plan, he said.

1:14:30 PM

CO-CHAIR HUGHES asked whether the department identified Alternative 2B as the preferred solution.

COMMISSIONER LUIKEN answered that the Department of Transportation & Public Facilities (DOT&PF) is currently considering all of the alternatives for the Juneau Access Road Project (JA). He reported that the DOT&PF received substantial comment, and after briefly conferring with staff, he confirmed that the public comment period closed at the end of November. He reported that considerable work must be done before the DOT&PF can reach a final conclusion on the preferred alternative.

1:15:09 PM

CO-CHAIR HUGHES related her understanding that the department used a matrix to meet the needs and goals. She recalled that at one point Alternative 2B was identified as the preferred route. She asked whether there were issues with the matrix used.

COMMISSIONER LUIKEN agreed that in 2006, the department originally assessed the project and determined the preferred route as Alternative 2B; however, the current fiscal forecast and budget warrant further consideration and review to determine the DOT&PF's analysis of the data going forward.

1:16:05 PM

CO-CHAIR HUGHES asked if the department removed the budget issues from the equation, whether Alternative 2B will best meet the bullets listed [on slide 2].

COMMISSIONER LUIKEN suggested the next slide will cover cost factors.

CO-CHAIR HUGHES asked to first consider whether the travel demand, capacity, flexibility, travel times, and opportunity to travel is best met by Alternative 2B.

COMMISSIONER LUIKEN answered not in his estimation; however, it does do so in the estimation of those who performed the analysis. In fact, it was the conclusion the DOT&PF arrived at or it would not have been identified as the preferred alternative.

1:16:56 PM

REPRESENTATIVE CLAMAN recalled from an earlier presentation that the administration will inform the legislature on its decision on the Knik Arm Crossing (KAC) in the next two to three weeks. He asked whether the administration will use a similar timeline to reach a decision on the Juneau Access Road Project (JA) preferred alternative.

COMMISSIONER LUIKEN replied that with major projects such as the KAC, there is always a logical next step and during this briefing he will identify the logical next step for the Juneau Access Road Project (JA). In fact, his recommendation to the governor will be to take this project to the logical next step. In doing so, it will buy the department time to perform a

thorough assessment before reaching a final decision on the preferred alternative.

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REPRESENTATIVE CLAMAN asked if the decision would be reached in two or three weeks or if the DOT&PF has not yet determined a deadline.

COMMISSIONER LUIKEN answered that he did not think it would happen in the next couple of weeks, but the DOT&PF will have a decision on the logical next step, he said.

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COMMISSIONER LUIKEN directed attention to the cost factors that provide an analysis of the costs the department used to determine the preferred alternative [slide 13]. He pointed out the large range of the initial project costs and project life costs for each alternative. In addition this slide also shows the estimated net annual general fund maintenance and operations (M&O) cost for each project. Finally, the slide identifies the per vehicle cost based on driving on roads or using the ferry system, he said.

1:19:40 PM

REPRESENTATIVE STUTES asked whether these costs reflect the cost of the Alaska Class Ferries (ACFs) that are required in order to serve this area. She said it appeared to her that the draft Supplemental Environmental Impact Statement (EIS) also requires additional ferries besides the two [ACF] ferries scheduled to be finished in the next several years.

COMMISSIONER LUIKEN answered no. He offered his belief that the decision to build the two new [ACF] ferries was made in order to serve Lynn Canal.

REPRESENTATIVE STUTES asked for further clarification on whether the ferries referred to in the draft Supplemental EIS are the two ACF that are currently scheduled to be finished in 2016.

COMMISSIONER LUIKEN answered yes; that is his understanding.

REPRESENTATIVE STUTES said she would be interested in having confirmation of that.

COMMISSIONER LUIKEN agreed to confirm this.

1:20:52 PM

REPRESENTATIVE CLAMAN following up on the two Alaska Class Ferries (ACFs), asked whether the proposed 50-mile road on the east side would require additional ferries to shuttle between the proposed new ferry terminal at [Katzehin] and Haines.

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GARY HOGINS, Project Manager, Division of Statewide Design & Engineering Services, Department of Transportation & Public Facilities (DOT&PF), stated that all of the alternatives except the fast ferry alternatives use the two Alaska Class Ferries (ACFs). In Alternative 2B the ACFs would be used to shuttle between Katzehin and Skagway, and Katzehin and Haines, but a third vessel would also need to be built to shuttle passengers and vehicles between Haines and Skagway.

1:22:28 PM

REPRESENTATIVE CLAMAN asked whether the costs for the third vessel are incorporated into the cost factors.

MR. HOGINS answered that the cost of the Alaska Class Ferries (ACFs) is not included in any of the alternatives. In further response, he answered that the ACF vessels were being considered to fall under existing conditions. The No Action Alternative accounts for the two ACFs being deployed in Lynn Canal.

1:22:54 PM

REPRESENTATIVE STUTES presumed that the cost of building new ferry terminals was also not included in the cost factors for any of the alternatives.

MR. HOGINS offered his belief that the alternatives include costs for the new ferry terminals in Berners Bay, Katzehin, or William Henry Bay on the west side of Lynn Canal. In addition, costs for some improvements to Haines and Skagway have been included specific to some of the alternatives.

1:23:56 PM

CO-CHAIR HUGHES, with respect to the No Action Alternative, asked whether it would cost \$300 million to build a large ferry

to serve the Juneau to Haines route with an anticipated 50-year life for the ferry.

COMMISSIONER LUIKEN offered to provide the information to the committee.

CO-CHAIR HUGHES asked for further clarification on the project life.

MR. HOGINS answered that the economic analysis spanned 36 years for the Juneau Access Road Project (JA).

[1:24:44 PM](#)

REPRESENTATIVE CLAMAN asked for an estimate of the cost to build two vessels - the Alaska Class Ferries (ACFs).

COMMISSIONER LUIKEN answered that \$120 million was appropriated for the two ACF ferries. In further response, he agreed the appropriation was \$60 million for each ACF.

