

SB

371

Sponsor and/or Committee Name			Date
STRA- Sen. Cowdery, Chair			1 April
Start/End Time	Chairing site	Juneau Room	Testimony
1:30-3	Juneau	BUTRO	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Invitational <input type="checkbox"/>
Contact Person and	Phone Number	Other sites may add?	Testimony Limit
Richard Schmitz	465-4921		2 MIN.

Subject of meeting and/or Bills on agenda

SB 371

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730 I Street, Suite 226
Anchorage, Alaska 99501

March 31, 2004

Senate Transportation Committee
Senator John Cowdery, Co-Chair
State Capitol
Juneau, Alaska

Via Fax: 907-465-2069

Re: SB 371 – (1) Iliamna-Nondalton; (2) requirement in AS 44.42.050 that ADOT consider costs of improvements to existing facilities and costs and benefits of new facilities.

Dear Committee Members:

I am attaching documents that corroborate my written testimony that –

- the Iliamna-Nondalton project has a long history of being determined unjustified, and
- ADOT usefully uses cost-benefit analysis to identify justifiable new transportation facilities.

SB 371 would eliminate the requirement in AS 44.42.050 that ADOT consider costs of improvements to existing transportation facilities and costs and benefits of new transportation facilities. SB 371 would overturn an injunction issued in January 2004 halting ADOT's final design and offering for bid of the Iliamna-Nondalton project until July 2004 when ADOT says it will complete the cost-benefit study.

Attachment A contains the 1976 documents to which I referred in testimony. At that time, the Department of Community and Regional Affairs and the Department of Highways (ADOT&PF's predecessor) first evaluated the Iliamna-Nondalton project. You'll see that the Department of Highways concluded in a memo to Governor Hammond on April 16, 1976 that the project was not justifiable. This was in part because the project then "work[ed] out ... to be the staggering sum of \$125,000 per vehicle." Since then, the number of vehicles has declined in the communities, but the cost, by even the most conservative estimates, has more than doubled.

Attachment B is an excerpt from ADOT's 1986 feasibility study to which I referred in my testimony. Attachment B also contains the ADOT commissioner's decision in 1986 to terminate the project. The excerpt is the cost-benefit portion of the study. It was more sophisticated than the 1976 documents. It concluded that costs of completing the project would be about \$12 million, the benefits would be about \$3 million, the benefit-cost ratio was 0.26, and that projects should not be built when costs exceed benefits.

Attachment C is Table 20 from the ADOT's 1999 *Southeast Regional Transportation Plan*. It summarizes the cost-benefit analysis in that plan. It shows how ADOT, and therefore the Legislature, rely on cost-benefit to evaluate different alternatives for improving transportation in Southeast Alaska.

Attachment D is Table 12 and 16 from ADOT's 2002 *Southwest Regional Transportation Plan*. They likewise summarize the cost-effectiveness of various alternatives to improve transportation in that area.

SB 371— Iliamna-Nondalton and Cost-Benefit in AS 44.42.050

March 31, 2004

Page 2

These documents, and many similar ones, show that ADOT relies usefully on cost-benefit or cost-effectiveness analysis to determine which projects are most appropriate for limited funds. This is good government.

However, regarding Iliamna-Nondalton, the Superior Court in January 2004 found that ADOT had not considered costs and benefits since 1986 and since ADOT in 1995 revived the project, apparently when Governor Knowles wanted a quick example of a remote road project to include in his June 6, 1995 press release announcing his so-called "\$2 billion transportation initiative." See Attachment E. Thereafter, even ADOT's and FHWA's environmental assessment in 2002 concluded that Governor Knowles' claims of economic benefit made in that press release regarding this particular project were unjustified and speculative at best.

Because ADOT failed to consider costs and benefits of this project in its *Southwest Regional Transportation Plan* when that plan considered costs and benefits of other projects (see Tables 12 and 16, above) and made recommendations on how to allocate public funds, the court granted Bob Gillam's and Trout Unlimited's motion for a preliminary injunction halting that particular project until ADOT completes a cost-benefit analysis and updates that plan. ADOT has told the court it will do so by mid-July 2004. See Attachment F.

Mid-July 2004 is only 15 weeks away. Yet SB 371 pretends that there is some emergency here. Its proponents seem to think the project will be built this summer if the Legislature overturns the injunction. Such thought ignores the court order (which I understand has been provided to you).

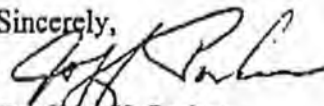
If you read the court order, you will see that ADOT is enjoined from completing final design and putting out to bid, as well as construction – until after the costs and benefits are considered by mid-July 2004. The project still has to go through final design, be approved for federal funds, be put to bid, be awarded, and then the contractor will have to mobilize. The project includes a 700-foot bridge. There is no way the project can be constructed this summer even if the injunction were lifted today.

So, SB 371 is based on two false premises -- (1) that overturning the 15-week injunction will speed up the Iliamna-Nondalton project, and (2) that repeal of the requirement to consider costs of improvements to existing facilities and costs and benefits of new facilities will result in better decisions.

I have shown both premises are false. I look forward to your questions.

Thank you.

Sincerely,



Geoffrey Y. Parker
Counsel for Bob Gillam and Trout
Unlimited

STATE
of ALASKA**MEMORANDUM**Honorable Jay S. Hammond
Governor of Alaska

Subject

Alta; Jessie Dodson

DATE: April 10, 1975

W. D. Scovall
Acting Commissioner
Department of HighwaysPROJECT: 00-205
3-4214(1)
Noodin-Deadison

This department has carefully reviewed the proposal to construct the road from Noodin to Deadison. This project was conceived several years ago at a time when the local residents of the area appeared to favor the proposal. Last year it came to our attention that there existed a considerable amount of opposition to the idea. Public hearings were held but were not conclusive. In the meantime, due to the inflationary and environmental trends of recent years, the estimated cost of the facility rose from about \$2 million to almost \$6 million. Also, our severely impacted primary highways have been damaged so that funds are needed for their repair.

In the light of such a sum of money, this matter was recently referred to Commissioner Leo McAnerny, Department of Community and Regional Affairs, for a reappraisal of the entire concept. It appears to be her considered opinion that such an expenditure, both for construction and for future maintenance, is not warranted at this time, especially considering the total population and vehicle registration in the area, being, respectively, 25 people and 45 vehicles. This works out, mathematically, to be the staggering sum of \$125,000 per vehicle.

We do not propose to totally abandon the idea of roadway improvements in the Noodin-Illiams area. Communications from school officials in Illiams point out that the present road between these two communities is frequently impassable during the winter, resulting in a substantial loss of schooling. We are therefore exploring the possibilities of a smaller project to relieve this particular situation along the existing route (Illiams-Noodin) at a considerably lesser cost than the total original project. Studies are now in progress and a more specific proposal will be forthcoming in the very near future.

CC: Rep. Neil Anderson
Central District Highway Engineer

HLS/msh

Attachment A
P. 1. 83

MEMORANDUM

State of Alaska

RECEIVED

To H.D. Scougal
Acting Commissioner
Department of Highways

DATE April 6, 1974

FILE NO.

TELEPHONE NO.

FROM Lee McAnerney
Commissioner
Department of Community and
Regional Affairs

SUBJECT Project A-0214(1)
Newhalen to Nondalton



In reviewing the Department of Highway's proposed Newhalen to Nondalton Project A-0214(1) it became evident that several relevant issues were not thoroughly considered. Said issues and related questions are raised in this memorandum and in our opinion should be examined prior to approval of the proposed project.

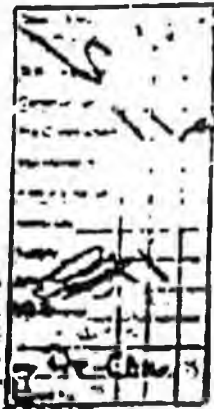
Population within the immediate area to be served does not exceed 325. Population figures from 1960 to present day vary only slightly with one village (Nondalton) having decreased in number while the remaining two (Newhalen and Ilizama) gained slightly. At best population of the area is stable with no major increase or decrease. There are no social or economic factors anticipated that will drastically alter the established trend.

Development potential is somewhat limited in the area in question. Natural features offer a relatively good potential for hunting and fishing activities. However, this type of development is generally seasonal, relies on private transportation (usually light aircraft), and does not provide the economic base that requires complimentary development and thus substantial population increases.

RECEIVED

Presently there are no major development plans being proposed, nor are any such plans in the stage of implementation, that will cause substantial changes in the social or economic structure of the area in question.

Another issue to consider is the actual use of the proposed road. It is fair to assume that a limited number of motor vehicles exist in the villages of Nondalton, Ilizama and Newhalen. It is also fair to assume that unless the State is willing to absorb the tremendous cost of maintaining the proposed road during winter months the actual use of the road will be approximately four months per year.



The above comments bring us to the issue of cost. This was thoroughly discussed in the materials submitted for review. Review material indicates that initial project cost will be \$4,000,000. Ninety percent of the \$4,000,000 will be funded with the state share of ten percent coming to approximately

Attachment A p 2 of 3

W.D. Scougal
April 6, 1976
Page 2

3600,000.00. Sounds great, but what about maintenance cost in the years to come? Do Federal funds maintain the proposed road? How much will it cost the State of Alaska annually to maintain a road that is open approximately four months a year and serves an immediate population of 125 people of which less than ten percent own or have access to automobiles?

The State of Alaska may well be repeating a situation it is already involved in with bush airports. The Federal carrot (a large share of initial project cost) has provided the incentive for the State to build bush airports without ample consideration of future operational/maintenance costs associated with seasonal facilities serving small populations.

The above comments and concerns are based on materials and information submitted for review and staff knowledge of the area in question. Based on such information it is this Department's opinion that the project, as proposed, is not warranted at this time.

Thankyou for the opportunity to comment.

LM/LHK/ajr

Attachment A
p. 3 of 3

WANDALTON-NEWHALEN/ILIAMNA PIONEER ROAD

ECONOMIC FEASIBILITY STUDY

DIVISION OF PLANNING

CENTRAL REGION

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

MARCH 1986

EXHIBIT
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Attachment B
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BENEFIT/COST ANALYSIS

The Flood Control Act of 1936 stipulated that "benefits to whomsoever they may accrue" should exceed "estimated cost" in construction of a federal flood control project. Since the passage of this Act, the benefit/cost criterion was gradually adopted in the evaluation of economic feasibility of various other types of federal, state and local public works projects. The criterion of benefit/cost ratio has become a universal standard in the economic evaluation of public sector projects. It is conventionally used to rank projects in order of priority. Also, it is conventional not to construct projects with benefit/cost ratios less than one.

Conceptually, matters are more complicated in evaluating a proposed public works project than in evaluating similar projects in the private sector. When a private railway company makes an investment, it expects to recover the investment, plus an adequate return in profit. This return on the investment may be prompted through savings in costs of moving traffic, in some cases, through increased revenue and/or reduced maintenance costs. In contrast, although governmental agencies make an investment by constructing roads, the savings in costs of moving traffic are made by the general public and not by the government agencies.

Moreover, in looking at the railway decision from the viewpoint of the company's owners, an economic study can be based on cash flow or actual receipts and disbursements by the railway company. In contrast, one looks at the highway decision from the viewpoint of consequences "to whomsoever they may accrue."

Some of the difficulties of planning money valuations of public works projects can be illustrated by a brief look at the field of highway economy. Eugene L. Grant, Engineering Economist, Stanford University prepared one classification system for data for a highway economy study. The classification identifies the following categories for a complete analysis:

I. Expenditures of the highway agency.

- A. Capital outlay, including rights-of-way, final design, construction and field engineering.
- B. Annual expense for maintenance, operation, etc.

II. Consequence to highway users.

- A. Market consequences (i.e., those where the market provides money valuations). These include:
 - 1. Motor vehicle operating costs.
 - 2. Time costs to commercial vehicles.
 - 3. Direct costs of motor vehicle accidents (including the overhead costs of insurance that can be demonstrated as influenced by highway improvement).

B. Extra-market consequences (i.e., those where the market does not provide a basis for money valuations).

1. Consequences where a basis may be found for a somewhat arbitrary assignment on money valuations. These include:

- (a) Deaths and permanently disabling injuries from highway accidents.
- (b) Time saving on non-commercial vehicles.
- (c) Increase or decrease in the value of parks, recreational facilities, and cultural and historical areas where the principal gain or loss is to highway users.

2. Consequences to which at least at present, money values cannot be assigned.

- (a) Sightseeing and driving for pleasure.

III. Consequences to other than highway users.

A. Market consequences

- 1. Cost or cost reductions to public services (i.e., public transit, police and fire departments, school bus operations, etc.)
- 2. Damages or savings from increased or decreased hazards created by the improvement (e.g., flooding of property).
- 3. Increase in land values or in the value of crops or natural resources (but not both) where areas are made more readily accessible.
- 4. Changes in the value of land and improvements or changes in business activity (but not both) where these changes can be clearly attributed to the highway improvements.

B. Extra-market consequences

- 1. Overall impact of motor vehicle use, highway expenditures, and the character and location of the highways themselves on the economic and social well being.
- 2. Increase or decrease in the value of parks, recreational facilities, and cultural and historical areas where the principal gain or loss is to other than highway users.

The question remains "why develop a project"? The evaluation is complex because so many elements come into play.

