

3/31/11
DEPARTMENT OF
TRANSPORTATION
OVERVIEW:
ROADS TO
RESOURCES

<TARGET><BILL></BILL><SUBJECT>3-31-11 DEPARTMENT OF
TRANSPORTATION OVERVIEW ROADS TO
RESOURCES</SUBJECT><COMM>SF27</COMM></TARGET>

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE

Senator Bert Stedman, Co-Chair
State Capitol, Room 516
Juneau, AK 99801-1182
(907) 465- 3873 - Phone
(907) 465-3922 - Fax
Senator_Bert_Stedman@legis.state.ak.us



Official Business

Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, AK 99801-1182
Phone - (907) 465- 4453
Fax - (907) 465- 4523
Senator_Lyman_Hoffman@legis.state.ak.us

AGENDA

Thursday, March 31, 2011

9:00 AM

Department of Transportation Overview: Roads to Resources

Testifiers:

Pat Kemp - Deputy Commissioner for Highways & Facilities, DOTPF

Al Clough - Project Manager, Resource Roads, DOTPF

Laura Baker - Admin. Services Director, DOTPF



Alaska Department of Transportation & Public Facilities

Roads to Resources Senate Finance Presentation

Patrick Kemp, P.E.
Deputy
Commissioner

March 25, 2011

Al Clough, P. Geo.
Project Manager



Roads to Resources Program

- Alaska has exceptionally diverse natural resource base
- Surface access to most potential sites is non-existent
- Alaska has been unable to fully develop a surface transportation system to enhance resource development & community access



Evolution of the Alaska Highway System

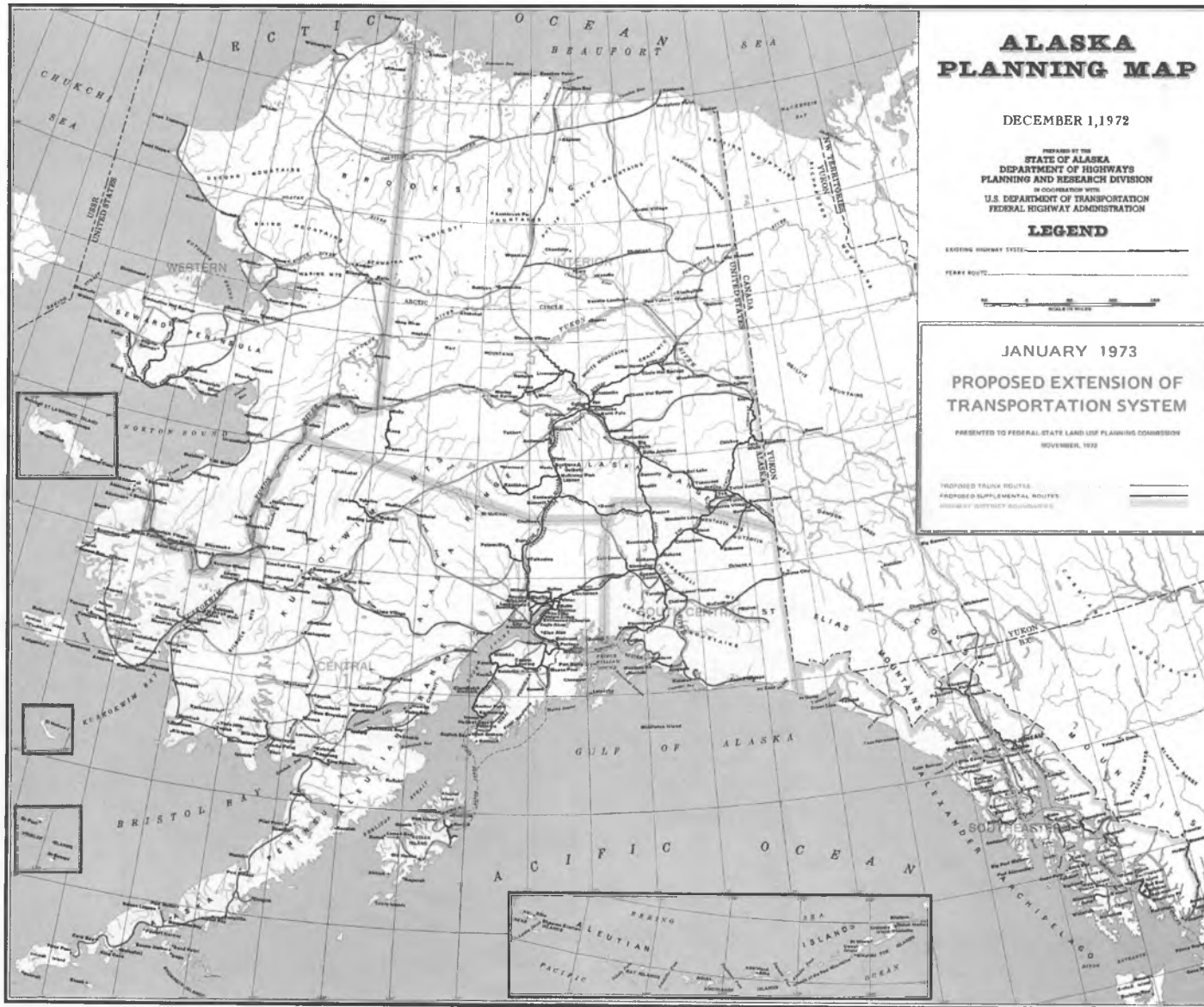
- Alaska Road Commission & Bureau of Public Roads construct initial roads in territorial days
- Newly created Department of Highways started developing a highway network to access Alaska communities & resources
- A transportation policy to connect all communities with population of 2,000 or more was adopted
- 1964 Earthquake and 1967 flood resulted in capital dollars used to repair and not expand the surface transportation system
- 1968 Federal Highway Act shifted policy towards funding urban areas rather than rural
- 1969 Rapid expansion of federal environmental laws including NEPA
- Cost to develop new roads versus need to improve existing roads
- Last significant public road built in Alaska was Klondike Highway in 1978



Statutory Purpose of DOT/PF

- *AS 19.05.125 - The purpose of AS 19.05- AS 19.25 is to establish a highway department capable of carrying out a highway planning, construction, and maintenance program that will provide a common defense to the United States and Alaska, a network of highways linking together cities and communities throughout the state (thereby contributing to the development of commerce and industry in the state, and aiding the extraction and utilization of its resources), and otherwise improve the economic and general welfare of the people of the state.*

Early Surface Transportation Goals



The development of Alaska's surface transportation has been a goal since before statehood.