[1:25:39 PM](#)

COMMISSIONER LUIKEN reviewed the project history [slide 14]. In 1992 the project was initiated, in 1997 a draft EIS was prepared, and in 2000 the project was delayed while two fast ferries were built. In 2002, former Governor Murkowski directed that the EIS be completed. In 2005 a supplemental draft EIS was prepared and in 2006, a final EIS identified the East Lynn Canal Highway as the preferred alternative and a record of decision (ROD) was issued by the FHWA [Federal Highway Administration]. In August 2006 a lawsuit was filed in district court against the FHWA's decision.

[1:26:45 PM](#)

COMMISSIONER LUIKEN continued the project history [slide 15]. In February 2009, the district court vacated the FHWA's ROD, concluding that the FHWA failed to consider an alternative for improved ferry service using existing ferries and terminals. In 2011, the DOT&PF appealed to the 9th Circuit Court of Appeals and lost in 2012, with the recommendation to conduct a supplemental EIS to consider the enhanced ferry option. In November 2014 the DOT&PF completed the draft EIS. The DOT&PF's U.S. Army Corps of Engineers (USACE) 404/Section 10 permit for the Juneau Access Road Project expired on January 31, 2015.

[1:27:21 PM](#)

CO-CHAIR HUGHES asked for further clarification on the number of public comments received during the public comment period.

MR. HOGINS answered the department received in excess of 42,000 comments.

[1:27:48 PM](#)

CO-CHAIR HUGHES asked whether the comments were from Alaskans or from the Lower 48.

MR. HOGINS answered that 35,000 comments were received from Earth Justice in Washington state.

[1:28:03 PM](#)

COMMISSIONER LUIKEN directed attention to the draft Supplemental EIS on the court mandated alternative to improve marine ferry service in Lynn Canal, including reassessing reasonable alternatives, such as changes to regulations, updated analysis, and alternative revisions necessary to address new environmental and engineering information since the 2006 record of decision (ROD)[slide 16].

[1:28:41 PM](#)

COMMISSIONER LUIKEN directed attention to the current project status, stating that sufficient funds have been encumbered to complete the EIS to the record of decision (ROD) for an estimated cost of \$800,000 [slide 17]. As members are aware, Governor Walker issued Administrative Order (AO 271), which halted all work on the Juneau Access Road Project. As previously mentioned, completing the Draft Supplemental EIS is really the next logical conclusion for this project, which will be his recommendation to the governor.

[1:29:18 PM](#)

REPRESENTATIVE STUTES asked whether the federal funding exists for the Juneau Access Road Project (JA).

COMMISSIONER LUIKEN answered yes.

REPRESENTATIVE STUTES asked if the federal funding is specific to the Juneau Access Road Project or if it is for the highway system.

COMMISSIONER LUIKEN answered that the question gets into the Statewide Transportation Improvements Program (STIP). As the STIP is developed, the department includes projects that will receive federal funding and the Juneau Access Road Project is included in the 2012 - 2015 STIP.

[1:30:18 PM](#)

REPRESENTATIVE STUTES asked whether these funds could be allocated to the MV Tustumena.

COMMISSIONER LUIKEN answered that he was unsure, but he offered to provide a response to the committee.

[1:30:40 PM](#)

CO-CHAIR HUGHES passed the gavel to Co-Chair Foster.

[1:30:59 PM](#)

COMMISSIONER LUIKEN said that if the department moves forward with the project it is possible to reach a final Environmental Impact Statement (EIS) and Record of Decision (ROD) by early 2016 or at least a recommended preferred alternative to the Federal Highway Administration (FHWA) [slide 18].

[1:31:24 PM](#)

COMMISSIONER LUIKEN indicated that once the ROD is received, the department will request injunction relief if the alternative requires it, and will move forward with the US Army Corps of Engineers (USACE) permit, the US Forest Service easement, and if the decision is to move forward with a preferred alternative, construction could begin as early as 2016.

[1:32:01 PM](#)

COMMISSIONER LUIKEN directed attention to additional approvals needed for the Juneau Access Road Project once the project reaches a record of decision (ROD), including obtaining a US Army Corps of Engineers 404/Section 10 permit, consulting with the National Marine Fisheries Service (NMFS) on the Endangered Species Act, obtaining the National Marine Fisheries Service

Marine Mammals Protection Act Incidental Harassment authorization, obtaining a US Forest Service right-of-way easement, and Bald Eagle disturbance permits [slide 19].

[1:32:23 PM](#)

COMMISSIONER LUIKEN reviewed the current federal and state funding, reporting that the total funding available for the project is \$202 million, of which, \$154 million is federal funding for construction previously approved by the legislature and \$48 million is in general funds previously appropriated by the legislature.

[1:32:53 PM](#)

COMMISSIONER LUIKEN informed members that the Juneau Access Road Project can be found at the department's website www.juneauaccess.alaska.gov [slide 21].

[1:33:04 PM](#)

REPRESENTATIVE STUTES asked if the total funding available for the project is \$202 million. She recalled reading that the Juneau Access Road Project total cost was \$574 million.

COMMISSIONER LUIKEN agreed that the initial construction costs for Alternative 2B is \$574 million, but it would be phased over several years.

[1:33:46 PM](#)

REPRESENTATIVE STUTES asked whether the Juneau Access Road Project will require \$372 million more in funding.

COMMISSIONER LUIKEN answered yes.

[1:34:04 PM](#)

REPRESENTATIVE CLAMAN, referring to slide 13, said the total project cost for the No Action Alternative would require a total project cost of \$669 million and Alternative 1B would cost \$1.030 billion. The current preferred Alternative 2B would require \$1.093 billion. He recalled the executive summary described various alternatives, and enhanced ferry service for [Alternative 1B] includes an assumption of 20 percent reduction in fares for trips in Lynn Canal in the extended hours of operations. Basically, he assumed that since this alternative

enhances ferry service in addition to bringing on the ACF, the effort will be taken to reduce the fares on the ferries below the actual cost. He asked how these figures would change under Alternative 1B if the state eliminates the 20 percent fare reduction.

MR. HOGINS said he does not have the figures today but he offered to provide them.

REPRESENTATIVE CLAMAN said he's interested in these figures since the legislature often asks whether the Alaska Marine Highway System (AMHS) is paying for itself; however, the legislature doesn't ask the same question about highways. He questioned whether the gas taxes pay for highways. He expressed interest in the assumptions for Alternative 1B since he was unsure whether the state can afford to reduce fares by 20 percent.