Analysis of Nondalton/Newhalen Road

The question which will be asked in this analysis is should supplemental funding be made available for the completion of the Nondalton to Newhalen Road based on the benefit/cost analysis. A number of assumptions will be made in the analysis, including:

1. Expected life of the road will be 20 years.
2. Annual discount rate will be 10 percent.
3. Two lanes of traffic.
4. An approximate lane width of 12 feet.
5. A \$.95/mile operational cost per vehicle (includes gas, oil, maintenance and insurance) will be used. Department of Transportation and Public Facilities Report II P01-14R-9232, dated 11/04/85, estimates vehicle operational costs on a paved road to total \$.63/mile. Consumer Report and the Federal Highway Administration estimate operational costs to double on a rural, unpaved road. For this analysis, it is estimated that operational costs per vehicle will be 50 percent greater than operational costs on a paved road.
6. A total road length of 19.2 miles.
7. Cars, trucks, and vans may operate on the road.
8. Projected annual user costs will be determined by multiplying AOT by days per year by miles traveled by cost per mile.
9. Capital dollars already spent on the project total \$4.3 million and are treated as sunk costs. The remaining capital cost is estimated to be \$9 million before the entire road project is complete.
10. Present worth factor at 10 percent interest for 20 years is 8.514.
11. Maintenance cost per mile/per year/per lane of rural road is estimated to total \$5,000. This includes manpower wages and is an estimate of the Department of Transportation and Public Facilities' Maintenance & Operations Division.

Benefit/Cost Analysis

The first stage in the benefit/cost analysis is to evaluate in dollars, the costs borne by the project. The second is to evaluate the gains or benefits accruing because of the project. Finally, the benefits and costs will be combined into a single measure or benefit/cost ratio.

Costs

Total costs for the project are identified below. They include three separate items: 1) costs to complete construction of the road; 2) the present worth of the average annual user costs; and 3) present worth of

annual maintenance costs. The present worth calculation is used to identify present dollar costs over the life of the project. Total project cost is identified as the sum of each of these elements.

1. Cost of Completion of the Road

Cost to complete construction is estimated to total \$9,000,000.

2. Average Annual User Cost

The projected total user cost is identified in Table 5 and totals \$5,152,984. Divided by the 20 year life of the project, the average annual user cost is estimated to be \$257,649. The present worth is found by multiplying the average annual user costs by the present worth factor. The present worth of the average annual user cost totals \$2,193,624.

$$\$257,649 \times 8.514 = \$2,193,624$$

3. Maintenance Costs

Average maintenance costs per year for the rural road was determined by multiplying the number of road miles by maintenance cost per lane mile by the two lanes. Maintenance costs per year are estimated to total \$192,000.

$$19.2 \times \$5,000 \times 2 = \$192,000$$

The present worth of the annual maintenance cost is found by multiplying the annual maintenance cost times the present worth factor (8.514). Present worth of the annual maintenance costs are estimated to total \$1,634,688.

$$\$192,000 \times 8.514 = \$1,634,688$$

Total estimated cost for the Nondalton/Newhalen Road project is \$12,828,312. This is calculated by adding the remaining costs of construction (\$9,000,000), the present worth of average annual user costs (\$2,193,624) and the present worth of annual maintenance costs (\$1,634,688).

$$\$9,000,000 + \$2,193,624 + \$1,634,688 = \$12,828,312$$

Benefits

The benefits of the project include: 1) present worth of annual user savings with proposed road; 2) present worth of annual savings in cost of consumer goods; and 3) present worth of local employment benefits.

1) Annual User Savings With Proposed Road

There is an estimated two round trips per day at the present time between Nondalton and Newhalen/Iliamna. The round trips are usually taken by air taxi or by boat and cost \$50. The \$50 per round trip represents the present cost of travel.

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P 6712

TABLE 5

TRI-CITY PROJECTED POPULATION, VEHICLES, AVERAGE DAILY TRAFFIC AND USER COSTS

Year	Projected Population	Projected Vehicles	Average Daily Traffic	Projected User Costs (\$)
1986	477	129	30	\$199,728 ¹
1987	490	133	31	206,385
1988	501	136	32	213,044
1989	515	140	32	213,044
1990	528	143	33	219,701
1991	542	147	34	226,359
1992	555	150	35	233,016
1993	569	154	36	239,674
1994	584	158	37	246,331
1995	600	163	38	252,989
1996	615	167	39	259,646
1997	631	171	40	266,304
1998	646	175	41	272,961
1999	662	179	42	279,619
2000	679	184	43	286,277
2001	697	189	44	292,935
2002	716	194	45	299,592
2003	733	199	46	306,250
2004	752	204	47	312,907
2005	773	209	49	326,222
Total	12,265 ³	3,324	774	\$5,152,984 ²

Source: Department of Transportation and Public Facilities, 1986

¹ User Costs are projected by multiplying ADT by days per year by miles traveled by cost per mile ($30 \times 365 \times 19.2 \times .95 = \$199,728$)

² Total user costs are \$5,152,984*

³ Projected population for 20 years totals 12,265 persons. Tri-City average annual population for 20 years is 613 persons ($12,265 \div 20 = 613$)

* Average annual user cost is \$257,649 ($\$5,152,984 \div 20$)**

** Present worth of average annual user cost is \$2,193,624 ($\$257,649 \times 8.514$)

D. Washburn B
P. 7/12

The projected average daily traffic counts with the road in place is expected to total 774 trips over the next 20 years. Annual average daily traffic over the new road is expected to total 39 trips.

$$774 \div 20 = 39 \text{ trips}$$

Costs per round trip with the road in place is equal to \$36.20. This is projected by dividing average user costs by the annual daily traffic times days per year. The estimate is multiplied by two to create a round trip cost.

$$\$257,649 \div (39 \times 365) = \$18.10 \times 2 = \$36.20$$

The cost savings per round trip between the existing alternative (\$50) and the new road (\$36.20) total \$13.80. The average annual savings with the road in place totals \$196,443. This is calculated by multiplying the annual average daily traffic times the days per year and the cost savings.

$$39 \times 365 \times \$13.80 = \$196,443$$

The present worth of annual user savings with the proposed road is \$1,672,516.

$$\$196,443 \times 8.514 = \$1,672,516$$

2. Annual Savings in Cost of Consumer Goods

Annual savings in cost of consumer goods is estimated by multiplying the tri-city average annual population for 20 years (613 persons) by per capita savings. Per capita savings is estimated at \$50. Total annual savings, then, is calculated at \$30,650. The present worth of annual savings in cost of consumer goods is \$260,954.

$$\$30,650 \times 8.514 = \$260,954$$

3. Local Employment Benefits

It is estimated that three permanent maintenance jobs will be created annually over the life of the project. The approximate employees salary is estimated at \$56,000. The total salary for the three employees would total \$168,000. The present worth of local employment benefits will total \$1,430,352.

$$\$168,000 \times 8.514 = \$1,430,352$$

Benefits of the project include the present worth of the annual user savings with the proposed road (\$1,672,516), plus the present worth of the annual savings in the cost of consumer goods (\$260,954), and present worth of local employment benefits (\$1,430,352), which totals \$3,363,822.

Benefit/Cost Ratio

The effect of completing the new road is to increase the opportunity for travel and create cost savings for travelers between Nondalton and

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p 5 7 12

Newhalen/Iliamna. Residents would benefit because they would be called on to pay less for trips between communities. They would also benefit by a savings in consumer goods. Three persons would directly benefit from local employment. The present worth of the benefits of the project are estimated to total \$3,363,822.

The cost of completing the new road means that a commitment of resources must be made to the project. The present worth of the total costs for the Nondalton/Newhalen Road project are estimated to total \$12,828,312. This includes the costs to complete construction, as well as the present worth of average annual user costs and the present worth of annual maintenance costs.

The benefit/cost ratio ($\$3,363,822/\$12,828,312$) for the road construction equals .26. Thus, economic reasoning suggests that based on the benefit/cost ratio, this project is not economically justifiable. This ratio suggests that the project not be continued since the costs exceed the benefits at this time.

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CONCLUSION

In 1982, the City of Nondalton initiated action to construct a pioneer road between itself and the two neighboring communities of Newhalen and Iliamna. Approximately 10 miles of the pioneer road is partially constructed from the Newhalen side. Approximately \$4.3 million has already been spent of the project (funds appropriated by the Alaska Legislature). However, an additional \$9 million in funding will be necessary to complete the entire road project. It was determined by the Commissioner of the Department of Transportation and Public Facilities that a close examination of the project would need to be undertaken before future expenditures on the project could be justified.

The benefit/cost analysis contained in this report concludes that continued construction of the road is not economically justifiable at this time. The present value of the project may be affected by future events. Consequently, it is recommended the project be re-evaluated at some future time.

EXHIBIT
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CENTRAL REGION
DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
MEMORANDUM State of Alaska

TO: R. J. Knapp
Commissioner
Department of Transportation
Public Facilities

FROM: William R. Snell
Deputy Commissioner
Central Region

DATE: April 9, 1986

FILE NO:

266-1410

TELEPHONE NO:

APR 08 1986

SUBJECT:

Nondalton-Newhalen/
Iliamna Pioneer Road
Economic Feasibility
Study

RECEIVED
DOT/IF
COMMISSIONER'S OFFICE

Transmitted for your review and approval is a copy of the Nondalton-Newhalen/Iliamna Pioneer Road Economic Feasibility Study. The analysis was undertaken at your request to determine the economic viability of continuing the Pioneer Road project.

A number of socioeconomic elements regarding the three communities was analyzed in the analysis in order to develop adequate background information and to identify future travel demands. The elements included: 1) an overview of the Triangle communities; 2) transportation and land use development; 3) general economy of the communities; 4) on-going activities and future outlook of the Triangle communities; 5) population trends; and, 6) future travel demand forecasts between the Triangle communities.

Material for the study was gathered from a number of sources including community leaders, government agencies, and private sector officials. In addition, a thorough review of all available documents was made and a site visit conducted to gather information about the communities.

The benefit/cost analysis evaluated a number of items in developing the final ratio. The benefits accruing to the project included:

1. The present worth of annual user savings with the proposed road (\$1,572,516);
2. The present worth of the annual savings in the cost of consumer goods (\$260,954); and
3. The present worth of local employment benefits (\$1,430,352).

The effect of completing the new road is to increase the opportunity for travel and create cost savings for travelers between Nondalton and Newhalen/Iliamna. Three persons would also directly benefit from local employment opportunities. The present worth of benefits of the project cited above are estimated to total \$3,363,822.

The cost of completing the new road means that a commitment of resources must be made to the project. The present worth of the total costs for the Nondalton/Newhalen project are estimated to total \$12,828,312. This includes:

~~FILE~~
1
33 42

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P 11 7 12



R. J. Knapp

-2-

1. The costs to complete construction of the entire road (\$9,000,000);
2. The present worth of the average annual user costs (\$2,193,624); and
3. The present worth of annual maintenance costs (\$1,634,688).

The benefit/cost analysis contained in the study concludes that the construction of the road is not economically justifiable at this time as the cost far exceeds the benefits. The benefit cost ratio (\$3,363,822/\$12,828,312) for the project equals .26. However, the present value of the project may be affected by future events. Consequently, it is recommended that the project be re-evaluated at some future time.

If you agree with the results of this analysis, please indicate your concurrence below.

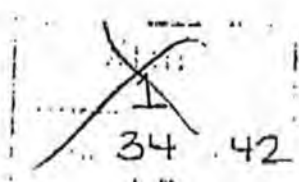
JG/cn

Attachment



 Concur R. J. Knapp Date 4/29/86

 Do Not Concur R. J. Knapp Date


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Attachment B
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Southeast Alaska Transportation Plan
An Element of the Alaska Statewide Transportation Plan

Final Plan

Table 20: Summary of Benefit-Cost Analysis of System Alternatives

Benefit-Cost Analysis of System Alternatives Summary Sheet						
Assumptions: SEATRAN Base						
Valuation of Travel and Waiting Time			2020 Trip Forecasts			
<i>Passenger Class</i>	<i>Travel Time (\$ per hour)</i>	<i>Waiting Time (\$ per hour)</i>		<i>Total Trips on Ferry/Road</i>	<i>Difference from Baseline</i>	
Personal Business	\$10.00	\$5.00	Baseline	340,068		
Work	\$100.00	\$5.00	1	355,983	15,914	
Shopping	\$10.00	\$5.00	2	358,839	18,771	
Medical	\$100.00	\$5.00	3	426,638	86,570	
School	\$10.00	\$5.00	5	409,169	69,101	
Recreation	\$1.00	\$5.00	6	508,942	168,874	
Tourism	\$1.00	\$5.00	7	533,650	193,582	
			Draft Plan	470,377	130,308	
			Final Plan	489,781	149,712	
Auto Oper. Cost/Mile:	\$0.30		Ferry Revenue Factors			
Discount Rate:	4%		Baseline	2.16		
Population Growth Rate:	1.01		1	2.23		
Tourism as % of External Trips:	80%		2	1.86		
Non-tourism as % of Ext. Trips:	20%		3	2.04		
Road Toll Per Vehicle:	\$25		5	2.04		
Passengers Per Vehicle:	2.4		6	2.01		
HeadwayMaxValue:	48		7	2.11		
Benefits Measured from (1=1998, 0=2006):	1		Draft Plan	2.00		
			Final Plan	2.00		
PV of Total Costs & Benefits (Millions of 1997 Dollars)						
<i>Alternative</i>	<i>NPV of Costs</i>	<i>NPV of Revenues</i>	<i>Costs net of Revenues</i>	<i>Change in Net Costs from Baseline</i>	<i>Change in Benefits from Baseline</i>	<i>NPV of Benefits Minus Costs</i>
Baseline	\$1,008	\$561	\$447			\$8
1	\$1,075	\$553	\$522	\$75	\$83	\$8
2	\$1,080	\$458	\$622	\$174	\$29	(\$146)
3	\$1,103	\$569	\$534	\$87	\$187	\$101
5	\$1,116	\$532	\$584	\$137	\$81	(\$56)
6	\$1,277	\$575	\$702	\$254	\$106	(\$148)
7	\$1,481	\$721	\$740	\$292	\$253	(\$39)
Final Plan	\$1,003	\$645	\$358	(\$89)	\$162	\$251
Draft Plan	\$973	\$604	\$370	(\$78)	\$118	\$196
Rankings						
Ranked by Net Present Value in Millions						
Final Plan						\$251
Draft Plan						\$196
Alternative 3: AMHS Restructuring-New Vessels						\$101
Alternative 1: AMHS Restructuring-Current Vessels						\$8
Alternative 7: Cleveland Peninsula						(\$39)
Alternative 5: Sitka Access Road						(\$56)
Alternative 2: AMHS Hub System - Current Vessels						(\$146)
Alternative 6: Bradfield Corridor						(\$148)

Source: BCONorthwest, Southeast Alaska Transportation Plan.