Roads to Resources Program

- Working closely with Department of Natural Resources and other state agencies along with the private sector to identify resource areas
- Road standards and unit costs are being instituted through discussions with development entities, contractors and Alaska General Contractors
- Develop a matrix-based system that identifies decision factors for access roads/infrastructure & named projects
- Prioritize the list for possible inclusion in the annual capital budget

Resources Road Decision Matrix

Project Details, Benefits/Costs

P R O J E C T S	Resource Type	Estimated Road Cost	Road Length	Direct Jobs	Indirect Jobs	Revenue to State	Life of Resource Project	Number of Communities Accessed	Other Resource Opp	Community Energy Opp	Candidate for PPP
	Project A										
	Project B										
	Project C										
	Project D										

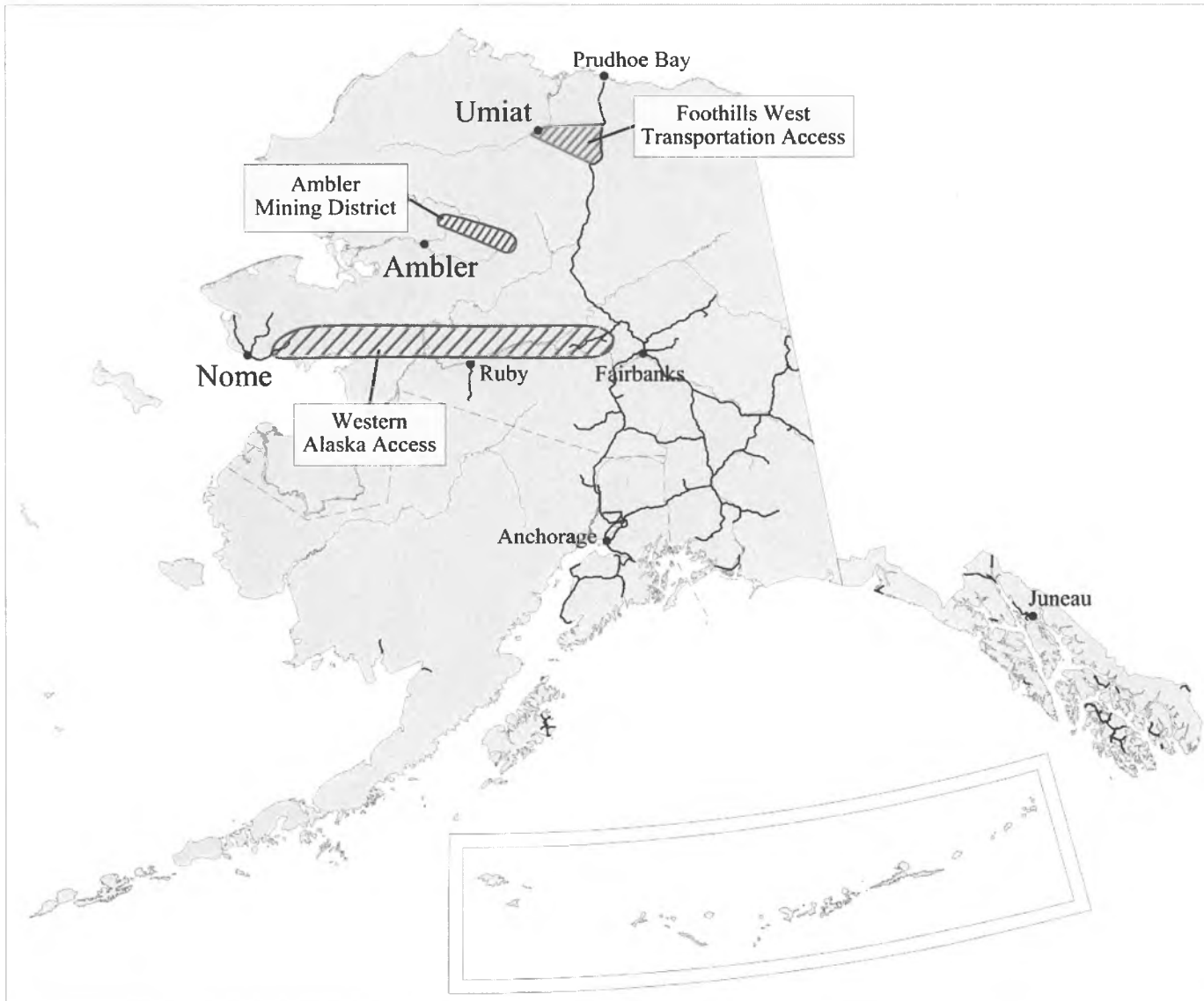
- Matrix is an example of how various projects may be evaluated



Phased Funding

- Environmental permitting & design accomplished by the DOT&PF
- Construction will likely be funded jointly by the State & the developer (private/public partnership)
- Roads will be constructed “long and skinny” for industrial use. Upgrade to public road standards would be considered after revenues began flowing
- State would recover investment through a number of methods, IUH, AIDEA, Bonds, GF, etc.