COMMISSIONER LUIKEN offered to provide the analysis. He envisioned this is the type of information the department can consider over the next few months.

[1:36:56 PM](#)

REPRESENTATIVE CLAMAN recalled the projected average daily travel for the road at 1,240 vehicles in the winter and 2,000 per day in the summer. He was curious how those figures compare to the number of travelers driving between Anchorage and Palmer or Anchorage and the Matanuska-Susitna Valley. He asked for further clarification on the Juneau Access Road Project (JA) figures and how it relates to other parts of the state.

COMMISSIONER LUIKEN answered that he is referring to the average daily traffic count (ADT). He offered to provide the ADT for the Glenn Highway and other highways.

[1:38:05 PM](#)

REPRESENTATIVE CLAMAN asked whether he had a general idea if it was comparable or if it will be a much lower number.

COMMISSIONER LUIKEN answered that it would be a considerably different number.

[1:38:21 PM](#)

CO-CHAIR HUGHES returned the gavel to Co-Chair Hughes.

CO-CHAIR HUGHES asked how much the state will need to repay the Federal Highways Administration (FHWA) if the state does not move forward with the Supplemental Environmental Impact Statement (EIS).

COMMISSIONER LUIKEN answered that the local director of the FHWA [Federal Highway Administration] informed the department that the state could be facing a \$27 million bill.

[1:39:18 PM](#)

CO-CHAIR HUGHES asked whether the state can move the federal funding elsewhere and if so, the amount of state funds required to do so.

COMMISSIONER LUIKEN answered the potential exists that the state will not spend money set aside for the Juneau Access Road Project (JA) this year since it will take the department another year to complete the draft [Supplemental] Environmental Impact Statement (EIS). The department has identified other projects where it can use the aforementioned funds for in 2016.

[1:40:08 PM](#)

CO-CHAIR HUGHES asked for a mile-for-mile comparison between constructing a road and operating a ferry.

COMMISSIONER LUIKEN offered to provide the analysis.

[1:40:35 PM](#)

CO-CHAIR HUGHES asked whether one is less expensive than the other.

COMMISSIONER LUIKEN answered that the maintenance and operations (M&O) for the Alaska Marine Highway System (AMHS) is less than the revenue earned by the AMHS; he estimated the cost at about \$114 million for the AMHS and about \$115 million for maintenance and operations (M&O) for the road system.

[1:41:19 PM](#)

CO-CHAIR HUGHES asked for further clarification on the figures.

COMMISSIONER LUIKEN answered that the maintenance and operations (M&O) for the Alaska Marine Highway System and the maintenance

and operations (M&O) to maintain the state's road system is essentially the same cost; however, this doesn't compare lane miles, but the total cost of the maintenance and operations (M&O) budget.

[1:41:52 PM](#)

CO-CHAIR HUGHES understood Commissioner Luiken is talking about the entire road system in Alaska, but he is not comparing the specific road distance to a ferry route of the same distance. She expressed an interest in drilling down to obtain that information. As someone who previously lived in Southeast Alaska, she realizes the importance of the ferry system to the communities. In fact, she still has family who live in Southeast Alaska; however, she also recognizes that the state is facing escalating costs. In the 1990s, the state subsidized the AMHS by \$50 million, but currently the state is looking at a subsidy of \$120 million. Thus the state must think "out of the box" to find solutions. Referring to the purpose and need slide [slide 2], it is clear the preferred alternative [Alternative 2B] addressed some of the cost, which the committee should keep in mind. The legislature represents Alaskan individuals and families, and for a family of four to take a vehicle from Juneau to Haines costs \$400, which could be greatly reduced to a few gallons of gasoline if the Juneau Access Road Project (JA) was completed. She asked for the overall life expectancy of ferries, recalling that ferries have a limited life and must be replaced about every 50 years.

[1:44:11 PM](#)

CO-CHAIR HUGHES related her understanding that the fuel emissions are greater for ferries than from vehicles traveling on the road system.

MR. HOGINS offered to provide information on emissions for vehicles and ferries. In further response to Co-Chair Hughes, he answered that he was unsure and to avoid misspeaking would prefer to furnish the emissions information to the committee.

[1:45:10 PM](#)

REPRESENTATIVE STUTES commented that Alternative 2B has the largest impact on the natural resources, including impacts to old growth forest and wetlands habitat. She pointed out the impacts are far greater with Alternative 2B than other alternatives. She said she was curious why that option would be

selected as compared to others given the huge environmental impact.

MR. HOGINS stated that the department minimized the environment impacts on the wetlands and old growth using the National Environmental Policy Act of 1969 (NEPA) process in 2006 and the US Army Corps of Engineers permitting process in 2006 and 2007. He said she is correct that the preferred alternative has the highest environmental impact of all of the alternatives, but the department has "taken its best shot" to minimize the effects to the greatest extent it can under Alternative 2B.

[1:46:42 PM](#)

REPRESENTATIVE ORTIZ asked whether the department factors in revenue when considering comparable costs between the AMHS and the highway system.

COMMISSIONER LUIKEN answered yes; that it does factor in revenue earned by the ferry system.

[1:47:02 PM](#)

REPRESENTATIVE STUTES asked whether the department will provide figures that will cover the total road system in Alaska.

COMMISSIONER LUIKEN answered yes.

[1:47:14 PM](#)

REPRESENTATIVE STUTES asked for further clarification on the total number of road miles in the state versus total ferry miles in Alaska.

COMMISSIONER LUIKEN offered to provide the information. He identified one factor that must also be considered is the total population served by each of the two systems.

[1:47:42 PM](#)

REPRESENTATIVE CLAMAN asked for the total cost of maintenance and operations (M&O) for the highway and the Alaska Marine Highway System (AMHS). He expressed an interest in the overall cost for maintenance and operations (M&O) and the total revenue derived from each component of the three legs of the transportation system: roads, ferries, and aviation. He would like the total revenue derived to include the gas taxes and

fares for the AMHS. He further asked whether the revenue from the gas tax is used to provide support for AMHS or if it is limited to just roads.