Approved C
P181

**Table 12
Cost and Effectiveness Measures of Proposed Roadway Segments
Cook Inlet to Bristol Bay Corridor**

Segment	Annual O&M Cost	Annualized Capital Cost @ 7% Interest	Annualized Capital Cost plus O&M Cost	Estimated Annual Freight Cost Savings ¹¹	Net Annualized Cost	Cook Inlet to Bristol Bay Roadway System Only		Full System	
						Estimated Annual 2020 Person Trips	Net Annualized Cost per Person Trip	Estimated Annual 2020 Person Trips	Net Annualized Cost per Person Trip
Williamsport to Pile Bay	\$209,250	\$1,865,250	\$2,074,500	\$3,554,600	\$0	1,900	\$0.00	5,000	\$0.00
Pile Bay to Pedro Bay to Iliamna	\$513,000	\$4,896,160	\$5,409,200	\$754,100	\$4,655,100	22,900	\$203.28	33,300	\$139.79
Iliamna to Iglugig	\$756,000	\$8,295,250	\$9,051,300	\$89,300	\$8,962,000	115,800	\$77.39	126,300	\$70.96
Iglugig to Naknek	\$1,012,500	\$12,051,620	\$13,064,100	\$2,076,800	\$10,987,300	127,500	\$86.18	214,450	\$51.24
Naknek to South Naknek	\$61,290	\$2,754,100	\$2,815,470	\$340,100	\$2,475,370	115,400	\$21.45	278,300	\$8.89

Attachments
 p 7, 8, 2

¹¹ The calculation of freight cost savings is described in Appendix B of this report.

Table 16
Cost and Effectiveness Measures of Proposed Roadway Segments
Alaska Peninsula Corridor

Segment	Annual O&M Cost	Annualized Capital Cost @ 7% Interest	Annualized Capital Cost plus O&M Cost	Estimated Annual Freight Cost Savings	Net Annualized Cost	Alaska Peninsula Roadway System Only		Full System	
						Estimated Annual 2020 Person Trips	Net Annualized Cost per Person Trip	Estimated Annual 2020 Person Trips	Net Annualized Cost per Person Trip
South Naknek to Egegik	\$877,500	\$12,196,040	\$13,073,500	\$0	\$13,073,500	-	NA	149,500	\$87.45
Egegik to Pilot Point	\$739,800	\$7,060,780	\$7,800,600	\$367,300	\$7,433,300	21,300	\$348.98	120,100	\$61.89
Pilot Point to Ugashik	\$159,300	\$5,009,150	\$5,168,500	\$469,000	\$4,699,500	31,800	\$147.78	95,200	\$49.36
Ugashik to Port Heiden	\$1,185,300	\$11,312,710	\$12,498,000	\$35,700	\$12,462,300	32,400	\$384.64	93,300	\$133.57
Port Heiden to Chignik	\$837,000	\$7,908,470	\$8,825,500	\$639,500	\$8,186,000	42,700	\$191.71	71,100	\$115.13
Chignik Intervillage Road	\$305,100	\$2,911,930	\$3,217,000	\$1,094,800	\$2,122,200	109,600	\$19.36	110,800	\$19.15
Chignik to Perryville	\$541,350	\$5,301,720	\$5,843,100	\$445,800	\$5,397,300	26,800	\$201.39	27,500	\$196.27
Perryville to Ivanof Bay	\$135,000	\$1,280,160	\$1,423,500	\$73,000	\$1,350,500	12,500	\$108.04	12,000	\$105.51

Handwritten:
 P 27 2
 10/10/04

State of Alaska
Office of the Governor

TONY KNOWLES
 Governor
 P.O. Box 110001
 Juneau, Alaska 99811-0001
NEWS RELEASE



Bob King
 Press Secretary
Claire Richardson
 Deputy Press Secretary
 907-465-3800
 FAX: 907-465-3800

FOR IMMEDIATE RELEASE: June 6, 1985

05-139

KNOWLES UNVEILS \$2 BILLION TRANSPORTATION INITIATIVE

4-Point Plan Includes Roads, Maintenance, Trails, Recreational Access

ANCHORAGE—Gov. Tony Knowles today announced a \$2 billion, four-point plan to revamp the way Alaska builds and maintains its transportation system by involving the public and making new and existing roads more user friendly with the addition of trails, turnouts and public facilities.

The governor's plan calls for spending about \$220 million a year over the next 10 years to bring Alaska's major highways up to first-class standards, to begin a new partnership with communities to recognize their transportation needs and to build roads that are key to economic development. The governor also launched a new initiative - Trails and Recreational Access for Alaska (TRAAK) - designed to build the finest trail system in the world, improve recreational access and maintain Alaska's role as a world class tourist destination.

"Transportation is key to Alaska's economic health, it's one of the most fundamental responsibilities government has to its citizens and it's what allows Alaskans to get out and enjoy this wonderful country we love," Knowles said in a speech to the Downtown Rotary Club where he announced the package. "A well maintained transportation system is the ticket to opening up Alaska - for economic opportunities like mineral development and tourism, for recreational opportunities like fishing and snowmachining, and for access to the places Alaskans need to go every day."

The governor's transportation initiative includes these four points:

- Bring Alaska's federal statewide road system up to first-class standards. Knowles pledged to direct about \$120 million a year over the next decade to improve the 1,610 miles in Alaska which are part of the National Highway System. The work is essential now because Congress is changing the way it funds state highway projects, which could reduce Alaska's share.
- A new process to drive Alaska's transportation policy which relies on widespread public participation and a partnership with local governments to build and maintain essential local roads which feed into the national system.

-more-

*Attachment E
 5182*

Transportation Initiative

-2-2-2-

June 8, 1995

Knowles pledged to invest more in rural transportation that provides economic opportunities and health and safety needs for local communities while recognizing local conditions. For example, he said a 25-mile road built to national standards between Nondalton and Illamna in southwest Alaska would cost \$16 million. But the Knowles administration proposes to cut that cost in half by adapting to local conditions. The road would save money in education costs and open economic opportunities in connection with nearby Lake Clark National Park and Preserve.

- New construction of roads that lead directly to economic development, to which the governor is dedicating about \$50 million a year. The governor said such roads must be proven to lead to new jobs. For example, he said a 20-mile road between King Cove and Cold Bay would allow salmon caught in the King Cove area to be delivered quickly to Cold Bay's 10,000-foot jet runway, putting the fresh product on the international market. He also said the \$40 million Whittier road, which he endorsed, would lead to new tourism industries in that Prince William Sound community.
- The TRAAK initiative designed to make Alaska's roads more accessible to Alaskans and visitors alike. The governor pledged to dedicate \$15 million to \$20 million annually in federal funds to building separated trails along Alaska's major highway system, wayides, information displays and access for recreational opportunities.

Knowles said his first priority is rebuilding the 140-mile Glenn Highway between Palmer and Glenallen to include a bicycle/skiing trail and pullouts to enable users to picnic, view the spectacular scenery and enjoy Alaska's outdoors with their families.

"Imagine an upgraded Glenn Highway with scenic pullouts, a separated bike trail, access for snowmachining and cross-country skiing, trail heads with information displays and the always vital bathrooms for that carload of kids," Knowles said. "Right now, the Matanuska Glacier is too often a white streak across the windshield because there's no good place to park and get out and take in the view."

The TRAAK initiative also is designed to improve access to South Denali, to complete a bicycle trail between Anchorage and Girdwood and for other scenic roads, such as the Richardson Highway to Fairbanks and the Seward Highway between Seward and Anchorage.

The governor also chided legislators for flat-funding road maintenance this year, which effectively reduces Alaska's ability to maintain its roads and other transportation links. He called for a new commitment on both the state and federal level to recognizing the importance of a sound transportation system for Alaska's economic health.

AY-LINT E
P 2 7 2

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

THIRD JUDICIAL DISTRICT AT ANCHORAGE

ALASKA STATE COUNCIL OF)
TROUT UNLIMITED, ROBERT B.)
GILLAM,)

Plaintiffs,)

STATE OF ALASKA, ALASKA)
DEPARTMENT OF TRANSPORTATION)
AND PUBLIC FACILITIES,)

Defendants.)

Case No. 3AN-02-09363 CI

AFFIDAVIT OF JEFF OTTESEN

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

Jeff Ottesen, being first duly sworn, deposes and says:

1. An update to the Southwest Alaska Transportation Plan is being undertaken at the present time. The firm of Parsons Brinckerhoff has begun work on the project. The project manager for the firm is Mark Scheibe, the same project manager that prepared the original Southwest Alaska Transportation Plan completed in 2003.


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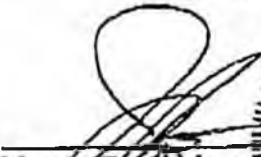
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P 192*

2. The schedule for this plan update provides for the plan to be complete by mid-July, 2004. Following adoption of the plan by the Commissioner of DOT&PF, the plan would be considered a valid modification of the Statewide Transportation Plan for the state.



Jeff Ottesen

SUBSCRIBED AND SWORN TO before me this 18th day of March,
2004.



Notary Public in and for Alaska
My Commission Expires: June 26, 2004

*Att. Let. F
p. 2 of 2*

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

Senator Gary Stevens
Alaska State Legislature

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
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Sponsor Statement SB 371

SB 371: "An Act relating to the powers and duties of the Department of Transportation and Public Facilities; relating to a long-range program for highway construction and maintenance; repealing a requirement that public facilities comply with energy standards adopted by the Department of Transportation and Public Facilities"

SB 371, companion legislation to HB 327, is being brought forward at the suggestion of the DOT and the Attorney General's office to clean up an obsolete statute.

In the late 70's the Governor wrote Executive Order No. 39 § 2 (1977) creating the "Alaska Transportation Council". The executive order directs the Department of Transportation and Public Facilities Commissioner to consult with this council on all annual transportation projects. Projects were not supposed to move forward without the recommendation of the council being considered. Regrettably, that governor and subsequent governors did not populate the council and it never actually came into existence. Because the State may have unwittingly overlooked the requirement to "consider the recommendation of the Council" and do a cost "benefit study" for each project in the state, it has found itself in litigation, delaying construction of a bridge in rural Alaska.

The problem is straightforward. The state is not complying with this old statute, thereby setting a basis for litigation. To preserve our current and future projects, SB 371 will amend this statute and take the further step of making it retroactive.

The other changes to the statute the bill proposes amount to house cleaning. The changes reflect "Powers and Duties" that have been handed to other agencies along with practices that cost more than the resulting savings. Also some changes include allowing the Commissioner of Department of Transportation and Public Facilities to study "alternative fuels" for use in state vehicles rather than just natural gas. And finally, the bill changes "annual" requirements to "periodic" which will allow the commissioner discretion in choosing times that are sensible. This will save the money spent on studies and let it be spent on road projects.

I urge your support of this important measure.

SESSION ADDRESS:
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Senator Gary Stevens
Alaska State Legislature

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Memorandum

Date: March 29, 2004

To: Senator John Cowdery
Chair, Senate Transportation Committee

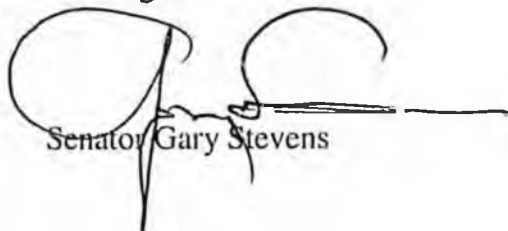
Fr: Senator Gary Stevens

Re: SB 371

I respectfully request a Transportation Committee hearing on SB 371, "An Act relating to the powers and duties of the Department of Transportation and Public Facilities; relating to a long-range program for highway construction and maintenance; repealing a requirement that public facilities comply with energy standards adopted by the Department of Transportation and Public Facilities; and providing for an effective date" at your earliest convenience.

Thank you.

Best regards,



Senator Gary Stevens

Discussion on Why a Mandatory 'Costs and Benefits'
Analysis is Not Appropriate
Alaska Department of Transportation and Public Facilities
February 18, 2004

AS 44.42.050 (a) requires the department to: "...consider means and costs of improving existing modes and facilities, state and federal subsidies, and the costs and benefits of new transportation modes and facilities."

On the surface, this requirement seems both reasonable and innocuous. However, there are many times the department does not spend the time or money to conduct such formal costs and benefits analyses. The most common examples are in rural areas where long distances and a small population base would make such efforts nonsensical—basic transportation elements are routinely needed regardless of their costs.