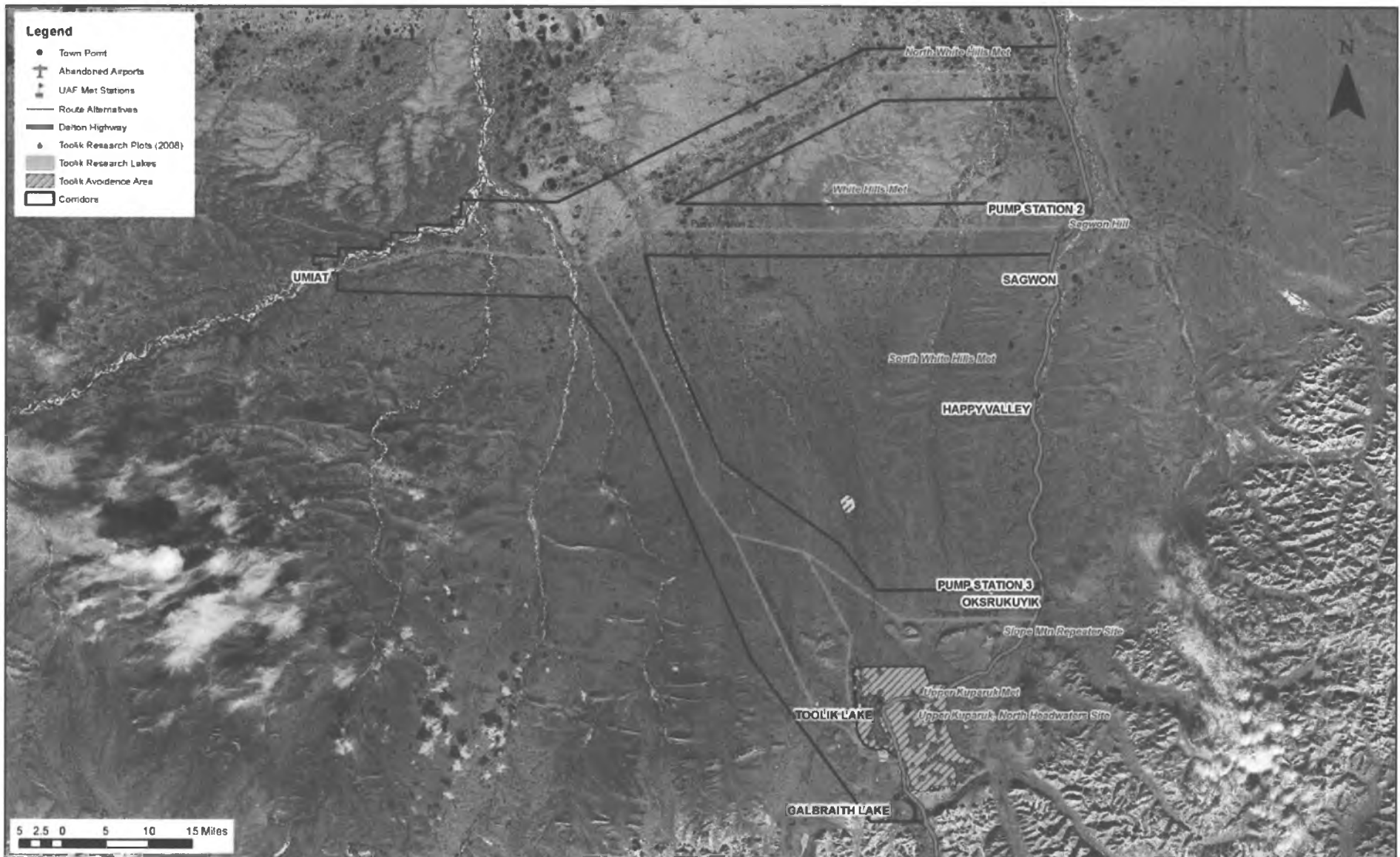
Current Roads to Resources Projects



DOT&PF's projects:

- Foothills West Transportation Access (Umiat Oil & Gas)
- Ambler Mining District
- Western Alaska Access (Road to Nome)

Foothills West Transportation - Road to Umiat

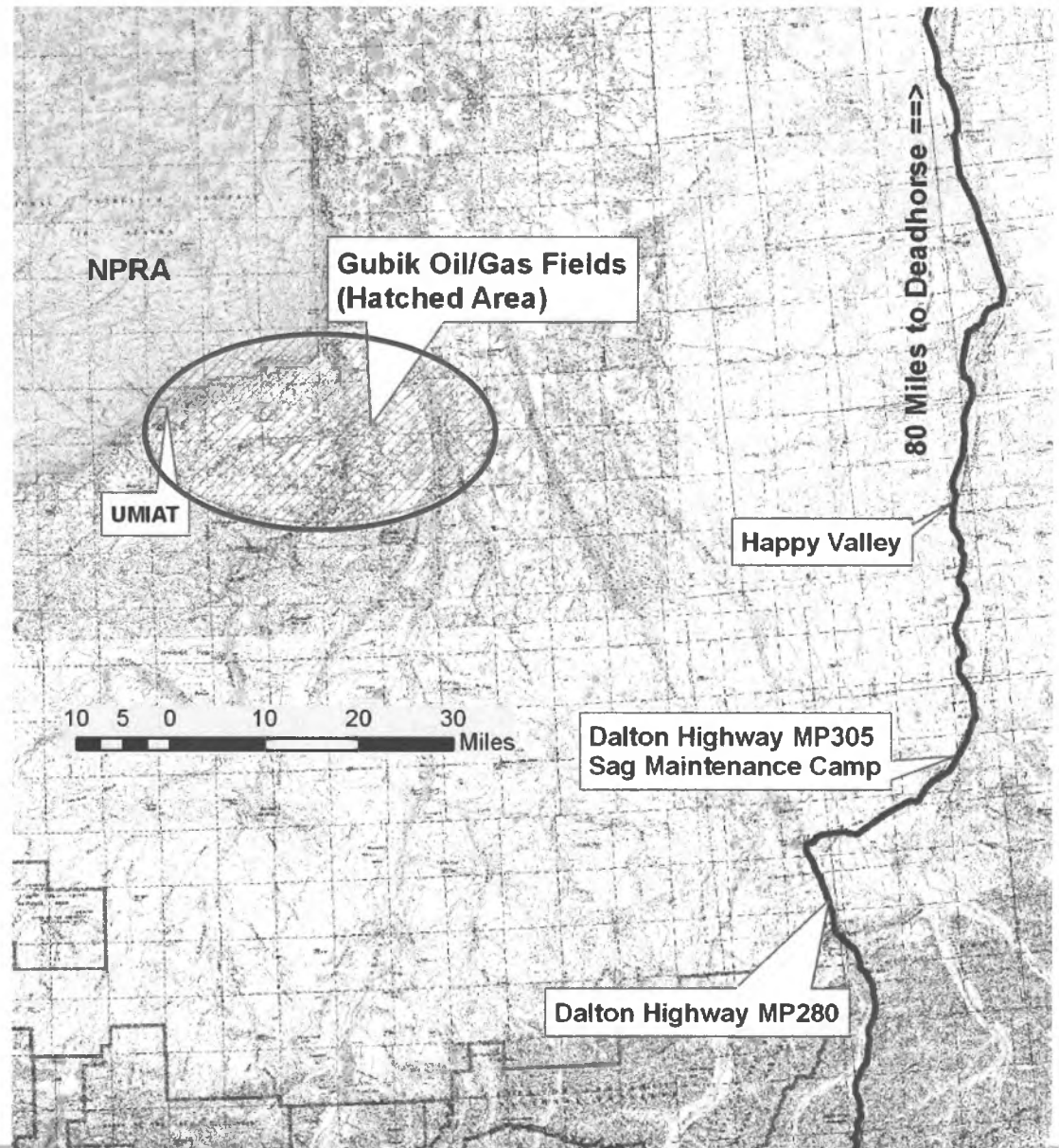


Alaska Department of Transportation and Public Facilities

Foothills West Project

Umiat Oil & Gas Fields

- Currently only ice road or air access
- Access corridor extends 90 miles NW of Dalton Hwy, starting at Galbraith Lake
- Provides access to 580 mm bbl oil and 7 trillion cubic feet of natural gas
- Opens adjacent lands for cost effective exploration
- Provides access portal into NPRA
- Aggressive timeline for Spring 2013 construction start
- Project EIS and specific permitting work begins with FY12 funding request