COMMISSIONER LUIKEN answered that Alaska's fuel tax is not dedicated and is deposited to the general fund.

[1:49:43 PM](#)

REPRESENTATIVE CLAMAN asked whether he can provide the income generated by fuel taxes.

COMMISSIONER LUIKEN answered yes; that he can provide the revenue collected for fuel taxes.

CO-CHAIR FOSTER stated that Ms. Pitney was asked to participate since AO 271 requested project analysis be provided by the OMB. He asked for a description of the analysis that was conducted to determine the shelving of these important projects.

[1:50:36 PM](#)

PAT PITNEY, Director, Office of Management & Budget (OMB), Office of the Governor, referred to the six projects defined as megaprojects in the administrative order. In addition to these six projects, the governor also asked all agencies to review the capital appropriations in a less formal way. She stated that the analysis to review the Juneau Access Road project would be very similar to how the agency reviews other projects, including considering how far the state is into the project, how much additional funding will be required to complete the project, identifying the opportunity costs vis-a-vis state or federal funds, and determining whether there is a logical pause point. Further, the goal would be to preserve as much value as possible for expenditures on the project to allow for future decisions on the project. As Commissioner Luiken mentioned the logical pause point for the Juneau Access Road Project (JA) would be to achieve the record of decision (ROD). Reaching the ROD would preserve all of the work to date and allow the state several years to decide whether to fund the road, if the state were to decide to do so. Therefore the administration's goal will be to get to the record of decision (ROD).

[1:53:02 PM](#)

CO-CHAIR HUGHES suggested that the definition of megaprojects used to be for projects estimated to cost \$1 billion. She asked

whether the Juneau Access Road Project (JA) is properly designated by being listed in the category of megaprojects.

MS. PITNEY answered yes; that the Federal Highway Administration (FHWA) considers projects over \$500 million as large projects that require additional scrutiny. In a sense the definition of megaproject is informed by the transition team's work. She suggested that the [administration and the legislature] can argue how "big is big," but all projects should be reviewed at this time.

[1:54:57 PM](#)

CO-CHAIR HUGHES agreed these large projects should get extra scrutiny; however, she disagreed that the Juneau Access Road Project (JA) falls in the megaproject category and that categorizing it in this way could mislead the public; however, she agreed all large projects should be carefully scrutinized. In fact, going through that process is very healthy for the state, she said, noting she appreciates that the administration has taken action so the legislature can review the projects.

[1:55:49 PM](#)

CO-CHAIR HUGHES asked for the total general fund expenditures that have been spent on the JA project thus far and any additional funds required to complete the project.

MS. PITNEY answered that the state needs an additional \$800,000 to get to the record of decision (ROD). She said the OMB recommends using the remaining \$800,000 to do so. She offered to provide information on the amount of the appropriation.

[1:57:13 PM](#)

CO-CHAIR HUGHES related her understanding that an additional \$9 million in general funds is needed to complete the project and approximately \$50 million in general fund monies have already been appropriated. She asked whether the additional \$9 million would trigger about \$91 million in federal dollars.

MS. PITNEY answered that she believes the additional amount needed to complete the project is closer to \$20 million in general fund monies, plus the federal funding. She reminded members that using the aforementioned federal funds on the Juneau Access Road Project (JA) will mean those funds will not be available to use on a different project. She cautioned that

the federal funds are not "free" but represent an opportunity cost for future priorities.

[1:58:14 PM](#)

CO-CHAIR HUGHES asked for further clarification as to whether reallocating federal funds [designated for the JA) will require an additional 9 to 10 percent of state funds in matching funds, which will need to be added to the budget.

MS. PITNEY answered that is correct.

[1:58:42 PM](#)

REPRESENTATIVE STUTES acknowledged that she is a little confused. She asked for confirmation on whether it will take \$20 million in general funds to finish the Juneau Access Road Project (JA) since today's DOT&PF's presentation indicates that the funding available for the JA project to date is \$202 million [per slide 20]. However, she further understood the total cost of the project is \$574 million for initial construction costs, for Alternative 2B [slide 13] so the state is \$300 million short.

MS. PITNEY agreed to report back to the committee on these figures since the math doesn't work for her either.

[1:59:46 PM](#)

CO-CHAIR HUGHES surmised some of the \$300 million is federal funds, but she would like to know the exact amount. It had been her understanding that approximately \$9-10 million in general funds would be needed to complete the project. She further understood that the additional general funds would trigger 9 to 10 percent in federal dollars. She asked for further clarification on whether \$800,000 will be needed to finish the [record of decision (ROD)].

MS. PITNEY answered yes.

[2:00:21 PM](#)

CO-CHAIR HUGHES also understood that funding, possibly already appropriated, for constructing two segments of the road.

MS. PITNEY deferred to the DOT&PF.

[2:00:56 PM](#)

CO-CHAIR HUGHES related her understanding that money has been appropriated that will allow the DOT&PF to proceed with construction on two segments of the Juneau Access Road Project (JA).

MR. HOGINS answered that if the administration goes forward with the preferred Alternative 2B, the intention would be to construct it in segments. Currently, the department has \$160 million, plus or minus, in legislative authority for federal funds that could be applied to the first several segments. He stated that the short answer is yes; the department has the funds available to do the first segments of the projects.

[2:01:47 PM](#)

REPRESENTATIVE STUTES asked whether the funds are the ones listed [on slide 13] of the presentation. She further asked whether that means the department is still missing \$300 million.

MR. HOGINS answered that is correct.

[2:02:11 PM](#)

CO-CHAIR FOSTER returned the gavel to Co-Chair Hughes.

[2:02:49 PM](#)

GREGG ERIKSON, Consultant/Owner, Erikson & Associates, stated that he also maintains an office in Juneau, has been an economist in Alaska for more than 40 years, has worked on road issues, and recently served on Governor Walker's fiscal policy transition committee. The transition committee unanimously recommended that the [major transportation] projects be suspended and carefully reviewed. Early last year the Skagway Marine Access Commission hired him to try to make sense of the fiscal data generated by consultants for the Juneau Access Road Project; however, this task was easier than anticipated since the Department of Transportation & Public Facilities (DOT&PF) financed an excellent analysis of the economics and fiscal impacts of this project. He urged members to review the DOT&PF's analysis.