A recent court decision on a request for a preliminary injunction found the department at fault for not using a benefit-cost analysis on a project linking two rural villages. It is typical of many other rural projects we have undertaken, in that it provides a basic transportation system, but would not benefit from a detailed benefit-cost analysis.

Rural Alaska abounds in transportation needs that are provided as a basic public service. Virtually none of these would rise to a positive benefit-cost ratio because the small population base. Examples include:

- Ferries and ferry terminals
- Airports that meet minimum standards for length, width, adequate approaches, lighting and aprons/taxiways.
- Village roads to basic community services (e.g., sewage lagoons, water sources, airports, sanitary landfills, barge landing sites).

Even in the more populated regions of Alaska many categories of transportation projects would not be expected to present a positive benefit-cost ratio. Examples of such projects include:

- Rail-highway grade separation projects
- Paving of residential roads
- Landscaping and beautification
- Trails and amenities
- Pollution and environmental mitigation features needed to meet legal and permit requirements
- Transit investments (buses, bus stops)

Finally, the department often undertakes projects because a member of the Congressional delegation earmarked them. Such projects do not receive the normal prior planning or

detailed evaluation. The state has very little choice but to accept the project funds for the stated purpose, or to not use the funding.

Benefit and cost (B-C) analysis is a tool that is most often used to evaluate among and between different alternatives. In such cases, the tool helps to compare and contrast different choices in solving a transportation requirement. For example, in the development of the Southeast Alaska Transportation Plan, a number of different B-C analyses were prepared to better understand vastly different types of system options. Even in rural Alaska, the tool is used to help identify the most "cost-effective" solution, even if the costs still outweigh the benefits.

B-C analysis is a good technique and is routinely used in some circumstances. However, under the current construction of the statute, and the court's recent interpretation, every project undertaken must receive this type of analyses. For the reasons stated it is not appropriate nor a prudent use of project funds to routinely require these B-C analyses.

THE LAW OFFICE OF
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Anchorage, Alaska 99501258-7304
fax

April 5, 2004

Mr. Todd Larkin
Staff, Representative James Holm
State Capitol, Room 416
Juneau, AK 99801-1182

Via Fax: 907-465-2937

Re: HB 327; Bob Gillam as named plaintiff; your testimony

Dear Mr. Larkin:

Section 1 of HB 327 and SB 371 does not cite the court case correctly. I understand from you that the bills were drafted by lawyers for the Legislature with assistance from the Department of Law. Because lawyers know to follow the Uniform Rules of Citation, I suspect that the fact that these bills do not do so reflects a decision by the drafters to prevent legislators from knowing that Mr. Gillam is a named plaintiff. I asked Mr. Gillam today if he wants me to let you know that he desires that legislators know that he is a plaintiff. I understood him to say he so desired.

The correct citation for the court case is: *Alaska State Council of Trout Unlimited, Robert B. Gillam v. State of Alaska, Alaska Department of Transportation and Public Facilities, Case No. 3 AN-02-09363 Civil.*

You also might correct the record of your testimony regarding HB 327 at the hearing of February 26, 2004 before the House Transportation Committee. The minutes of that hearing reflect that you as testified as follows:

Long ago, [an] executive order ... found it's way into statute through the lack of legislative action; when you fail to take action it goes into statute. ... *Essentially, it was outside the practices of the department and the state; the statute that's mentioned here.* ... A gentlemen who had some conflicts with one of the projects that DOT [Department of Transportation & Public Facilities (DOT&PF)] was doing, was very industrious and dug through the statutes and found out that we weren't complying with this statute and therefore stopped one of our state projects.

Italics added; ellipses original.

In your testimony, you were clearly referring to the provision in AS 44.42.050(a) which requires ADOT to consider the costs of improvements to existing facilities and the costs and benefits of new facilities.

Your testimony was erroneous or misleading. I suspect that ADOT has been less than accurate in describing the situation to you and Representative Holm.

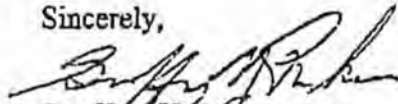
HB 327, Letter to Mr. Larkin
April 5, 2004
Page 2

Here are the facts, which you verify with Mr. Ottesen at ADOT.

- The introductory pages of the Southwest Regional Transportation Plan, the Southeast Regional Transportation Plan, and the Prince William Sound Regional Transportation Plan – all adopted since the late 1990's -- say that they are adopted under AS 44.42.050. (Obviously, the statute is not "*outside the practices of the department and the state*" – as you said – when the ADOT's plans say they are adopted under the statute.)
- Each of these plans contains or relies upon cost-benefit analysis or cost-effectiveness analysis for numerous projects. (ADOT and plaintiffs agreed on that point in court.)
- The court enjoined the Iliamna-Nondalton project because ADOT had failed to consider the costs and benefits of that particular project. The court did not enjoin the project because consideration of costs and benefits generally was "*outside the practices of the department and the state*" – as you said – or because ADOT was not complying in general – as you said. After all, the plans were all adopted in express recognition of the statute and the plans relied on cost-benefit or cost-effectiveness analysis for many other potential projects, just not Iliamna-Nondalton.

I am confident that Mr. Ottesen at ADOT will confirm these matters to you and set the record straight. Please make this letter part of the record.

Sincerely,



Geoffrey V. Parker
Counsel for Bob Gillam and Trout
Unlimited

cc: Bob Gillam via email
Jeffery Ottesen, ADOT, via email
Senator Cowdery, Senate Transportation via fax
Representative Holm

Alaska State Legislature

Senator Gary Stevens, Chair
Alaska State Capitol, Room 417
Juneau, Alaska 99801-1182
Phone 907-465-4925
Fax 907-465-3517



Committee Members:
Senator John Cowdery
Senator Bert Stedman
Senator Gretchen Guess
Senator Lyman Hoffman

Senate State Affairs Committee

Sponsor Statement SB 371

(Updated April 5, 2004)

SB 371: "An Act relating to the powers and duties of the Department of Transportation and Public Facilities; relating to a long-range program for highway construction and maintenance; repealing a requirement that public facilities comply with energy standards adopted by the Department of Transportation and Public Facilities"

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In the late 70's the Governor wrote Executive Order No. 39 § 2 (1977) creating the "Alaska Transportation Council". The executive order directs the Department of Transportation and Public Facilities Commissioner to consult with this council on all annual transportation projects. Projects were not supposed to move forward without the recommendation of the council being considered. Regrettably, subsequent governors did not populate the council, and it has been vacant for 20 years. Because the State may have unwittingly overlooked the requirement to "consider the recommendation of the Council" and do a cost "benefit study" for each project in the state, it has found itself in litigation, delaying construction of a bridge in rural Alaska.

The problem is straightforward. The state is not complying with this old statute, thereby setting a basis for litigation. To preserve our current and future projects, SB 371 will amend this statute and take the further step of making it retroactive.

The other changes to the statute the bill proposes amount to house cleaning. The changes reflect "Powers and Duties" that have been handed to other agencies along with practices that cost more than the resulting savings. Also some changes include allowing the Commissioner of Department of Transportation and Public Facilities to study "alternative fuels" for use in state vehicles rather than just natural gas. And finally, the bill changes "annual" requirements to "periodic" which will allow the commissioner discretion in choosing times that are sensible. This will save the money spent on studies and let it be spent on road projects.

I urge your support of this important measure.

**Rebuttal to Statement of Geoffrey Parker (March 25, 2004)
Re: SB 371**

**Prepared by:
Alaska Department of Transportation and Public Facilities
April 2, 2004**

Boldface text is taken from the key points made in Mr. Parker's letter:

SB 371 Eliminates All Objective Criteria for Determining Which Projects to Fund

1. The transportation-planning program within Alaska is inherently a federally funded program since nearly all funding is either federal funds, or state matching funds needed to receive federal funds. It is instructive to point out that the federal rules that govern transportation planning and project selection are detailed and rigorous. The total universe of federal laws governing transportation planning has grown substantially since the state law was passed and will likely continue to grow. In short, transportation planning is bogged down in mandated process and not the opposite. (See chart of federal laws governing transportation.)

SB 371 Increases the Likelihood that the State Will Have to Refund More, Not Less, Money to the Federal Government

2. The argument that this bill would increase the likelihood of time-traps turns common sense on its head. We believe that SB 371 is needed to prevent projects from being delayed excessively. Current federal requirements take 2-7 (or more) years to bring a project to a construction-ready stage. A few projects take much longer such as the Sterling Highway at Cooper Landing that is nearing 30 years!

The current list of time-traps in Alaska has resulted from a complex set of causes, and only a small percentage is due strictly to project development delays. The department would gladly provide a briefing to the Committee on the causes and solutions to time-traps, if requested.

Without belaboring this issue, since SB 371 would remove impractical requirements, and avoid tedious duplication between state and federal law, it will prevent project delays. It follows that this bill helps to prevent rather than lead to additional time traps.

By Eliminating State Requirements for Transportation Planning, SB 371 Reduces the Role of the Legislature to a Rubber Stamp

3. Again, common sense is turned upside down. As written today, any project added to the capital budget by a member of the Legislature may be found contrary to law since it has neither been reviewed under federal nor state planning requirements pointed out by Mr. Parker.

While federal law is outside our collective control, it is logical to address issues that may be changed at the state level. Reducing the inflexible requirements in state law, as SB 371 does, solves part of this problem.

It is ironic that at a time that other states are asking Congress to 'streamline' federal requirements so as to make transportation planning and project development less costly and time consuming Mr. Parker suggests there is no crisis, and indeed we should add more state law and requirements on top of those already in place!

As to his argument there are no objective criteria, we have enclosed a set of criteria used to select projects in Alaska. These criteria have been adopted under state regulation and govern project selection (CTP criteria for Urban and Rural projects enclosed).

Eliminating the Requirement that Costs and Benefits be Considered Makes Good Projects Less Likely to Proceed Efficiently As Bad Projects Compete for Funds

4. DOT&PF agrees that the consideration of both costs and benefits is useful and indeed appropriate for many but not all projects. What we consider inappropriate is it being mandatory on every new project regardless of type, size or urgency. Cost and benefit consideration is used routinely during project design even though no state law requires it. (The consideration of cost and benefits in AS 44.42.050 is required for project selection, but not during project design.) Key, is the point that it be used where it is meaningful, and not universally.

Inherently, funding for transportation is oversubscribed, with needs far outweighing financial resources. No one knows this more than this agency thus we will continue to rely on cost-benefit where it makes sense. Restructuring the cost-benefit language in the bill to make it applicable where meaningful is a reasonable improvement. But as currently structured, it has been used to delay one project and may be used to attempt to halt many other projects.

Alaskans Deserving of Projects Lose Under SB 371; Alaskans Undeserving Win

5. The project at Iliamna to Nondalton has been in several different state transportation plans prepared under several different governors since the mid-1970's. It has been partially funded by different legislatures, and partially constructed under different governors. The 1986 decision to not continue the project occurred during a time of reduced state revenue. Since then federal funds have increased, and federal guidance on how these are used has also changed.

Perhaps most importantly, since the 1986 decision, the federal government has adopted new policy (see Presidential EO 12898) to require that funds are made available to minority and disadvantaged populations. Using a low cost-benefit ratio to justify denying access of federal transportation funds to a minority community is simply no longer permissible. The following section of federal law

is noted with respect to Iliamna and Nondalton, two communities with large minority populations.

- Title VI of the Civil Rights Act of 1964

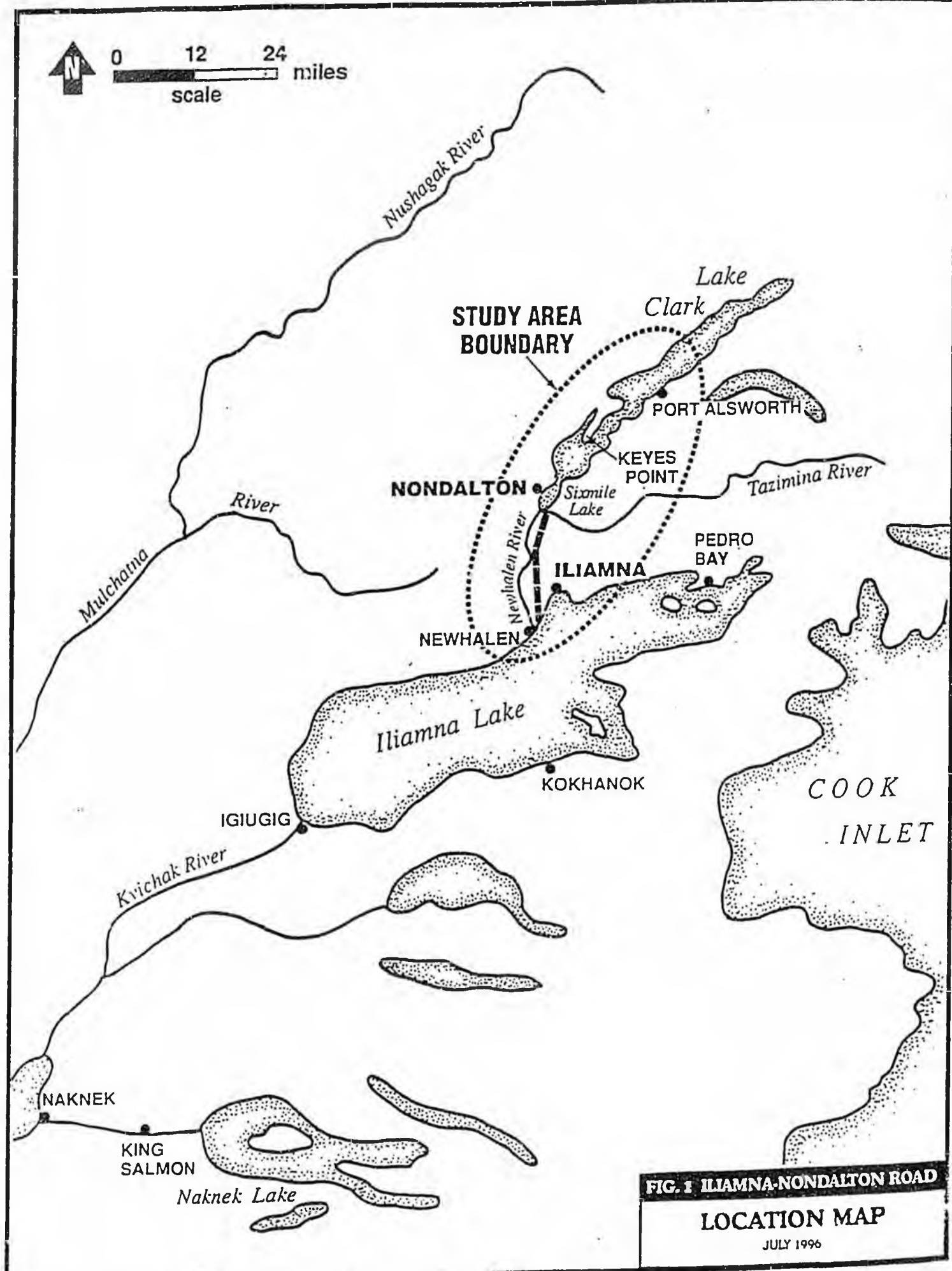
"No person in the United States shall, on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." (Emphasis added.)