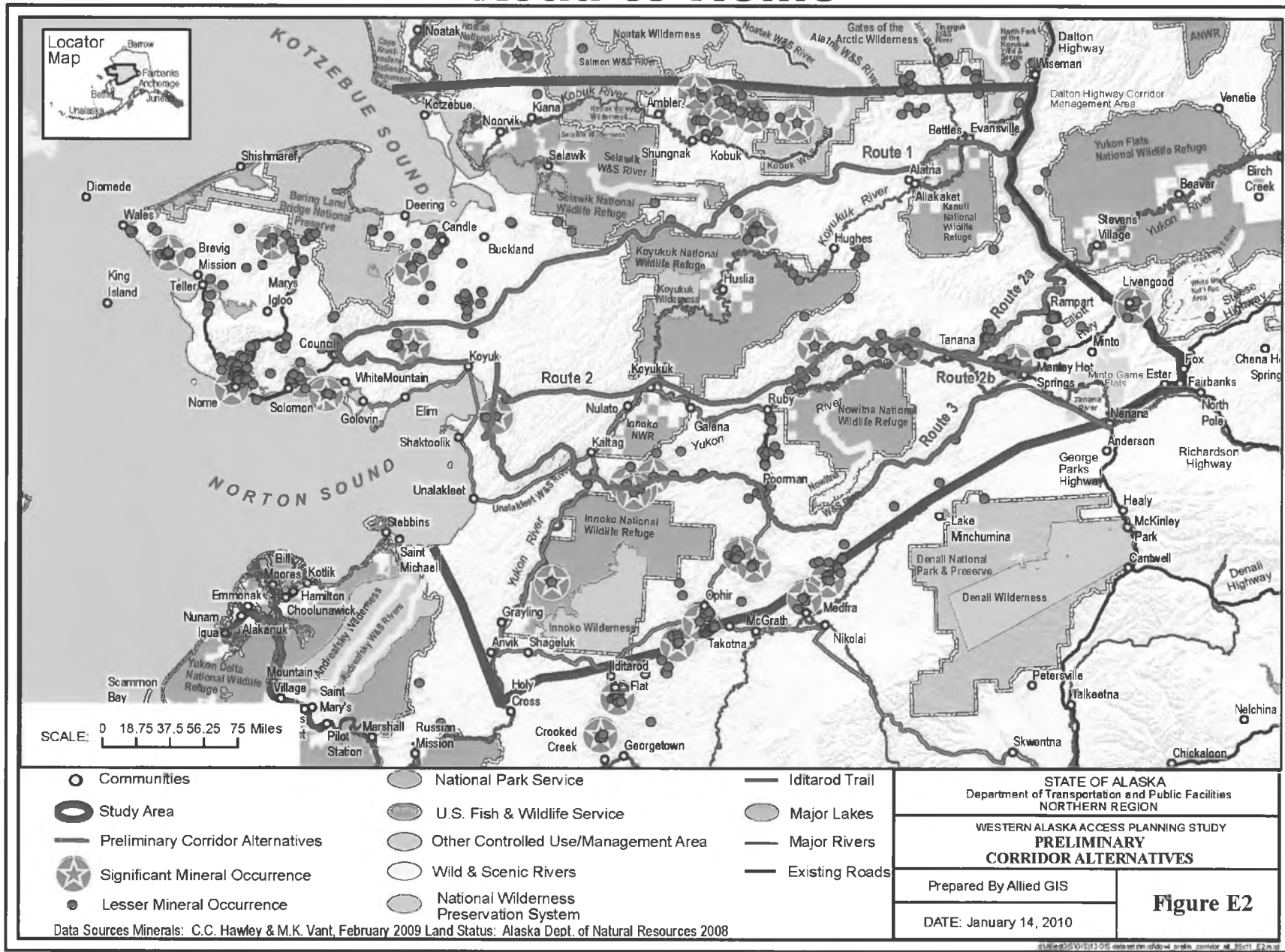


Ambler Mining District

- Contains over 120 million tons: Cu, Zn, Pb, Ag, Au resources
- Upside exploration potential is outstanding
- Ongoing active exploration in district
- Development of Arctic deposit would create over 300 direct jobs for Nova Gold proposal
- FY12 Funding request will provide detailed subsistence studies and research with communities in region to be used for corridor selection and refinement



Road to Nome



Road to Nome

- Long term project to access resources and connect communities to Alaska's highway system
- Fund & develop in phases because of independent utility
- Benefits commerce to all of western Alaska
- FY12 Funding request will be for survey, mapping and refined cost estimates





Other Potential Projects

- Site access to Niblack Copper and Bokan Mtn. - rare earth element deposits on Prince of Wales Island
- Flat mining district in Upper Kuskokwim
- Nixon Fork Mine
- Pebble – Cu, Au
- Donlin Creek – Au
- Chuitna – Coal
- Deadfall Syncline – Coal
- Man – Cu, Ni, PGE
- Others



Capital Needs For FY12

- **Roads to Resources:**
 - Foothills West Access - \$8 M
 - Ambler - \$1.25 M
 - Western Alaska Access - \$1.25 M



Why General Funds

- **General funds provide:**
 - Most flexibility – usually only one NEPA process
 - Leverage other funding sources
 - Opportunities for Public-Private Partnerships



Benefits Summary

- Umiat access will put oil into TAPS
- Ambler Mining District access will allow for development of world class Cu, Zn, Pb, Au, Ag sulfide deposits
- Western Alaska Access will allow connectivity for mineralized areas along the corridor
- Projects will provide jobs and expansion of local economies

Senate Finance Committee,

Please use this set of questions during the Department of Transportation's presentation on the Roads to Resources hearing on Thursday, March 31. Many communities in the area of the proposed road to Umiat have brought concerns and questions to the DOT. We look forward to the DOT's presentation, and hope these following questions are addressed:

1. Will there be more public participation in the DOT process to come?
2. Will comments raised in past public hearings in Anaktuvuk Pass, Nuiqsut, and Barrow be addressed and relayed back to the communities? If so, how?
3. What is the proposed timeline for the \$8 million included in Governor Parnell's fiscal year 2012 Capital Budget? Is there a timeline DOT is currently working under for this road project?
4. Why was the Galbraith route selected as the preferred alternative? Which alternative route might have the least impact on subsistence activities and harvests?
5. Each proposed route for the road to Umiat cross critical migratory corridors for Central Arctic Caribou Herd (CAH) and at times the Teshekpuk Caribou Herd (TCH) and the Western Arctic Herd (WAH). Subsistence harvest of caribou is critical to physical, cultural, and spiritual health of numerous Alaska Native communities. How have roads and resource development projects throughout the state impacted caribou migration routes?
6. Communities also rely on the harvest of furbearers and other migratory and resident fish and game resources.
7. Will the road be opened to the public? Because funding for the road is from the State, might we encounter a similar situation like the Haul Road where it was private for some time and then finally opened to the public?
8. A public road can increase sport hunters as well as create public access to the Colville River and other rivers important to subsistence activities and harvests. Are there plans to keep hunting a certain distance from the road?
9. An increase of sport hunting of caribou may increase the resources and staff needed for the management of the wildlife. Is there a plan to fund these needs?
10. What is the long-term plan for funding the road and maintaining it?