[2:05:09 PM](#)

MR. ERICKSON noticed some questions that were raised today are immediately answered in the Juneau Access Improvements Project Draft Supplemental Environmental Impact Statement (EIS), in particular the economic and fiscal analysis included in Appendix FF of the document. The Draft Supplemental EIS, dated August 2014, was prepared by Jim Calvin and Juneau economist Milt Barker for the McDowell Group. With respect to an earlier question on the annual maintenance and operations (M&O), comparing the Alaska Marine Highway System and Alternative 2B for the road and ferry, somehow some people are saying that the annual operating costs for the road will be less, but that is just not so. In looking at the executive summary in the Draft Supplemental EIS (SEIS), Table 1, the annual maintenance and operations (M&O) for the ferries for the "No Action" alternative is estimated at \$15.4 million and the annual M&O for [Alternative 2B] for the road is \$20.4 million. He was unsure how those figures "gained currency" but it is just not the case, he said.

MR. ERICKSON reported the project's total life cost for the ferries is \$669 million, but the cost to build the road is over \$1 billion. In terms of the purpose and need, the focus was on surface transportation, which he found odd since the Draft Supplement Environmental Impact Statement (SEIS) statement released in September 2014 [page 1-7] reads as follows, "Because of the relatively short travel times and schedule frequency, business travelers generally prefer air travel to the ferry system. Air service in the Lynn Canal corridor plays an important role in transporting passengers, freight, and mail however, travel is often constrained by fog, high winds, or snowstorms and can be delayed up to several days in the fall, winter, and spring." However, the DOT&PF has offered no explanation of why it restricted its study to service alternatives. He said, "I consider that a serious flaw, but looking at the five part statement of purpose and need, I notice that there is noticeably absent in that list any comprehensive measure of overall net economic benefit such as net present value, benefit cost ratio, economic efficiency, or cost effectiveness."

[2:08:40 PM](#)

MR. ERICKSON remarked that in all the EIS's he has previously reviewed, he has never seen an EIS in which the purpose and needs statement does not include something related to comprehensive economic benefits or how the costs of the project compare to the benefits. In fact, that is the procedure the

American Association of State Highway Engineers and Transportation (ASHETO) officials recommend, he said. That organization published a great big book describing how to do it, which it says is the proper procedure to use to decide which projects to build with limited funds. However, the department offered no explanation for omitting comprehensive cost effectiveness criteria from the purpose and need statement. The McDowell Group and Milt Barker did the calculation in its appendix, noting the ratio of benefits to the cost of the project and concluded that for every dollar invested in the Juneau Access Road Project (JA), the DOT&PF indicates the state will receive \$.28 in benefits or a .28 benefit cost ratio.

[2:10:33 PM](#)

MR. ERICKSON reported that the American Association of State Highway Engineers and Transportation Officials (ASHETO) indicates that states should not build anything with a cost benefit ratio less than 1.0. However, this project is so far below 1.0 that he found it almost amazing that [the JA] is still on the table. He surmised this likely speaks to the parochial nature of decision making and to political factors that affect the process. He suggested that in times when the economy is good, screenings that normally occur for public works projects of this magnitude are not considered. As an economist, he has observed Alaska's economy go up and down over the years and this is not the first time the state has been in fiscal stress. For example, the state had a serious recession in the 80s, but it recovered. During the downturns the state has always used its capital budget as the "balance wheel" since Alaska typically spends 12 times more per capita than other states on capital budget.

[2:12:44 PM](#)

REPRESENTATIVE CLAMAN asked whether the \$20 million annual operating cost for Alternative 2B is for 2020.

MR. ERICKSON answered that \$20 million figure represents the average annual maintenance and operation cost (M&O) over the entire life of the project.

[2:13:20 PM](#)

REPRESENTATIVE CLAMAN asked whether Mr. Erickson has a copy of the DOT&PF's PowerPoint presentation [in members' packets].

MR. ERICKSON answered yes.

REPRESENTATIVE CLAMAN suggested this might be a question for DOT&PF, but the line item on slide 13 estimates net maintenance and operations (M&O) of \$10 million for Alternative 2B and \$15 million for Alternative 1B. He wondered why Mr. Erickson reported the maintenance and operations (M&O) at \$20 million when the PowerPoint estimates maintenance and operations (M&O) at \$10 million.

MR. ERICKSON directed attention to page ES 16, line 3, of the draft Supplemental EIS, which lists annual maintenance and operations (M&O) at \$20.4 million for Alternative 2B. He agreed it is a good question for the department.

REPRESENTATIVE CLAMAN expressed an interest in an explanation for the discrepancy in the annual costs.

[2:15:05 PM](#)

CO-CHAIR HUGHES wondered if Mr. Erickson agrees that the more people who travel between two towns will increase the economic benefit for both of the towns.

MR. ERICKSON answered yes. He indicated that he wrote a column eight years ago in the Juneau Empire in which he said there is no question that the proposed road would benefit Juneau's economy. At the time the project was strictly a road and not a road and short ferry option, he said. He remarked that every project will benefit people, including the construction workers who will work on the project so it isn't surprising they will support the project. However, he suggested the real question is how the state will allocate a limited amount of spending since the state cannot spend everything it wants to. He offered that the way to make that judgment is to examine the overall benefits compared to the overall costs, at least that is one important element that should be considered. He said, "My beef with the Department of Transportation is they didn't consider that at all. I think that's just unconscionable."

[2:16:54 PM](#)

TOM BRICE, Lobbyist, Alaska District Council of Laborers, Laborers Local 942, stated he works for the Alaska District Council of Laborers representing the Public Employees Local 71, Laborers Local 341, and Laborer Local 942. He said that he is speaking on own behalf but and for the Laborers Local 942, who

have supported this project for approximately 20 years, not just for jobs, but for the economy in the northern Lynn Canal communities. The JA project represents an important transportation infrastructure to bring people of Alaska closer to their capital, strengthen the ties within the northern Lynn Canal communities, and help stabilize the transportation of goods and services within the region. Currently, it takes close to seven hours to travel between Juneau and Haines or Skagway, weather permitting on the mainline ferry. In fact, he noted ferry service was cancelled last week in northern Lynn Canal due to strong winds, but planes were also not flying. He briefly reviewed the travel time to travel between Juneau and Haines on a mainline ferry, including the necessity for passengers to arrive two hours prior to sailing, the 4.5 hours mainline travel time, as well as the typical \$400 round trip cost.