More importantly, if Alaska were to rely extensively on C-B ratios for transportation development, as Mr. Parker suggests, many, many other projects would be left out. Our vast land area, difficult terrain and environment, and small population base simply overwhelm the practicality of relying on cost-benefit as a definitive criterion.

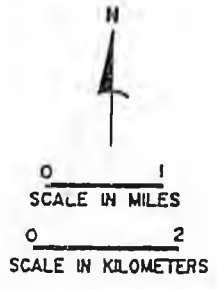
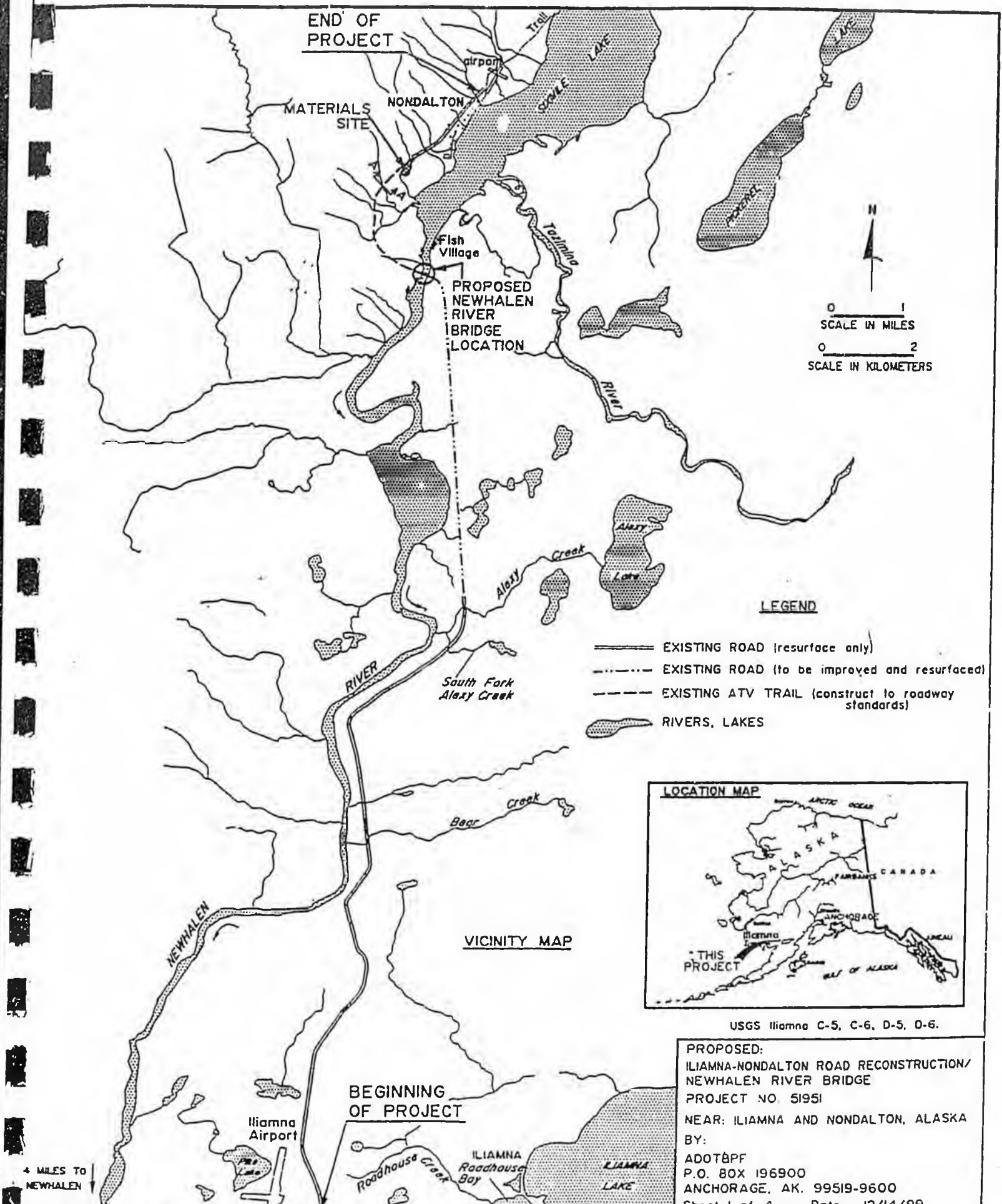
Extending Mr. Parker's arguments to their logical conclusion, very little transportation development would occur outside the largest urban areas of the state. Indeed, since Alaska gets more than \$5 back for every \$1 in federal taxes we contribute, even major projects in urban areas may not be justified on strict C-B consideration.

Alaska has long suffered the punditry of being a place with high costs but low benefits. At the time of the Alaska purchase in 1867, Secretary of State, William H. Seward overcame national ridicule (the tag of "Seward's Folly was applied) and strenuous objections to persuade Congress to proceed with the purchase of Alaska for \$7.2 million. Similarly, for nearly 40 years after the federal-aid highway program was started in the early 1900's, Congress denied Alaska access to this funding, because it felt the transportation needs in Alaska were so great the federal program could not be exposed to such costs. Now, as then, important transportation needs in Alaska often must be built as a public good, even where indicators such as cost-benefit analysis are used to oppose such projects. In 1867, those like Mr. Parker would speak of 'folly' as to the value of the Alaska purchase. For Alaskans today, the age old 'folly' argument seems to never really die!