Anaktuvuk Pass

Naqsrarmiut Tribal Council

P.O. Box 21065, Anaktuvuk Pass, Alaska 99721

4/31/2011

RESOLUTION NO. 2011-02

A RESOLUTION OF THE NAQSRAGMIUT TRIBAL COUNCIL AND NAQSRAGMIUT TRIBAL RESIDENTS OPPOSING COAL DEVELOPMENT IN THE NANUSHUK AREA.

WHEREAS: the Naqsrarmiut Tribal Council is the federally recognized tribal government for the village of Anaktuvuk Pass, and

WHEREAS: the Naqsrarmiut Tribal Council seeks to accurately represent the concerns of the tribe, and

WHEREAS: the Naqsrarmiut Tribal Council has determined that tribal residents have long depended on, and will continue to depend on, the caribou, fish, edible plants, moose, bear and clean air and water found in the Nanushuk Area for their subsistence and traditional way of life, and

WHEREAS: the Naqsrarmiut Tribal Council has determined that development of coal resources, including the development of an open pit mine, subsurface mine, underground coal gasification or any associated infrastructure, will have considerable adverse effects on the quality of life enjoyed by tribal residents, the subsistence and traditional lifestyle, the social well-being of the community, and the local and regional water resources, and

WHEREAS: the Naqsrarmiut Tribal Council has determined that tribal residents overwhelmingly oppose any proposed coal mining developments, and

WHEREAS: the Naqsrarmiut Tribal Council has determined that even if any proposed mining developments are permitted to move forward by state or federal process, the Tribal Council will stand firm in its commitment to represent these tribal concerns and ensure that all measures are taken by any participating mining companies and responsible state and federal agencies to avoid and mitigate any impacts to the Tribe's subsistence and traditional way of life,

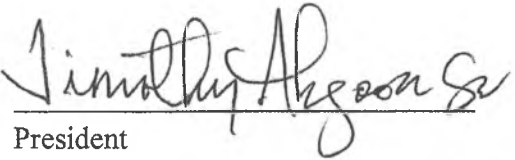
NOW THEREFORE BE IT RESOLVED: that because of the potential damage to the environment, potential threat to cultural heritage, potential disruption to the subsistence lifestyle as we know it, the Naqsrarmiut Tribal Council hereby strongly opposes the development of any open pit coal mine, subsurface coal mine, underground coal gasification or any other coal development activities in the Nanushuk Area.

BE IT FURTHER RESOLVED: that the Naqsrarmiut Tribal Council requests that the Governor of the State of Alaska and his administration halt all plans to develop coal in the Nanushuk Area.

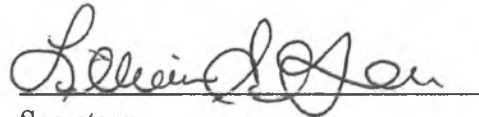
BE IT FURTHER RESOLVED: that the Naqragmiut Tribal Council will do all that it can to preserve our subsistence and traditional way of life for current and future generations by opposing coal development.

CERTIFICATION: The foregoing resolution was duly adopted at the official meeting of the Naqragmiut Tribal Council this 31 day of January 2011, at which a quorum of tribal residents eligible to vote was present. This resolution supersedes any resolution which may have been passed on this issue.

ATTEST:



President
Naqragmiut Tribal Council



Secretary
Naqragmiut Tribal Council



**North Slope Borough
Fish and Game Management Committee
Barrow, Alaska**

January 14, 2010

RESOLUTION 2010-01

**A RESOLUTION OPPOSING CONSTRUCTION OF AN INDUSTRIAL
ROAD FROM THE JAMES DALTON HIGHWAY TO THE GUBIK
NATURAL GAS FIELD AND UMIAT OIL FIELD**

WHEREAS, Alaska Governor Sean Parnell announced in December 2009 a transportation plan to build a four-season gravel road from the James Dalton Highway to the Gubik gas complex and beyond to the Umiat oil field; and

WHEREAS, Governor Parnell's budget for Fiscal Year 2011 will include \$8 million for the Department of Transportation and Public Facilities to aggressively pursue permitting to build the road; and

WHEREAS, current cost estimates to complete the project would be approximately \$350 million; and

WHEREAS, state transportation planners have preliminarily proposed three alternate routes for the planned road; and

WHEREAS, each of the three proposed alternate routes serves as a critical migratory corridor for the Central Arctic Caribou Herd (CAH) and at times for the Teshekpuk Caribou Herd (TCH) and Western Arctic Herd (WAH); and

WHEREAS, the subsistence harvest of caribou from the CAH, TCH, and WAH is critical to the physical cultural, and spiritual health of the residents of numerous Alaska Native communities within the region; and

WHEREAS, these communities also rely heavily on the harvest of furbearers and other migratory and resident fish and game resources beyond caribou; and

WHEREAS, the example of the forced opening of the James Dalton Highway to public access would seem to indicate that the proposed road would also have to be open to public access if constructed with public funds; and

WHEREAS, the proposed road would therefore allow increased sport hunter and other public access to the surrounding land, the Colville River area, and other river systems critical to regional subsistence activities and harvests; and

WHEREAS, increased access for urban hunters and sport hunters would impact the true subsistence harvest of caribou, furbearers, and other resources critical to full-time North Slope residents who depend most directly on these resources; and

WHEREAS, increased sport hunter access via the proposed road would result in increased hunting pressure on the Central Arctic, Teshekpuk, and Western Arctic Caribou Herds, the management of which have required the commitment of considerable staff and financial resources from numerous agencies and private entities; and

WHEREAS, far more intensive management and oversight of these herds would be required, along with an associated commitment of substantial additional financial resources, if the road is constructed and public access is permitted; and

WHEREAS, with a declining budget and no mandate or direct management authority over any of the wildlife resources involved, the North Slope Borough would be hard-pressed to commit to any financial role in the intensified fish and game management and monitoring that would be required upon construction of road; and

WHEREAS, it is also relevant that pending House Bill 267 would allow the use of snow machines in the Dalton Highway Corridor (Corridor) that extends for five miles on either side of the James Dalton Highway (Highway), and is presently closed to travel by motorized vehicles; and