MR. BRICE offered that the time and costs associated with travel can create major barriers between communities such as Juneau, Haines, and Skagway. He acknowledged that some Juneauites would like to be able to run their snowmachines in the pass or hike the Chilkoot Trail, but the costs to travel to Haines or Skagway via the ferry are too high. He also often works in Haines and his ability to use the ferry is very limited due to the ferry schedules, he said.

[2:22:28 PM](#)

MR. BRICE, after highlighting major projects the construction company has built, asked to read an excerpt from a letter he received from Miller Construction, related to a travel incident. He read as follows:

Miller Construction Company sold a Wasilla-based excavator to a Juneau business during the summer of 2014. The excavator was trucked to Haines and Miller Construction in one day's time. We [Miller Construction Company] had planned to ship the excavator from Haines to Juneau via AMHS [Alaska Marine Highway System] because the truck, trailer, and the excavator was under 70,000 pounds, but when the truck arrived at the ferry terminal, the driver was told that the ferry was overbooked. In fact, the ferry was full for the next week. The excavator had to be placed on the barge heading to Juneau. The barge was not scheduled to leave until a week after the excavator had arrived in Haines. Therefore the excavator was out of service for a whole week during

the middle of the construction season. This was a costly delay and not the anomaly as cargo availability on the AMHS is very limited. An excavator of this size costs \$500 per day, whether it's in use or not. It's really an economic loss to the contractor.

MR. BRICE said he appreciated the position the administration finds itself in, but he agreed with Co-Chair Hughes that the review process is an important process. The department has a number of options with respect to the Juneau Access Road Project, including that the funds allocated and dedicated to this process could be spent over a longer period of time, or smaller parts of the project could be built.

MR. BRICE suggested that the state consider the permanency of a road, as well as that the appropriated funding can be spread out over time. He urged members not to close doors or write off an investment that the state has made during the past 20 years.

[2:26:14 PM](#)

CO-CHAIR HUGHES asked if he was aware of any other construction projects in the queue as ready as this project that could be moved forward with the federal funding.

MR. BRICE deferred to DOT&PF, but in his view, probably not. He acknowledged that it can take years to bring a project to fruition, but noted this project is moving along. He characterized the Juneau Access Road Project (JA) as vital infrastructure for the state.

[2:27:50 PM](#)

CO-CHAIR HUGHES asked whether there are any geologic or geographic issue.

MR. BRICE deferred to Corey Baxter [District 8 Representative, International Union of Operating Engineers Local 302]; however, from the laborers perspective, the workers who perform the drilling, blasting, and ditch digging; he answered no. He did not think that many obstacles could not be overcome by good contractors using innovative practices. For example, he pointed to previous work done on the Egan Expressway and to the multitude of road systems through the fiords in the Scandinavian countries, including tunnels. Although he was not opposed to the idea of drilling tunnels, he acknowledged that concept was

not currently on the table; however the highway is on the table and he is supportive of the highway.

[2:29:19 PM](#)

CO-CHAIR HUGHES asked for the impact on the industry if this project is halted until 2018 and whether he predicts that people will leave the state.

MR. BRICE acknowledged that is an important point. He said the construction industry is vibrant in Alaska, but skills workers learn in construction are easily transferable to the oil industry. The construction industry also provides its workers with health care, pension benefits, career advancement opportunities, college education, and legal services. He said he comes from a family with a long history in construction, in Alaska, emphasizing the opportunities for a wonderful life in construction, but it all hinges on work opportunities that can disappear without projects.

[2:31:05 PM](#)

CO-CHAIR HUGHES asked whether the construction jobs are also transferable to the gasline.

MR. BRICE answered absolutely. He stated that many Local 914 members work construction in the summers and work out of Fairbanks on the pipeline and North Slope activities in the winter.

[2:32:04 PM](#)

CO-CHAIR HUGHES opened public testimony on the Juneau Access Road Project (JA).

[2:32:39 PM](#)

MIKE SCHAEFER, Mayor, Municipality of Skagway Borough, asked to first welcome back Commissioner Luiken and said he looks forward to working with him. The committee is wise to provide careful scrutiny of any megaprojects given the state's challenging fiscal environment, he said, and maintenance of existing infrastructure should be a priority. The larger projects carry the risk of diverting precious transportation dollars away from smaller projects of critical importance to communities. For example, he highlighted the sinking of the dock in Skagway this past spring. He relayed that in 2013 the legislature

appropriated \$4.5 million for replacement of the floating dock, which was not done, and the sinking of the dock in 2014 created hardships for the state and the community of Skagway. The last plan was to refurbish the sunken float to extend the float life by five to eight years, which has not yet been completed. The status of the \$4.5 million appropriation has not been made clear to the municipality as yet. Similarly, in 2010 funds were appropriated for replacement of the Klondike Highway Captain Moore Bridge, but the project was delayed, and in 2013 the funds were reappropriated to the Juneau Access Road Project (JA). Thankfully, the aforementioned funding has been restored and the design stage has begun for this essential Roads to Resources project. Maintaining existing roads and replacing mainline ferries should be the department's top priority. The Municipality of Skagway remains concerned that many transportation projects of local and regional importance will be postponed or canceled if the state allocates its sparse transportation dollars to the Juneau Access Road Project.

MAYOR SCHAEFER said he has asked his staff to make available the Municipality of Skagway's comments on the Juneau Access draft supplemental Environmental Impact Statement (EIS). He hoped that members will review them and the many safety and economic concerns the community has raised.