ATTACHMENT A



**FIG. 1 ILIAMNA-NONDALTON ROAD
LOCATION MAP**
JULY 1996



LEGEND

- EXISTING ROAD (resurface only)
- - - - - EXISTING ROAD (to be improved and resurfaced)
- - - - - EXISTING ATV TRAIL (construct to roadway standards)
- ~~~~~ RIVERS, LAKES



VICINITY MAP

USGS Iliamna C-5, C-6, D-5, D-6.

BEGINNING OF PROJECT

PROPOSED:
 ILIAMNA-NONDALTON ROAD RECONSTRUCTION/
 NEWHALEN RIVER BRIDGE
 PROJECT NO. 51951
 NEAR: ILIAMNA AND NONDALTON, ALASKA
 BY:
 ADOT&PF
 P.O. BOX 196900
 ANCHORAGE, AK. 99519-9600
 Sheet 1 of 4 Date: 12/14/99

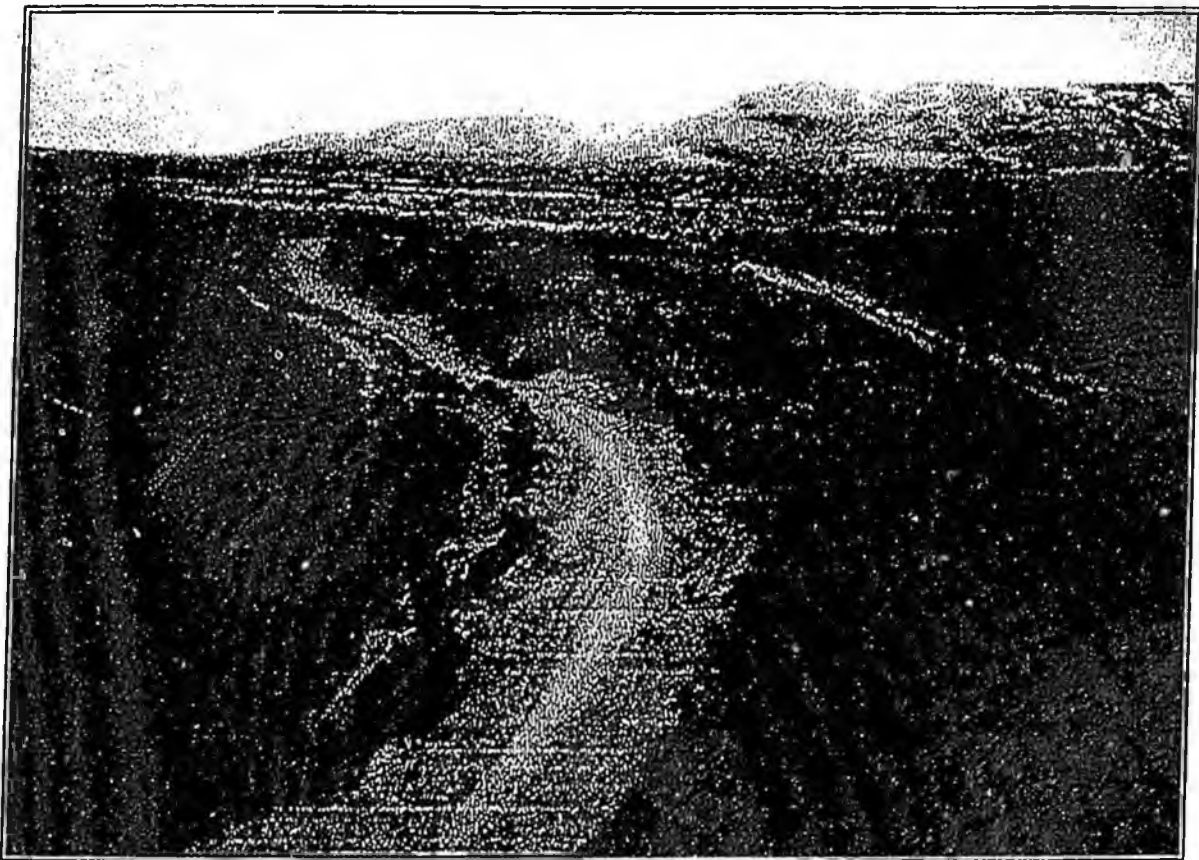
4 MILES TO NEWHALEN

ILIAMNA-NONDALTON ROAD IMPROVEMENTS

Project No. STP-0214(3)/51951

ENVIRONMENTAL ASSESSMENT

January 2000



Prepared by:

*State of Alaska
Department of Transportation
and Public Facilities*

For:


Federal Highway Administration

I. PURPOSE AND NEED STATEMENT

The State of Alaska, the communities of Iliamna, Newhalen and Nondalton, and the Lake and Peninsula Borough have identified a strong need for improving year-round overland access between Iliamna/Newhalen and Nondalton. Concurrent with this general need are specific needs to improve public safety, improve health care/services, expand and diversify community economies, improve the supply of government services, enhance the delivery of educational services, and correct or alleviate some existing environmental drainage and erosion problems.

Improving overland access between Iliamna/Newhalen and Nondalton is the highest priority transportation improvement project of the Lake and Peninsula Borough, as well as the communities of Iliamna/Newhalen and Nondalton. A well traveled, unfinished gravel road suitable for cars, trucks, and heavy equipment exists from Iliamna/Newhalen to the proposed bridge-crossing site at the Newhalen River. A less traveled road/trail exists from the crossing site to Nondalton. Some portions of that road/trail cross Alaskan Native Corporation property because the road right-of-way clearing has overgrown and users utilize the areas where the vegetation is shortest.

There is a need to improve local public safety. A transportation system is needed that will provide less reliance on air transportation between Iliamna and Nondalton. Alaska occupational fatality rate for commercial pilots (271 per 100,000) is approximately twice as high as for professional motorized drivers (130 per 1000,000) with plane crashes being the leading cause of occupational fatalities in Alaska, according to the National Safety Council and the National Transportation Safety Board. Therefore, the likelihood of potentially serious injuries and accidental deaths resulting from air travel between Iliamna and Nondalton needs to be reduced. Currently, overland winter travel between Iliamna and Nondalton is possible, but travelers have to cross the frozen Newhalen River and Sixmile Lake by snowmachine, vehicle or on foot. During the winter of 1988 two snowmachine riders drowned after falling through the ice near Nondalton. With reliable access across the Newhalen River, safer overland transportation, especially during periods of inclement weather, reduced visibility, and unstable river ice conditions, would become the preferred method of travel.



Improvements in health care/services are needed. The difficulty and expense of getting critically ill or injured people out of Nondalton in an emergency needs to be lessened. This need is most urgent in the event of a major disaster such as a fire. A transportation system is needed that would enable the sharing of facilities, expertise, and equipment. As an example, there is a need for a small hospital in Iliamna and an elders home in Nondalton. Improved overland access would permit such facilities to provide services to all the residents of Iliamna/Newhalen and Nondalton.

The economies of Iliamna/Newhalen and Nondalton need to be expanded and diversified. The cost of goods in these communities needs to be lowered. Currently, Nondalton is the largest community in the Lake and Peninsula Borough, but it is relatively isolated and offers very few job opportunities. This economic problem has been exacerbated in recent years due to the commercial fishing crisis in the Bristol Bay area. Currently, approximately 50 percent of the Nondalton potential workforce are unemployed. With an overland transportation link between Iliamna/Newhalen and Nondalton, the customer base for local businesses would effectively be doubled. This would give Nondalton residents the ability to take advantage of a greatly expanded range of employment opportunities. Improved overland access would also permit reduction in costs to passengers and freight carriers between Iliamna/Newhalen and Nondalton. Currently, 25-33 percent of material costs in Nondalton is estimated to be directly attributable to flight costs.

Providing government services to the residents of these communities needs to become more efficient and convenient. Government facilities at all levels could be consolidated in one place on the transportation system, rather than being spread out among several communities. At present, the Tazimina Hydroelectric Project provides power for the villages of Iliamna, Newhalen, and Nondalton. From the power plant to Nondalton, a transmission line parallels a portion of the existing road to the Newhalen River, where it then crosses under the river, and continues on to Nondalton. There is a need for reduced transportation costs in order to maintain this portion of line. Further, the underwater portion of this utility connection is plagued by many power outages. A bridge across the river could benefit the power company by allowing the

Iliamna Nondalton Road Improvements Statement of Purpose and Need

The State of Alaska, the communities of Iliamna, Newhalen and Nondalton, and the Lake and Peninsula Borough have identified the need for improving overland access between Iliamna/Newhalen and Nondalton. It is the highest priority transportation improvement project of the Lake and Peninsula Borough, as well as the communities of Iliamna/Newhalen and Nondalton. A well-traveled, but substandard gravel road suitable for cars, trucks, and heavy equipment exists from Iliamna/Newhalen to the bridge crossing site at the Newhalen River. A lesser pioneer road/ATV trail exists from the crossing site to Nondalton. Some portions of the road/trail cross Native corporation property because the road clearing has overgrown. The improvement and completion of this road offers many important economic and social benefits for the reasons outlined below:

Public safety will be improved. There will be less reliance on air transportation between Iliamna/Newhalen and Nondalton. Small aircraft transportation has a much higher death and injury rate per passenger than surface transportation. Therefore, the opportunities and likelihood of serious injuries and accidental deaths resulting from air travel between Iliamna/Newhalen and Nondalton will be lessened. Currently, overland winter travel between Iliamna and Nondalton is possible, but hazardous, across the frozen Newhalen River and Sixmile Lake. During the winter of 1995, two snowmachine riders drowned after falling through the ice near Nondalton. With a bridge, safer overland transportation, especially during periods of inclement weather, reduced visibility, and unstable river ice conditions, will become the preferred method of travel.

Health care/services will be improved. It will be easier to share facilities, expertise, equipment and evacuate the critically ill or injured. The difficulty and expense of getting very ill or injured people out of Nondalton in an emergency will be lessened. This benefit will be especially valuable in the event of a major disaster such as a fire.

The economies of Iliamna/Newhalen and Nondalton will expand and diversify as a result of this project, largely due to the resulting lower costs of goods in these communities. Currently, Nondalton is the largest community in the Lake and Peninsula Borough, but it is relatively isolated and offers very few job opportunities. If Nondalton is connected to Iliamna/Newhalen by road, the customer base for local businesses will effectively be doubled. This will give Nondalton residents the ability to take advantage of a greatly expanded range of employment opportunities. A further important benefit of this project will be the reduction in costs to passengers and carriers of freight between Iliamna/Newhalen and Nondalton. These cumulative economic factors are likely to increase trade and commerce between Iliamna/Newhalen and Nondalton.

Supply of government services to the residents of these communities should become more efficient and convenient as a result of increased and less expensive access. Government facilities at all levels could be consolidated at one place on the road system rather than being spread out among several communities.

There will result a long-term enhancement on the delivery of educational services, with benefits increasing over time. Completion of the Iliamna-Nondalton Road will benefit the school district through an improved ability to transport supplies, materials, students and personnel between Iliamna/Newhalen and Nondalton. The improvements will not only reduce costs but will also increase the safety of students and staff who travel regularly between these communities. The road reconstruction will also provide the school district options in providing enhanced secondary programs to students in Newhalen and Nondalton where student populations are not large enough to warrant the diversity of curriculum that could be made available if certain classes were consolidated. Improved transportation services will also provide students from both schools enhanced competition opportunities in sports activities.

The project will have a positive effect on the growth of "middle of the market" tourism in Iliamna/Newhalen and Nondalton. Alaska Department of Fish and Game reports the current growth in angler days at between seven and 11 percent per year in this general area. Air taxi operators report similar growth rates for their operations during the summer and fall. Many other signs and statistics point to an increase in the utilization of the area. The project will provide some of the infrastructure necessary to accommodate growth of the mid-market tourism. Iliamna is a favorite destination for recreational fishing on the Newhalen River and Nondalton is the largest community adjacent to Lake Clark National Park.

The project will have positive environmental effects by correcting, or alleviating, some serious environmental problems which presently exist:

First, because no bridge exists, it is now necessary to drive vehicles and heavy equipment across the Newhalen River (a world class salmon and rainbow trout resource) to access the other side. As an example, the Alaska Department of Fish and Game (ADF&G) has issued the City of Nondalton permits to drive its heavy equipment across the river so it can maintain the remainder of the road to Iliamna. With a bridge, it would not be necessary to disturb fish habitat by driving vehicles across the river bed.

Second, the existing road has some engineering and design problems and is not as well maintained as it would be if the link between Nondalton and Iliamna were complete. This situation results in unnecessary environmental damage along the road corridor. For example, there is serious erosion taking place at bridge sites and elsewhere along the road. The road also has drainage problems in certain areas. This frequently results in large sections of the road becoming impassable due to mud. During these periods, vehicles attempt to drive around the poorly drained areas which causes the "footprint" of the road to become wider and wider and results in unnecessary damage to the adjacent tundra. The proposed road improvements will alleviate these problems.

Third, the current method of getting fuel to the community of Nondalton, in addition to being a hardship for its residents, represents a serious threat to the environment. The Nondalton airstrip is too short for cargo planes to legally land. Further, fuel cannot be transported overland to the Iliamna airport or dock because there is no bridge across the Newhalen River. As a result, Nondalton residents must get their fuel in Iliamna, transport it by road to a place along the river several miles below the proposed bridge site known as the "landing," and then transport the fuel by skiff in 55 gallon drums up the river and across Six Mile Lake to Nondalton. The environmental risks associated with this complex mode of transporting fuel are significant. The proposed road improvements will alleviate these problems.

In conclusion, the long history of study and number of endorsements for improving the overland access between Iliamna/Newhalen and Nondalton demonstrates the need for this project. The purpose of this project is to meet those needs to the greatest extent that is practical.

Revised 10-6-97

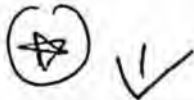
This project is compatible with area joint land development projects. The road to the Tazimina River Hydroelectric facility begins at approximately Mile 9.3 of the Iliamna-Nondalton Road. During INNEC hydroelectric facility construction, the Iliamna-Nondalton Road was upgraded in some places to accommodate construction trucks and equipment bound for the power plant.

The No-Build Alternative would result in no change to land use or development patterns.

B. Farmland

There are no prime or unique agricultural lands, as defined in the Farmlands Protection Policy Act of 1981: 7 U.S.C. 4201-4209 (P.L. 97-98), currently designated in the State of Alaska. The Farmland Protection Act is not applicable to this project and no formal consultation with the Natural Resource Conservation Service is required.

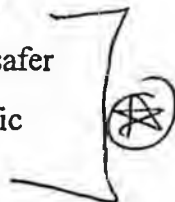
C. Social



Executive Order 12898 dated 2/11/94, the Department of Transportation Order on Environmental Justice (DOT Order 5610.2) dated 4/15/97, and FHWA Order 6640.23 dated 12/2/98 require Federal actions avoid causing disproportionately high and adverse impacts on minority and low income populations with respect to human health and the environment. This project would in fact benefit the neighboring communities by providing better access to friends and family, reduced shipping costs, provide more employment opportunities, and reduce commuting time for those residents that live in one village but work on the other side of the river. Numerous Iliamna and Nondalton residents have stated that they would visit their friends and family more frequently if a more economic means were available to get across the Newhalen River.

Property values in Nondalton may increase slightly due to better accessibility. Community cohesion would be enhanced, since the improved road would allow greater social interaction between the three communities. There would be increased recreational opportunities as residents of all three communities would be better able to participate in events and activities in communities other than their own. The school district would benefit from decreased costs of transporting students between schools for activities. Students would be able to participate with

other area schools and share various teaching and extra curricular resources. Currently some activities can not be offered in Iliamna or Nondalton due to the low numbers, but the school district has indicated that if the two communities were connected by a bridge they would try and share resources and offer more classes and events. The linking of the communities would enhance opportunities for joint regional development measures such as a regional hospital, a home for elders, and a regional landfill. Public safety would be greatly improved, allowing safer and expedited emergency response times, improved safety officer response times, better traffic safety, and a fire escape route in the event of a fire in Nondalton.



The majority of local residents use ATVs for motorized transportation, with a few residents using cars and trucks. This trend of using ATV's would be expected to continue, as the cost of transporting, maintaining, and operating full size vehicles in this area is costly.

The utilization of the Newhalen River fisheries and recreation use of the river exhibits a pattern of increasing use and ADF&G personnel have noted increased usage of the more remote areas by those desiring a true wilderness experience. This project should not change this pattern.

The No-Build Alternative would result in little or no changes in current social conditions or trends.

D. Relocation

Construction of Build Alternative No. 1 would not require the relocation of any residential or commercial properties. The ADOT&PF has the right-of-way necessary for this alternative.

The No-Build Alternative would not involve any changes to the existing roadway right-of-way corridor.

E. Economic

The project would provide improved economic development and opportunity for area residents. Retail sales would benefit from ease of access and create more local demand for goods and services. The transport and exchange of goods and services would be enhanced with a reliable,

enlarged in 1982. Teacher's living quarters (a duplex, small house, and trailer) are adjacent to the school. The school offers various athletic programs, including Native Olympics, gymnastics, and classes for gifted children. All the shared circuit riding staff also serve the Newhalen/Iliamna school.

L. Transportation Facilities