WHEREAS, if House Bill 267 becomes law, greater access to the Corridor would further tax the already strained ability of state law enforcement to protect both the public and its resources at large given that the lone trooper seasonally stationed in Coldfoot already must patrol an area larger in size than many of the Lower 48 states; and

WHEREAS, greater access off the Highway and the lure of access along the proposed road would certainly increase the traffic on the Highway, with commensurate increased needs for sanitary facilities, signage, air-based search and rescue and other emergency response capabilities, many which would likely be borne by the North Slope Borough; and

WHEREAS, increased public traffic would mean increased risks to the industrial traffic that is necessary to maintain the smooth and uninterrupted operation of oilfields that are the economic assets of the state; and

WHEREAS, North Slope communities are already experiencing, and are likely to increasingly see, cumulative impacts associated with industrial expansion in both onshore and offshore areas, and a variety of pressures associated with ecological changes resulting from arctic warming, and changing wildlife numbers and distributions.

NOW, THEREFORE BE IT RESOLVED, that the North Slope Borough Fish and Game Management Committee strongly opposes the construction of a road from the James Dalton Highway to the Gubik Natural Gas Field and the Umiat Oil Field.

ADOPTED by a duly called quorum of the North Slope Borough Fish & Game Management Committee at Barrow, Alaska on this 14th day of January 2010.

Enoch Oktolik 1-14-2010
Enoch Oktolik, Chairman Date

Michael Pederson 01.14.2010
Michael Pederson, Executive Manager Date

Anaktuvuk Pass

Naqsrarmiut Tribal Council

P.O. Box 21065, Anaktuvuk Pass, Alaska 99721

February 3, 2011

Governor Sean Parnell
State of Alaska
PO Box 110001
Juneau, AK 99811

Re: Resolution of the Naqsrarmiut Tribal Council Opposing Coal Development in the Nanushuk Area

Dear Governor Parnell,

The Naqsrarmiut Tribal Council respectfully requests that the State of Alaska halt all plans for the permitting and development of coal resources in or near the Nanushuk Area. As the federally recognized tribal government for the Village of Anaktuvuk Pass, the Naqsrarmiut Tribal Council has the best interest of the people at heart.

The Village of Anaktuvuk Pass is located a mere 35 miles south-southwest of the proposed Nanushuk coal prospecting permits. Village residents have long depended on, and will continue to depend on, the rich subsistence resources found in the Nanushuk Area to support their traditional lifestyle and cultural heritage. Caribou, fish, edible plants, moose, bear, and clean air and water found in the Nanushuk Area all play key roles in maintaining the quality of life enjoyed by tribal residents and the social well-being of the community. It is in the best interest of the people to protect these important subsistence and cultural resources for current and future generations.

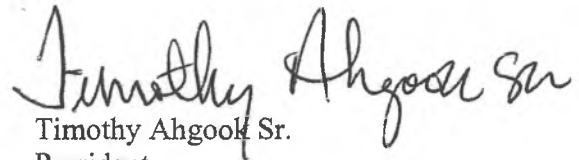
The proposed Nanushuk coal prospecting permits would be the first step toward coal exploration and development activities on over 116,000 acres of important subsistence lands. If issued, these permits would risk untold harm to local communities, our cultural heritage and the historic and cultural uses of the land. Coal prospecting and its related activities are not compatible with ongoing uses of the land. Because of the potential damage to the environment, and the threat coal development would pose to our culture and lifestyle, tribal residents overwhelmingly oppose the proposed coal prospecting permits.

The Naqsrarmiut Tribal Council is determined to stand firm in its commitment to the people and represent the people's interests by strongly opposing any coal permits, leases or other coal-related activities in the Nanushuk Area. With the best interests of the people in mind, on January 31, 2011, the Naqsrarmiut Tribal Council adopted the appended resolution. It expresses the will of the people to protect subsistence and cultural uses of the Nanushuk Area and calls on the State to halt all plans to issue coal permits or otherwise authorize coal-related activities in the Nanushuk Area. We respectfully request that you honor the best interests of the people by not

issuing the Nanushuk coal prospecting permits and halting all plans for the leasing, exploration or development of coal resources in the Nanushuk Area.

Thank you for your attention to this important matter. We look forward to hearing from you and hope your office and the State of Alaska will halt all plans to develop coal in the Nanushuk Area.

Sincerely,



Timothy Ahgook Sr.
President
Naqsrarmiut Tribal Council

cc: Senator Mark Begich, United States Senate
Senator Lisa Murkowski, United States Senate
Mayor Edward s. Itta, North Slope Borough
President Doreen Lampe, Inupiat Community of the Arctic Slope
Mayor Esther Hugo, City of Anaktuvuk Pass
Commissioner Daniel S. Sullivan, Alaska DNR

Enclosure: Naqsrarmiut Tribal Council Resolution No. 2011-02

Project Review Listing
FY2012 Governor Amended

Transportation Only

Department of Transportation and Public Facilities

<u>iNum</u>	<u>AP/AL</u>	<u>Project Title</u>		<u>Fund Source</u>	<u>Total</u>
51721 p1	AP	Ward Cove Improvement - Alaska Marine Highway System			
			1140	AIDEA Div	\$3,400,000
50745 p3	AP	Alaska Marine Highway System: Vessel and Terminal Overhaul and Rehabilitation			
			1004	Gen Fund	\$8,000,000
49780 p6	AP	Municipal Harbor Facility Grant Fund (AS 29.60.800)			
			1003	G/F Match	\$5,000,000
46338 p8	AP	Infrastructure and Erosion Control Design and Environmental Permitting			
			1004	Gen Fund	\$300,000
50767 p9	AP	Statewide: Rural Airport Emergency Medical Evacuation Lights – Battery Replacement			
			1004	Gen Fund	\$46,000
48941 p11 *	AP	Roads to Resources			
			1140	AIDEA Div	\$10,500,000
50844 p12	AL	Foothills West			
			1140	AIDEA Div	\$8,000,000
51748 p14	AL	Roads to Resources - Ambler			
			1140	AIDEA Div	\$1,250,000
50843 p16	AL	Western Access Project			
			1140	AIDEA Div	\$1,250,000
50770 p17-1	AP	Arctic Ports Study			
			1002	Fed Rcpts	0
			1004	Gen Fund	\$972,000
30648 p18	AP	MH: Coordinated Transportation and Vehicles			
			1037	GF/MH	\$800,000
			1092	MHTAAR	\$250,000
48926 p20 *	AP	Highways and Facilities			
			1004	Gen Fund	\$1,550,000
			1026	Hwy Capitl	\$18,322,600
			1061	CIP Rcpts	\$1,500,000
6391 p21	AL	Americans with Disabilities Act Compliance Projects			
			1004	Gen Fund	\$500,000
32534 p22	AL	Capital Improvement Program Equipment Replacement			
			1061	CIP Rcpts	\$1,500,000
50803 p23	AL	Material Site Mining Plans			
			1004	Gen Fund	\$200,000
50784 p24	AL	Northern Region: Material Site Reconnaissance			
			1004	Gen Fund	\$500,000
30628 p25	AL	State Equipment Fleet Replacement			
			1026	Hwy Capitl	\$18,322,600