[2:36:58 PM](#)

JAN WRENTMORE, Member, Skagway Marine Access Commission, stated that she is a local business owner, but is speaking on behalf of the commission today. She said that there are a few omissions in the draft EIS. She said that very little is written in the Juneau Access Road EIS about the vital transportation links between Haines and Skagway or between Juneau and points south. She said the Juneau Access [Road Project] is Juneau centric in its conception and execution. It is "all about Juneau all the time," she said, with an emphasis on improving access from Juneau to Haines and Juneau to Skagway. The Juneau Access [Road Project] treats the rest of the region and the rest of the state as an afterthought. It gives no consideration on the effects on the remainder of the Alaska Marine Highway System (AMHS). The Lynn Canal route segment enjoys one of the largest volumes of traffic within the AMHS system, and therefore Lynn Canal makes a disproportionately large financial contribution to the overall AMHS system, she said. However, the EIS does not address how the loss of Lynn Canal revenues will impact the rest of the system, in particular, with regard to increased levels of government subsidies. She said that using "unconstrained

demand" the EIS attempts to justify high price tag of the Juneau Access [Road Project] by predicting greatly inflated numbers, which amounts to an "if we build it they will come" strategy, which is a risky game plan for gambling with more than half a billion dollars of the state's dwindling transportation monies for a project that can demonstrate no economic benefit. The Skagway Marine Access Commission supports the construction of the new streamlined Alaska Class Ferry (ACF) day boats. These boats will require less than 20 percent of the crew currently required for the MV Malaspina that serves the Lynn Canal route, she said.

[2:39:22 PM](#)

RICH MONIAK, Civil Engineer (CE), paraphrased from written comments, as follows [original punctuation provided]:

I just retired from a 35 year career as a civil engineer. I worked for a state highway department for 5 years and for the federal government in Juneau for 24 years. I know how public agencies underestimate costs and overstate need to justify projects. DOT constantly tells us that roads are less expensive than ferries. For this project that's not true. Their own supplemental EIS projects the road will cost the state \$5 million a year more than operating the new Alaska Class ferries in Lynn Canal. And that gets worse if costs are higher than projected. I believe the three big bridges, snow sheds, and tunnels are all complex structures have a high risk for changes in either the final design or during construction and their costs will increase dramatically. The same is true for crossing avalanche zones, talus slopes and rock cuts that will be as high as 150 feet. I believe the site development at the Katzehin Ferry Terminal will need to be much bigger to handle the serious traffic congestion that will occur if DOT operates as planned without a reservation system.

I do not believe the Alaska Class Ferries being built in Ketchikan are ideally suited to be short distance shuttle ferries. They were designed to operate efficiently at 15 knots for four hours, not 15 minutes. The passenger capacity and amenities they'll have make no sense for the way DOT expects to operate them. After the road is built DOT may come back to the legislature for funds to build the right shuttles,

just like the \$11 million more DOT requested six years after spending \$17 million to raise the Million Dollar Bridge near Cordova. A bridge that goes nowhere. On the need side I believe DOT has overstated traffic demand. It's almost double their two previous estimates. Almost all of the increase is from traffic originating in Juneau. It's based on household traffic surveys from Anchorage and the rest of the country that already have roads extending in every compass direction. In developing this estimate DOT opted not to follow FHWA's Interim Guidance on the Application of Travel and Land Use Forecasting in NEPA. That guidance is supposed to ["] assist agencies in creating better and more legally defensible forecasting applications ["]. It recommends a collaborative scoping process involving the public at the start of the NEPA work. That never happened. I believe this project constitutes an unwise use of money at a time when budgets everywhere are shrinking. Juneau residents will be the prime beneficiary of this expensive road. If you want to measure its real value, ask Juneauites to tax themselves to pay for it. I assure you the demand will disappear.

2:42:08 PM

CRAIG DAHL, Executive Director, Juneau Chamber of Commerce, stated that the Juneau Chamber of Commerce represents 185 Juneau business; therefore, he is Juneau centric in his comments. He has lived in Juneau for more than 50 years, raised his family here, and has a great appreciation for the lifestyle of Southeast Alaska. Over two decades that the Juneau Access [Road Project] has gone on it has consumed months and literally years of testimony for and against the project, but at each stage, the project has moved forward and he hopes that will continue. He said the Juneau Access [Road Project] is a top priority for the Juneau Chamber of Commerce and has been since its inception. He indicated that his organization sees the value of infrastructure as a means to create economic development and benefits to businesses at both ends of the road. He said this project was started to give access to the capital city by all Alaskans and it will give Juneau access to the rest of Alaska. The JA project provides opportunities for the Alaska Seafood industry to have a new corridor in Lynn Canal. It will provide more access and direct access to mineral deposits, as well as an alternative to the ferry system in the event that the ferry service is cut back due to budget constraints. This project

will bring construction jobs as well as additional jobs once the road is completed. As a means to address the current economic crisis, the Department of Transportation & Public Facilities should be allowed to complete the [draft Supplemental] EIS, come to a record of decision (ROD), and bring this project to a conclusion at some point in the future, he said.

[2:44:17 PM](#)

WAYNE JENSEN, Chair, Alaska Committee, stated that the Alaska Committee is a nonprofit corporation whose purpose is to make state government work better for all Alaskans by enhancing Juneau as Alaska's capital city. Its 22 member board of directors represents a diverse cross-section of the Juneau community. Since 1995, when the Alaska Committee was officially formed, it has consistently supported improving access to Juneau. For example, the Alaska Committee was instrumental in pioneering "Gavel to Gavel" television, has worked with Alaska Airlines to make air travel more economical through the constituent fare, Club 49 programs, and in supporting the technological and physical improvements to the Juneau International Airport, the downtown area surrounding the Capitol, including acquisition of the Tom Stewart and Terry Miller buildings, and improvements to Main Street and Seward Street. The Alaska Committee has supported completion of the Lynn Canal [Road Project] and it has been incorporated into the committee action plan and the Alaska Committee has continued to advocate for its completion, including supporting Alternative 2B. He pointed out that the road link to Juneau is also supported by residents throughout the state. The state has made significant progress on the project. He urged members to continue to support continuation of the EIS, continuing with the work that was started and to avoid losing ground in the planning process, which can lead to the project eventually being constructed. He concluded by saying that completion of the project will make the capital more accessible and make travel to and from Juneau more economical. He thanked members.