The existing transportation systems are multi-modal. Some freight coming into Nondalton is flown to Iliamna, trucked to the landing site on the Newhalen River and barged to Nondalton. Material that cannot be shipped by plane is usually barged to the area by one of two routes. The first route is through the Aleutians to Bristol Bay and up the Kvichak River to Iliamna Lake. Another route in Cook Inlet uses a primitive road from Williams Port at the head of Iliamna Bay in Cook Inlet to Pile Bay on the southeast shore of Iliamna Lake. Freight is then barged to Iliamna. The switching from one mode to another and back again contributes to the cost of goods and construction in the region.

Travel to or from the study area is by plane or boat. Overland travel between Iliamna and Nondalton is not possible because of the lack of a bridge over the Newhalen River. Overland winter travel between these two communities is possible on the frozen Newhalen River and across Sixmile Lake. Hard to detect thin spots in the ice on the Newhalen River vary from day to day during the winter making ice travel very hazardous. Two snowmachine riders drowned during the winter of 1995 after going through the ice near the mouth of the river near Nondalton. Travel across frozen Lake Clark or Iliamna Lake is also possible but not very common due to the high risk involved. Snowmachine and four-wheeler travel is common year-round, especially in Nondalton where larger vehicles are few. The existing winter roadway to the proposed bridge site is used by residents traveling between the two communities. The steep hill on the east side of the river at the road end prevents the hauling of heavy freight or supplies. Most heavy or bulky items are transported by car or truck to the landing site on the old road, transferred to a boat or small barge, taken upstream to Nondalton and off-loaded to another vehicle and driven to the final destination.

Iliamna

Iliamna has regularly scheduled air service provided by ERA Aviation (Anchorage International) and Birchwood Air (Merrill Field). The locally based air taxi is Iliamna Air. The airport at Iliamna is quite large and a relic of federal emergency development during World War II. The main runway is 4,000 feet long and 150 feet wide. The crosswind runway is 3,000 feet long and 100 feet wide. Both runways are gravel. Pike Lake within the airport boundary, serves as a float or skiplane base. The airport is the only one in the region with an instrument approach system. Iliamna airport is a certificated airport and the major hub for the region. The airport receives mail, freight and regularly scheduled passenger flights. Iliamna airport is a commercial aviation service level airport (between 2,500 and 10,000 enplanements). For calendar year 1993 through the end of fiscal year 1995 the Iliamna airport is listed as having 6,230 enplanements.

**ILIAMNA/NONDALTON ROAD IMPROVEMENTS
PROJECT NO. 51951
PUBLIC SCOPING MEETING/OPEN HOUSE FORMAT
NONDALTON MEETING
LOCATION: NONDALTON COMMUNITY BUILDING
10/28/97 - 2-5 PM
MEETING NOTES**

NOTE: This meeting was originally scheduled for and advertised to be held from 2 PM - 6 PM. However, in Iliamna, it was learned that because the Nondalton Airport lights were inoperable (and had been for some time), the return flight would have to be completed prior to nightfall. Thus, DOT had to close the meeting at 5 PM.

Mike Boleski lives at fish camp. He talked about "suicide hill", the Iliamna bank at the bridge site, and how slippery and dangerous it is.

Residents recounted several accidents and near drownings and a few drownings on the lake ice, while people were trying to cross the Newhalen River near Nondalton. Mental Health Aide was also rescued from cold river.

Tom Green says they apply to maintain x miles of roads, including the local Nondalton roads; there is no restriction on which miles they maintain. So they choose to use most of the money to maintain the Iliamna-Nondalton Road. There is not enough money from that one funding source to maintain the roads just within the City of Nondalton anyway.

Nondalton landfill project: Tom Green described "thermal oxidizer" (not exactly an incinerator) and how 5 cells are proposed; one to be used at a time to thermally process garbage, etc. Also plan to dispose of haz mat and haz waste at this site. Bob Blundell (DEC) has been working with them on this.

Susan reminded Tom that PHS and FHWA funds can be used to build access roads to disposal sites. Many projects are already in progress for PHS landfills and FHWA roads. Nondalton has chosen 3 sites for the Thermal Oxidizer; one near the river, one by the gravel pit, and one further away. They prefer the one nearest the river. Current landfill is close to the Nondalton runway.

Gladys expressed concern that the road/bridge would increase the problems with alcohol/drugs getting into Nondalton. The problems are bad already; she sees them only getting worse. The VPSO does not control the situation and the Village Council doesn't do much either. Tom Green says that the road would help the two VPSOs (one from Iliamna, one from Nondalton) to work together to solve crimes. Often the criminals get away because the VPSO has to stop at the river; he can't follow criminals all the way home. Also, if legal, Tom would like to start up a 4-wheeler registration system to track all licenses/owners so VPSOs know who is driving away from the scene of the crime. The Nondalton VPSO is a full-time employee. He performs alcohol responses nearly every night. He mainly works a night shift because of the predominance of alcohol problems. He occasionally does loose dog reports.

Many residents told of near misses with drownings in river; usually alcohol related, but not always. Health Aid (male) nearly drowned recently.

The cost of transportation related to school activities is very high. It cost \$2,000 for a plane charter recently, to transport a volleyball team from Nondalton to Iliamna. Residents can think of much better ways to spend their school dollars than charters between the villages.

WRITTEN PUBLIC COMMENTS

Your input is an important element in the continued design of this project. To ensure that your views are considered, we have provided this sheet for your convenience. Comments should be returned to ADOT&PF by November 7, 1997.

ILIAMNA - NONDALTON ROAD IMPROVEMENTS

Project No. 51951

PUBLIC SCOPING MEETINGS:

- Monday, October 27, 1997 in Iliamna
- Tuesday, October 28, 1997 in Nondalton
- Tuesday, November 4, 1997 in Anchorage


(Please Print)

NAME: Melvin LeVeque

MAILING ADDRESS: PO BOX 14@

CITY, STATE, ZIP: Nondalton, Alaska 99640

COMMENTS

*  I have lived in Nondalton since 1986. My first winter there I broke through the ice on two occasions while traveling to Iliamna. On both occasions I was traveling with local residents and we were on the marked trail across the lake, so it was not attributable solely to my relative inexperience. The first time through the ice, if I had been by myself, I would never have been able to pull myself out of the water before freezing.

I am currently the manager for the Alaska Commercial Company, and speaking from an economic standpoint for the area, completion of a road connection between Nondalton, and the airport hub in Iliamna would greatly benefit the residents of both communities through lower cost of living; an important factor in these days of welfare reform. The prices charged in our locality are much higher than they would be if there was not the added transportation cost of re-shipping goods once they have been landed in Iliamna. Cost for items in any business reflect transportation costs, and we are currently subjected to double paying transportation. With the needed completion of a road connection between our villages, the price of merchandise would go down, because it would cost us less to drive them to Nondalton ourselves than it costs to have them flown from Iliamna.

In summary, I have experienced both physical danger, and economic penalty attributable to no road connection, as has most of our residents, and I strongly support the Road And Bridge project between Iliamna & Nondalton.

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WRITTEN PUBLIC COMMENTS

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ILIAMNA - NONDALTON ROAD IMPROVEMENTS

Project No. 51951

PUBLIC SCOPING MEETINGS:

- Monday, October 27, 1997 in Iliamna
- Tuesday, October 28, 1997 in Nondalton
- Tuesday, November 4, 1997 in Anchorage

(Please Print)

NAME: Eva LeVeque

MAILING ADDRESS: P.O. Box 062

CITY, STATE, ZIP: Nondalton, Alaska 99640

COMMENTS

Some of the reasons I have for wanting the road and bridge to go through between Nondalton and Iliamna are very good and a necessity for this community. Along the same lines it would be a detriment and very dangerous, as have been proven in the past, to allow the cancellation of this project.

On a personal level, I have gone through the ice while crossing the lake in 1995. My husband went through while crossing in 1986. My son went through the ice in 1996 while crossing. Those kinds of statistics alone should be enough to warrant a bridge in my opinion.

I've known everyone in Iliamna and Newhalen all my life and am not able to visit them unless the weather permitted depending on the time of the year. During freeze-up there isn't access to those villages except by air, the same happens during break-up. If I don't have the money to take an airplane which is usually the case, I am not able to see my relatives and friends. If the road and bridge went through, I would be able to go and visit at a whim which would make for a healthier social life. There are stores, restaurants and social activities that would be accessible to me provided the road and bridge went through. Right now, if our students wanted to go to Iliamna for a game they would have to fly because the lake is in the middle of freezing. To charter an airplane is costly therefore the children are not able to go as often as they would if the road and bridge were in place. Not to mention ^{our high school's} ~~they~~ ^{school} would be able to attend social events between the two communities as scheduled without having to wait on the weather, or just not attend because of the season.

Costly freight school programs for students between the schools kinder us to Nondalton

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I work as a substance abuse counselor and
service Iliamna, Pedro Bay and Nondalton.
I am able to service Iliamna one time a
month because of costs, I have to fly
back & forth. If the road and bridge
goes through I would be able to service
Iliamna twice a week which would
make a tremendous difference to the
people. After all our people are
~~our~~ our most important asset.
To stop the road and bridge project
would hinder our services available.
I am employed with Bristol Bay Area
Health Corporation. Last and very important,
if there were an emergency in Iliamna
I would be able to respond night or
day no matter what the weather conditions.

WRITTEN PUBLIC COMMENTS

Your input is an important element in the continued design of this project. To ensure that your views are considered, we have provided this sheet for your convenience. Comments should be returned to ADOT&PF by November 7, 1997.

ILIAMNA - NONDALTON ROAD IMPROVEMENTS

Project No. 51951

PUBLIC SCOPING MEETINGS:

- Monday, October 27, 1997 in Iliamna
- Tuesday, October 28, 1997 in Nondalton
- Tuesday, November 4, 1997 in Anchorage

(Please Print)

NAME: George Alexie
MAILING ADDRESS: Box 108
CITY, STATE, ZIP: Nondalton, A.K. 99640

COMMENTS

I have lived in Nondalton all my life and public safety is my concern. The river at the mouth never freezes and going across the lake to the other side is dangerous several drownings have occurred and several near drownings have also occurred. getting freight from northern air cargo in Iliamna could be easier to get if the road and bridge were in. In Nondalton the wind comes from the East and West. The airport is north/south air travel to

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Iliamna is risky ^[ESC] especially for school related events if the road was in the students can go down his house

**Remote Roads and Trails
Evaluation Process Standards and Scoring Criteria**

Standards	Scoring Criteria				
	(5)	(3)	(0)	(-3)	(-5)
1. Economic benefits following construction. Weighting: 3	Supports economic benefits; endorsed as an economic development project by governmental agency or representative group.	Supports capacity or new access specifically built to support regional or local industrial; commercial or resource development	Supports minimal, speculative or temporary economic opportunities or benefits or provides non-crucial benefit to existing economic activity.		
2. Health and Quality of Life (Air and water quality, neighborhood continuity, access to basic necessities) Weighting: 4	This project provides a significant contribution to improved health or quality of life through reduction or removal of existing negative factor.	This project provides a moderate contribution to improved health or quality of life through reduction or removal of existing negative factor.	Project will have no affect either positive or negative on quality of life issues.	This project provides a moderate degradation to health or quality of life.	This project provides a significant degradation to health or quality of life.
Examples: Access to basic sanitation = 5; dust control =4; access to medical facility=3.					
3. Safety. Weighting: 5	Addresses demonstrated safety problem of significance.	Addresses demonstrated safety problem of moderate nature or there is a record of public concern.	Project's primary objective is not safety.		
4. Improves intermodal transportation or lessens redundant facilities. Weighting: 2	Greatly improves the connectivity between modes and coordination and integration of passenger and freight systems and services and/or would clearly reduce the need for significant capital investment in another mode.	Moderately improves the connectivity between modes and enhances coordination and integration of passenger and freight systems and/or would clearly reduce the need for moderate capital investment in another mode.	Minimal or no affect on transportation system connectivity, or coordination and integration of passenger and freight systems and services and does not change the requirement for investment in other modes.	Moderately decreases the connectivity between modes or decreases coordination and integration of passenger and freight systems and/or would clearly require the need for moderate capital investment in another mode.	Greatly decreases the connectivity between modes or decreases coordination and integration of passenger and freight systems and/or would clearly require the need for significant capital investment in another mode.
5. Local, other agency or user contribution to fund project development. Weighting: 4	Contribution provides state match, design, right-of-way, and materials.	Contribution provides any two: state match, design, right-of-way, or materials.	Contribution covers no capital costs; contributes nothing.		

ATTACHMENT C

**Remote Roads and Trails
Evaluation Process Standards and Scoring Criteria**

Standards	Scoring Criteria				
	(5)	(3)	(0)	(-3)	(-5)
6. (Use for non-DOT&PF facilities or facilities DOT&PF is unsuited to long-term ownership). Local, other agency or user contribution to fund operations and maintenance (O&M) costs. Weighting: 5	Contributions = 100% and assumption of ownership. (Assumption of like facility OK.)	Contributions cover ___% of O&M costs. One point for each 25%.	Contributions cover < 25% to >10% of O&M costs.	Contributions cover <10% to > 1% of O&M cost.	Contributions cover <1% of O&M cost.
or 6 A. (Use for facilities which only DOT&PF is logical owner). Departmental M&O priority Weighting: 5	Very high M&O priority.	Moderate M&O priority.	Not an M&O priority.	Not an M&O priority; would increase M&O costs moderately.	Not and M&O priority; would increase M&O costs significantly.
7. Public Support for the Project? Weighting: 3	Preponderance of public record including a resolution from the local elected body shows support for project and fully supported in official state/local plans.	Majority of public record shows support for project; and nominally supported in official state/local plans.	Public record is divided or undocumented toward project	Majority of public record shows opposition to project; and not supported in official state/local plans.	Preponderance of public record shows opposition to project including a resolution from the local elected body and contravenes official state/local plans.
8. Environmental Considerations Weighting: 1	Environmental approval likely with Categorical Exclusion or already complete.	Environmental approval likely with Environmental Assessment or draft document circulated.	Environmental approval likely with Environmental Impact Statement.	Environmental approval extremely difficult 50/50 chance.	Environmental approval unlikely.

**Remote Roads and Trails
Evaluation Process Standards and Scoring Criteria**

Standards	Scoring Criteria				
	(5)	(3)	(0)	(-3)	(-5)
<p>9. Will project provide new access to the noted uses: water sources, landfills, sewage lagoons/honey bucket sites, health care, airports, or subsistence sites?</p> <p>Weighting: 5</p>	Three or more uses = 5.	Two uses = 3. One use = 1.	None of uses listed.		
<p>10. System Preservation.</p> <p>Weighting: 3</p>	Major purpose of project is to extend the life of existing facility by 10 or more years.	Secondary purpose of project is to extend life of existing facility by 10 or more years.	Preservation is not significant purpose of the project.		
<p>11. Is this a joint project with ADEC, BIA or PHS?</p> <p>Weighting: 4</p>		Yes.	No.		
<p>12. Other factors not specified.</p> <p>Weighting: 2</p>	Project exhibits significant innovation, creativity or unique benefits not otherwise rated.	Project exhibits moderate innovation, creativity or unique benefits not otherwise rated.	Project exhibits no innovation, creativity or unique benefits not otherwise rated.		

COMMUNITY TRANSPORTATION PROGRAM NEEDS AND PRIORITIES