* Indicates an appropriation with allocations (amounts not included in totals)

Roads to Resources

FY2012 Request: \$10,500,000
Reference No: 48941

AP/AL: Appropriation with Allocations

Project Type: Construction

Category: Transportation

Location: Statewide

Contact: Frank Richards

House District: Statewide (HD 1-40)

Contact Phone: (907)465-3900

Estimated Project Dates: 07/01/2011 - 06/30/2016

Brief Summary and Statement of Need:

Capital requests in support of the Roads to Resources program.

Funding:	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Total
AIDEA Div	\$10,500,000						\$10,500,000
Gen Fund		\$15,000,000	\$90,600,000	\$108,000,000	\$112,320,000	\$32,448,000	\$358,368,000
Total:	\$10,500,000	\$15,000,000	\$90,600,000	\$108,000,000	\$112,320,000	\$32,448,000	\$368,868,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

AP/AL: Allocation

Project Type: Construction

Category: Transportation

Location: Ambler

Contact: Frank Richards, Deputy Commissioner

House District: Arctic (HD 40)

Contact Phone: (907)465-3900

Estimated Project Dates: 07/01/2011 - 06/30/2016

Appropriation: Roads to Resources

Brief Summary and Statement of Need:

The Foothills West Transportation Access project proposes to construct a road from the Dalton Highway to Umiat. The purpose of the Foothills West Transportation Access Project is to provide access to oil and gas resources both along the northwestern foothills of the Brooks Range and within the National Petroleum Reserve- Alaska (NPRA). The road would provide both exploration and development opportunities for the area as well as facilitate a more economically feasible NPRA development. This second installment will complete the environmental impact survey (EIS).

Funding:	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Total
AIDEA Div	\$8,000,000						\$8,000,000
Gen Fund			\$75,000,000	\$78,000,000	\$81,120,000		\$234,120,000
Total:	\$8,000,000	\$0	\$75,000,000	\$78,000,000	\$81,120,000	\$0	\$242,120,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input checked="" type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

\$8,000,000 - Ch 43 SLA 2010 Sec 7 Pg 38 Ln 15; \$4,000,000 - Ch 3 SLA 2005 Sec 58 Pg 136 Ln 28; \$5,119,971 - Ch 159 SLA 2004 Sec 1 Pg 48 Ln 17.

Project Description/Justification:

The current project is being proposed as multi phased. The first phase of the project would construct an approximately 85 mile long all season road to the Gubik Gas Fields vicinity, in order to capitalize on potential exploration and development within the project study area. The second phase would continue the construction of the road for an additional 15 miles to Umiat, and would include a bridge across the Colville River. This second phase would achieve a long term goal of all season access to the National Petroleum Reserve – Alaska.

During the summer of 2009 DOT&PF performed and contracted for engineering and environmental studies of potential road corridors within the project study area. Preliminary assessments resulted in studies focusing on a potential road corridor from the Galbraith Lake area to Umiat. Subsequent engineering field studies focused on collecting the following information: imagery and survey data; hydrology data along the Ikillik, Anaktuvuk, and Chandler rivers; geotechnical data focusing on potential material sites within the corridor; and the potential road alignment routing options within the

corridor. Environmental studies were also conducted within the project corridor and focused on baseline wetlands mapping, fish and wildlife species and habitats, cultural and archeological resources, and identifying subsistence resources and use patterns. Fieldwork continues in 2010, focusing on environmental baseline studies in preparation to begin the formal NEPA documentation process.

Previous funding for the project is \$17,119,971. The requested funding will be used to advance the project through the preliminary engineering phase and produce an environmental impact statement (EIS). This project has the potential to create numerous private sector jobs in the oil and gas industry. Future maintenance costs will depend on how the project is developed (public highway, public-private partnership, private transportation facility).

Western Access Project

FY2012 Request: \$1,250,000
Reference No: 50843

AP/AL: Allocation

Project Type: Research / Studies / Planning

Category: Transportation

Location: Nome

Contact: Frank Richards, Deputy Commissioner

House District: Bering Straits (HD 39)

Contact Phone: (907)465-3900

Estimated Project Dates: 07/01/2011 - 06/30/2016

Appropriation: Roads to Resources

Brief Summary and Statement of Need:

The Western Alaska Access Study Project (WAASP) will continue the development of a transportation corridor connecting the existing road system with the Nome area road system. The project would provide economic development opportunities, create jobs and lower the cost of living for the residents of western Alaska.

Funding:	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Total
AIDEA Div	\$1,250,000						\$1,250,000
Gen Fund		\$15,000,000	\$15,600,000	\$30,000,000	\$31,200,000	\$32,448,000	\$124,248,000
Total:	\$1,250,000	\$15,000,000	\$15,600,000	\$30,000,000	\$31,200,000	\$32,448,000	\$125,498,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input checked="" type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

\$1,000,000 - Ch 43 SLA 2010 Sec 7 Pg 38 Ln 18; \$1,000,000 - Ch 82 SLA 2006 Sec 1 Pg 108 Ln 11.

Project Description/Justification:

The current study is analyzing road corridors from the contiguous highway to the Seward Peninsula. The requested funding will be used to continue the project to the preliminary engineering phase. Operating cost estimates were derived from the existing costs to maintain the Dalton Highway, a similar type of roadway. Additional highway maintenance staff would have to be hired to maintain the facility.

Corridor Planning Report was completed January 2010 and DOT&PF is moving into the next stages of the project to obtain broad public input on the alternatives considered in the WAAPS Corridor Planning Report, conduct additional limited analysis of selective new options proposed or refinements of existing options proposed during the public review, and identify a proposed staging plan and alternative construction techniques.

The current estimate of this phase of the project is \$5,000,000. This project funding would advance crucial elements of work to proceed beyond the current Western Access Planning Study to the preliminary engineering phase. Additional work would include advanced field engineering analysis

Western Access Project

FY2012 Request: \$1,250,000

Reference No: 50843

such as detailed construction recommendations, satellite imagery, GIS work, necessary advanced field studies, in-depth cost estimates, and earlier development of permits.