[2:46:14 PM](#)

MURRAY WALSH said that it is easy to get lost in criticism of the Environmental Impact Statement (EIS) and in many of the details. He emphasized two important things for the committee to remember, first, that Alternative 2B will provide a huge increase to traveling capacity for Juneau residents and visitors by providing nine times the current capacity, and second, people will be able to travel for less money and much less time. The

state will spend state funds on travel in Lynn Canal, but what it obtains for this investment will be a huge improvement in access, not just for families, but for goods and for industry. He acknowledged that some people oppose this road and will do so using any means, he said. He urged members not to allow them hijack the project or "throw sand in the gears" by requiring additional review. He emphasized that this project has already undergone significant legislative and public scrutiny. Although he did not object to the new administration reviewing the project, he urged members to not allow that process to limit progress in this region.

[2:48:26 PM](#)

PAULETTE SIMPSON stated she is speaking in favor of continuing the Juneau Access Road Project. She asked for ways to judge the economic value of a road. For example, this project will replace expensive, inefficient, slow-moving vessels in Lynn Canal. She stressed the value in faster and cleaner transportation, in less expensive and more efficient transportation. Further, there is value in opening up land to attract business investment and outside capital, and in putting hundreds of Alaskans to work on a project; however, much of this value is impossible to quantify, while the costs of the current system are easy to quantify, she said. Last fall she listened to a segment that described how the road to economic recovery was taking different routes. Communities across America close to highways were in the economic fast lane compared to more isolated communities. She said that the three communities of Juneau, Haines, and Skagway will benefit from better connections. The state budget shortfall does force the state to operate within constraints, but it also highlights the need for a diversified economy, which is exactly what highways bring. She recalled testimony yesterday during the House Finance Committee, the DOT&PF rolled out proposed cuts that will reduce ferry service throughout the system, eliminate the summer day boat that serves the three aforementioned communities. She offered her belief that permanent connectivity will have a positive impact. She stated that recommendations by this committee can advance sustainable transportation and influence the long-term equilibrium of this region, which is desperately needed. She related her understanding that Commissioner Luiken supports finishing the Environmental Impact Statement (EIS).

[2:50:40 PM](#)

NANCY WATERMAN stated that she has been a Juneau resident since 1970. She recently used the ferry to travel to Sitka. She appreciated Gregg Erikson's analysis, and all of the work the DOT&PF is currently doing. She hoped that there will be a record of decision (ROD) next year. She supported completion of the ROD. She said she has questions on the economic analysis. She said that the DOT&PF and the Federal Highway Administration (FHWA) will be answering those questions. She offered to submit additional written comments.

[2:52:01 PM](#)

EMILY FERRY, Volunteer, Southeast Alaska Conservation Council stated that she works with the SEAC. If this road is built, she will likely drive on the road, which will be great; however, the question is whether the state should subsidize her vacation. The question of subsidizes is a big one. She acknowledged that in looking at the "big picture" roads are cheaper to maintain since they cost the state less per mile. However, the EIS document takes this argument and turns it on its head. She said that ferry alternative and the [Alternative 2B] have the same baseline, but building the road will require building a new ferry terminal, avalanche control, maintenance and operations (M&O), and in fact, the general fund road maintenance will increase by \$5 million per year. She pointed out a long list of highways along the road system in the state will be built this summer because the STIP amendment shifted funds from the Knik Arm Crossing and the Juneau Access [Road Project]. She said there are plenty of other projects to use the funding designated for the [Juneau Access Road Project].

[2:54:35 PM](#)

CLAY FRICK stated that he is a resident of Haines but spends a lot of time in Juneau. He has had ample opportunities to ride the ferry. He doesn't have to worry about black ice or avalanche chutes. In fact, he wondered about the amount of time the proposed road would be impassible or a white knuckled drive, which will far exceed the timeframe to arrive at the ferry terminal, eat breakfast, and arrive in Haines 4.5 hours later. He offered his belief that the road will present a danger and there will be deaths on the road. He expressed concern about the extra cost to maintain the road. He said that as a consumer, he finds the ferry system to be a much better option. He also cautioned against spending federal funds just because the federal money is available, especially for something like this.

2:56:55 PM

PAUL GROSSI, Lobbyist, Alaska State Pipe Trades UA Local 262, stated support the project and not because it provides any jobs for plumbers, but since it will create additional economic development. Thus, he said the potential exists for more private sector jobs. Of course, as members of the building trades, the organization supports its brother and sister organizations. On a personal note, it would be nice to be able to leave town on the spur of the moment. During summer, the ferries are full so without advance planning travel it precludes any opportunity to make last minute decisions to visit Whitehorse. He characterized ferry travel as pleasant, but it does require advance planning.

2:59:15 PM

COREY BAXTER, District 8 Representative, International Union of Operating Engineers Local 302, stated that he is a fourth generation Alaskan. He read a letter from the International Union of Operating Engineers Local 302, as follows [original punctuation provided]:

The International Union of Operating Engineers Local 302 strongly encourages the Transportation Committee and any Legislature to proceed with the Juneau Access Project. This project is a shovel ready project for which the funding has already been appropriated and cancellation could result in federal penalties. Since there are no other shovel ready projects, it is likely the federal funds would be lost to Alaska.

The Juneau Access project is a critical infrastructure project for Juneau and Southeast Alaska. The construction jobs will help offset the necessary reduction in other state employment and spending. The completion of the road will allow the private sector to develop in our economy. The project will increase transportation capacity and reduce travel time and cost in the region, particularly for travel between the Lynn Canal communities of Juneau, Haines, Skagway and Alaskans traveling on the road system.

If this Administration halts this project, we wonder what alternative they will offer to reduce the cost of transportation and travel for the residents of Juneau

and upper Lynn Canal, short of cutting more services and ports of call on the Lynn Canal route. The cost of ferry transportation remains significant. The design of the ferry system cannot provide services to other parts of Southeast Alaska if it must continue to serve the northern portion as it does now. It's time to move this project ahead. I would like to thank the Transportation Committee for their time and effort with this project and hope to see it move forward.

[3:01:09 PM](#)

CO-CHAIR HUGHES, after first determining no one wished to testify, closed public testimony on the Juneau Access [Road Project].

[3:02:14 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 3:02 p.m.