Score	Priority	Highway	Borough	Location	Name	Description	Cost Estimate
123.7	1		City & Borough of Juneau	Juneau	Capital Transit Buses	Replace four 35-foot transit coaches.	1,040,000
119.0	1		City & Borough of Juneau	Juneau	Thane Road	Reconstruction from ferry terminal to Rock Dump (Mount Roberts Road).	3,900,000
117.2	1		City & Borough of Juneau	Juneau	Glacier Highway	Reconstruct or relocate roadway from Indian Point to Point Louisa.	5,000,000
115.3	1	Denali Highway	Matanuska - Susitna		MP 80-104 Resurfacing	Rehabilitation including grading, drainage and surfacing improvements from the Susitna River (MP 80) to Brushkana Creek (MP104). After addition of new surface aggregate the surface will either be paved or calcium chloride will be applied to bind the surface.	4,000,000
111.5	1		Unorganized	Prince of Wales	Big Salt Lake Road	Realignment and reconstruction of 14.5 miles of road, with base and pavement. Replace bridges on three streams.	3,000,000
110.7	1		Kenai Peninsula	Homer	East End Road: MP 0.0-3.6	Provide for rehabilitation and safety improvements on Homer East End Road from the Pioneer Street/Lake Street intersection (MP 0.0) to the intersection with Kachemak Drive (MP 3.6). The project will widen the paved surface and may include realignments, slope flattening and other safety improvements as required. The project also includes drainage improvements and a sidewalk/path.	9,400,000
110.5	1		Lake & Peninsula	Iliamna	Iliamna to Nondalton Road	Complete a new road 22.3 miles in length from Iliamna to Nondalton including a bridge across the Newhalen River. The project was initiated in the early 1980's. The roadbed has already been partially completed.	9,750,000
109.5	1		City & Borough of Juneau	Juneau	Juneau Access Improvements EIS	Evaluation of improvements to access Juneau.	500,000
109.5	1		Unorganized	Whittier	Access Improvements	Construct improved access from Portage Valley to Whittier. The scope of the project will be determined during preparation of the project's environmental impact statement.	49,800,000

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(SENT VIA FAX)

November 6, 1997

Ms. Susan N. Wick
Environmental Team Leader
Central Region, Division of Design & Construction
Department of Transportation & Public Facilities
P.O. Box 196900
Anchorage, Alaska 99519-6900

Re: Iliamna Road Improvements Project No. STP-0214(3)/51951

^{SUSAN}
Dear ~~Ms.~~ Wick:

It was nice seeing you again at the scoping meeting on November 4. I wanted to provide some written comments to supplement that discussion.

I have been working in support of completing this project for the last three years as a transportation consultant and lobbyist on behalf of the Lake and Peninsula Borough. I also have a history with the project dating back to my tenure as commissioner between 1987 and 1991. Finally, I bring over twenty years of experience working as a transportation professional in Alaska, with an extensive history of looking at similar projects in rural areas throughout the state.

I fail to understand how anyone can propose a logical argument that this project is something other than the completion of transportation improvement project started twenty years ago. I think the record is quite clear that the intent from the beginning has been to develop a road link between the communities of Nondalton, Iliamna and Newhalen.

It was suggested during the meeting that the Alaska Department of Transportation and Public Facilities (DOT/PF) has previously made decisions to not support the project, including around the 1986 time frame. While I cannot speak to the specific record during 1986, I can tell you with complete certainty that the department strongly supported completion of this project during my tenure as commissioner, which started in March 1987 and ended in January 1991. There is a record that can clearly support this statement, including several attempts to gain a general fund appropriation to construct the bridge and finish the road into Nondalton. The department also transferred a surplus bridge out to the area for use on the project, an action which was taken I believe during the mid 1980's.

You heard some excellent testimony from local residents during our meeting describing the numerous benefits that would result if the bridge and hard link is built. I'm quite comfortable that any objective, independent analysis will find significant justification to proceed. At a minimum, this project will provide the following benefits:

1. Local transportation will be safer and more reliable. Residents will no longer have to risk their lives trying to cross the ice during the winter, or risk a flight during marginal conditions in an emergency. The ability to gain access to the Iliamna Airport will be greatly improved, which is important for medivac use and general travel.
2. Transportation costs will be reduced significantly. Current estimates show that an average of 25% or more of the cost to transport goods and people in and out of Nondalton is related to the leg between Iliamna and Nondalton.
3. The communities in the region will experience reduced costs to provide essential services. For example, infrastructure development and related operating costs can be reduced for basic services such as medical, education, and fire/police by sharing facilities, equipment and human resources. Another example is the opportunity to develop a regional landfill if this project is completed.
4. Environmental benefits will be gained. A considerable amount of the fuel used by Nondalton currently moves on or across the river, often in small, unstable skiffs. Switching these movements to truck deliveries will greatly reduce the potential for fuel spills into the river. Fuel storage for the area can also be consolidated, which will bring attendant environmental and cost savings.
5. Residents of all three communities will see an improved quality of life and more economic opportunity. In addition to the value of the previous benefits, there will be an increased ability to enjoy more social interaction and to pursue economic opportunities in the general area because of more safe, affordable and reliable transportation.

By all accounts, this project enjoys tremendous support from all parts of the immediate region. I recall hearing extensive and universal support two years ago during an informal meeting in Nondalton which Commissioner Perkins attended, which included numerous individuals from Iliamna and Newhalen who made the extra effort to make it into Nondalton to participate in the hour and a half session. In my experience, it is certainly rare to see this level of almost universal support.

It is clear that the principal objection to this project comes from a single Anchorage resident who owns property nearby, and who enjoys considerable financial wherewithal to, in the written words of his attorney, "oppose this project by any and all means, including to litigate to block the project." The basis for this objection apparently is a concern about the aesthetic or visual impact from the bridge, and a concern that the project will result in increased demand on the sport fish resource.

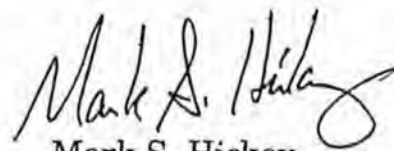
As far as the aesthetic issue, I fail to understand how the safety and basic quality of life of so many Alaskans can be sacrificed for that reason. However, I need to disclose that I happen to be someone who finds bridges aesthetically pleasing, at least more pleasing than grotesquely large, ostentatious vacation homes in the middle of a National Park and Preserve, such as the one being built by the party objecting to the project.

On the issue of resource impact, I believe all concerned agree the full range of benefits and impacts should be analyzed. However, it needs to be pointed out that the existing road stretches the length of the Newhalen River today, with numerous landings available to gain access to the river and connected water bodies. Given these facts (which has been the case for nearly twenty years), I fail to see why completing the bridge and road into Nondalton alone will bring numerous, additional sport fish users into the area. I would suggest continued improvements of the Iliamna Airport such as the new crosswind runway, will likely create more pressure on the resource than this project ever could.

This project is one of the of strongest rural, surface transportation projects I've seen during my entire career as transportation professional. As a former commissioner, I must observe that it would be a public policy tragedy of the worst kind for the department to deny the 300 to 500 long time residents of this area this valuable transportation improvement on the basis of the objections raised to date.

Thank you for the opportunity to submit these comments.

Sincerely,


Mark S. Hickey
Principal

cc. The Honorable Joe Perkins, DOT/PF Commissioner
Walt Wrede, Manager, Lake and Peninsula Borough

ATTACHMENT E

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PHILADELPHIA, PA 19106
(215) 592-1500
FAX (215) 592-1661

January 3, 1996

Mr. James Bryson
Federal Highway Administration
P.O. Box 21648
Juneau, Alaska 99802-1648

VIA FAX
907-586-7420

Dear Mr. Bryson:

This confirms our phone conversation of an hour ago.

I represent a client who opposes the proposed bridge and road from Iliamna to Nondalton. My client has authorized me, and is in the course of seeking and authorizing other attorneys, to oppose the project by any and all means, including to litigate to block the project.



On behalf of that client -- and I appreciate at your suggestion to do so -- I request that you reconsider your recent decision granting a categorical exclusion under NEPA and that the scoping process be re-opened for the following reasons -- which I do not view as an exclusive list of the issues I will raise.

I have requested from Susan Wick, at Alaska DOT, the DOT files on this project but have not yet received them. I am concerned that the scoping process may have been cursory. It may have identified narrow issues related to the bridge itself and fish habitat and probably did not take NEPA's "hard look" at the potential, cumulative effects of the bridge. Those effects may well be in terms of:

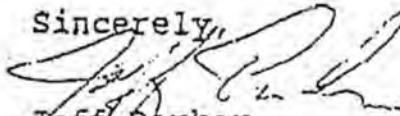
- (1) increased access to and use of the river itself;
- (2) increased crowding along the river as well as increased use of areas of the river that are less used at present;
- (3) increased trespass on private property;
- (4) what are probably demonstrable, negative effects on the economic value of the Newhalen River as well as other fisheries west of that river; two studies of Alaskan sport fisheries and sport fishing industry in that region and in Southcentral Alaska (John Isaacs & Assoc., 1985; Jones & Stokes, (ca. 1987) indicate that economic values

decline as crowding increases;

- (5) increased access to lands west of the river, with possible negative effects on subsistence users, and an increase in tensions between subsistence and sport users, of moose and caribou west of the river;
- (6) effects on brown bear and bear-human interactions along the Newhalen River, arising from increased access, particularly now in light of last year's killing of five brown bear on Newhalen and in light of recent Anchorage Daily News headline articles that attribute closing of brown bear hunting seasons on the Kenai Peninsula to increases in road access,
- (7) effects on users of Lake Clark National Park or users of areas west of the Park, where those effects may result from increased access west of the river,
- (8) effects that increased access may have on world class rainbow trout management in the area, including effects on the ability of the State to maintain age cohort distribution, populations, and fishery quality under the present regulatory regime, which allows a very limited harvest, and
- (9) visual concerns.

As you know, such cumulative effects fall well within the scope and purposes of the NEPA process. Addressing such effects is at the heart of the NEPA. As I recall, agencies have an obligation to raise and review such potential effects, even if the public does not raise them, for that is why resource agencies have the missions they do.

Here, I suspect that some of the agencies may have focused predominately on narrow effects resulting from the bridge itself. I hope that those agencies, too, may want to reconsider.

Sincerely,

Jeff Parker

cc: Susan Wick, ADOT

HICKEY & ASSOCIATES

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April 5, 2004

The Honorable John Cowdery
The Honorable Thomas Wagoner
Co-Chairs, Senate Transportation Committee
Alaska State Legislature
Juneau, Alaska 99801-1182

Re: Senate Bill No. 371/Iliamna-Nondalton Road Improvements

Dear Co-Chairs Cowdery and Wagoner:

Several questions were raised during last week's hearing on SB 371 related to the Iliamna-Nondalton Road Improvements Project. On behalf of my client, the Lake and Peninsula Borough, I would like to provide your committee with additional project information. Attachment A is a set of maps to provide a better sense of the project scope.

Public Safety: Attachment B contains some materials from the *DOT/PPF Environmental Assessment* (dated January 2000) for the Iliamna-Nondalton Road Improvements Project. **This information describes two fatalities each from 1988 and 1995 involving snowmachine riders drowning after going through the ice near Nondalton.** I've also included additional material from this document describing several near drownings, including first-hand reports from individuals.

The need for transportation improvements to address a public safety problem should not depend on how many fatalities have occurred. Evidence from the public record demonstrates there is a real public safety concern with the current method of surface access, mostly related to winter crossings of the river or lake. DOT/PPF's analysis also concludes that "the opportunities and likelihood of serious injuries and accidental deaths resulting from air travel between Nondalton and Iliamna/Newhalen will be lessened" by the project.

DOT/PPF Planning Requirements: You heard discussion about the current statutory requirement for DOT/PPF to consider the costs and benefits of a planned transportation improvement. In my opinion, the statute in question (AS 44.42.050(a)) does not require a strict economic evaluation, nor does it require a positive cost/benefit result to proceed with a particular project.

I worked for the department for nearly fourteen years between 1976 and 1991, including four years as commissioner during the Cowper administration. Starting at least in the 1980's and continuing to the present, the department has used a comprehensive project evaluation system to develop the Statewide Transportation Improvement Program (STIP). This process typically looks at a wide range of direct and indirect costs and benefits, including project costs, annual state maintenance costs, long-term economic benefits, environmental issues, public safety benefits, and health and quality of life impacts. Many of these consideration can be quantified, while other elements are less tangible but should be (and have been) part of the department's project evaluation process.

Attachment C is a copy of DOT/PF's 1995 "Remote Roads and Trails Evaluation Process Standards and Scoring Criteria." These criteria governed the evaluation process for the Iliamna-Nondalton Road Improvements Project at the time of its initial evaluation and inclusion in the federal STIP. A key fact to note is that most rural projects did not qualify for the federal-aid program prior to a change in law in the early 1990's. The project scored a total of 110.5 points, making it the seventh highest scored project in its category during that planning cycle.

Project Benefits: Attachment D is a letter I prepared in 1997 providing comments on the project during the environmental scoping process. It includes a detailed list of the following benefits:

- Local transportation will be safer and more reliable.
- Transportation costs will be reduced significantly.
- The communities in the region will experience reduced costs to provide essential services.
- Environmental benefits will be gained.
- Residents of all three communities will see an improved quality of life and more economic opportunity.

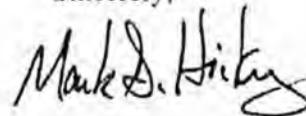
Litigation History: Attachment E is a 1996 letter to the Federal Highway Administration from the attorney representing the principal party pursuing the lawsuit on this project. Please note the statement in the first paragraph.

"My client has authorized me, and is in the course of seeking and authorizing other attorneys, to oppose the project by any and all means, including to litigate to block the project." (Emphasis added)

While I'll refrain from speculation about the real motivation behind these actions, I am not convinced that the litigation is based on a desire to ensure that proper public policy govern the expenditure of the State's federal transportation dollars.

Please let me know if you have questions or want additional information. I urge prompt action and your support for SB 371.

Sincerely,



Mark S. Hickey
President

Attachments

- cc. The Honorable Gary Stevens, Alaska State Senate
The Honorable Dan Ogg, Alaska State House of Representatives
Jeff Currier, Borough Manager, Lake & Peninsula Borough

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB371-DOT-CO-3-30-04
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Powers/Duties DOT&PF RDU Administration & Support
 Component Commissioner's Office
 Sponsor Senate State Affairs
 Requistor Senate Transportation Component No. 530

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Nona Wilson Phone 465-6973
 Division: Legislative Liaison Date/Time 4/7/04 11:00 AM
 Approved by: John MacKinnon Date 4/7/2004
 Agency: Deputy Commissioner