Roads to Resources Historical Funding / Expenditures

Exp/Enc as of 3/7/2011

Appropriation	Project Name	Federal	State	Total	Expended	Encumbered	Unobligated	
							Balance	Project Work
Chapter 82, SLA 03, page 36, line 11	Industrial Development Roads		5,000.0	5,000.0	5,000.0	-		Bradfield Corridor Economic Study; Juneau Cascade Point road; Colville River Road; Northwest Alaska Transportation Plan; North Slope Oilfield Roads, etc.
Chapter 159, SLA 04, page 48, line 17	Industrial Road Program	9,000.0	8,000.0	17,000.0	8,000.0	-		Bullen Point Road, Colville River Road, Northwest AK Transportation Plan
Chapter 3, FSSLA 05, page 136, line 25	Industrial Roads - \$3 million allocation; NS Foothills West Road EIS \$4 million*		6,196.3	6,196.3	6,125.2	-	71.1	Northwest AK Transportation Plan, Gas Pipeline Highway Use Agreement, Juneau Kensington Mine Access, Delong Mountain Port Expansion, Bostwick Logging Road Construction, etc.
Chapter 82, SLA 06, page 108, line 11	Roads to Resources		12,000.0	12,000.0	10,889.9	1,100.6	9.5	Circle Mining District, Elliott Highway Washington Creek Bridge, Ruby to Poorman, Ketchikan to Shelter Cove, Hoonah to Tenakee Inlet Road, Western Alaska Access Planning Study Gas Pipeline Logistics, PPP Model - Sierra Yoyo Review (Foothills), etc.
Chapter 29, SLA 08, page 78, line 9	Resource Development Roads (ED 1-40)		3,000.0	3,000.0	1,042.4		1,957.6	Akutan Airport Access Road Project
Chapter 43, SLA 10, page 38, line 12	Ambler Mining District Access - Planning, Design and Engineering		4,000.0	4,000.0	97.6	3,902.4	-	

Appropriation	Project Name	Federal	State	Total	Expended	Encumbered	Unobligated	
							Balance	Project Work
Chapter 43, SLA 10, page 38, line 15	Foothills West Access - Planning, Design and Engineering		8,000.0	8,000.0	4,410.0	3,590.0	-	Multi-Modal Transportation Access
Chapter 43, SLA 10, page 38, line 18	Roads to Resources Western Access Project Phase I		1,000.0	1,000.0	226.8	773.2	-	Planning Study
Totals		9,000.0	47,196.3	56,196.3	35,791.9	9,366.2	2,038.2	

<i>FY2012 Request</i>	<i>Roads to Resources</i>	<i>GF/State</i>	<i>Total</i>
	Foothills West	8,000.0	8,000.0
	Ambler Mining District	1,250.0	1,250.0
	Western Access Project	1,250.0	1,250.0
	FY12 Request Total	- 10,500.0	10,500.0

Summary of Projects Funded with Industrial Roads / Roads to Resources Appropriations

82/03/36/11

GF	AR	LL AR	Authorized	AR Expend	Unob Bal	Encumb	PJ Expend	Project	Brief Description of Work (blue denotes construction related).
60788-10	63766-10		5,000,000.00	5,000,000.00	0.00	0.00	5,000,000.00	State	
							400,000.00	PJ 56667 Pile Bay Road	Recon study for Port/Road
							97,097.74	PJ 67480 WRG Bradfield Corridor Economic Study	Economic Study
							1,099,046.88	PJ 67471 Cascade Point Road	Engineering/Consultant time
							678,998.39	PJ 74320 NW/Arctic Transportation Plan	Planning
							642,676.61	PJ 75960 North Slope Oilfield Roads	Planning & design.
							321,001.61	PJ 75967 Pebble Copper Reconnaissance Study	Planning/Study
							1,607,321.61	PJ 60445 Colville River Road	Recon Study to access NRPA
							11,441.39	PJ 76228 Gas Pipeline Highway Use Agreement	Prep Agreement
							70,000.00	PJ 76772 Steese Hwy MP 146 Birch Creek Erosion	Reconstruction embankment
							72,415.77	PJ 62210 Foothills West Multi-Modal Transp Access	Prelim engineering and environmental work.

159/04/48/17

GF	AR	LL AR	Authorized	AR Expend	Unob Bal	Encumb	PJ Expend	Project	Brief Description of Work (blue denotes construction related).
64448-10	60697-10		8,000,000.00	8,000,000.00	0.00		8,000,000.00	State	
							559,915.08	PJ 60445 Colville River Road	Recon Study to Access NRPA
							5,900,000.00	PJ 60837 Bullen Point Road	(Pt. Thompson) Recon Study
							150,000.00	PJ 68311 KLW Airport Fill	Haul sawdust to airport for sawmill operation
							1,000,000.00	PJ 74320 NW/Arctic Transportation Plan	Planning
							390,084.92	PJ 62210 Foothills West Multi-Modal Transp Access	Continue environmental and preliminary engineering studies

3/05/136/25

ACI	AR	LL AR	Authorized	AR Expend	Unob Bal	Encumb	PJ Expend	Project	Brief Description of Work (blue denotes construction related).
58789-11	60039-11		6,196,278.00	6,125,196.93	71,081.07	0.00	6,125,196.93	Alaska Capital Income Fund	
							128,918.93	PJ 74320 Northwest Alaska Transportation Plan	Planning
							1,099,985.17	PJ 68887 JNU Kensington Mine Access	Improve Access Road to Kensington Road / public access
							1,246,800.00	PJ 76372 Bostwick Logging Road Construction	RSAs w/DNR for Bridge Access
							475,470.43	PJ 65984 Glacier Creek Road	Pre-construction: Realignment of Glacier Creek Road connecting the Home-Teller Hwy
							0.00	PJ 76236 Gas Pipeline Highway Use Agreement (FFY06/07 STWD Long Range Trans Plan)	SW Planning
							60,000.00	PJ 68311 KLW Airport Fill	Sawdust Fill
							51,279.10	PJ 61922 Delong Mountain Port Expansion	
							14,574.00	PJ 76379 Transportation Infrastructure Study Update	Modify and build upon the Rise Transportation Study (focusing on an update and refinement of the D1 (Dalton Hwy) segment.
							3,048,169.30	PJ 62210 Foothills West Multi-Modal Transp Access	Preliminary engineering and environmental work.

82/06/108/11

GF	AR	LL AR	Authorized	AR Expend	Unob Bal	Encumb	PJ Expend	Project	Brief Description of Work (blue denotes construction related).
60294-11	60441-11		12,000,000.00	10,889,932.43	9,471.04	1,100,596.53	10,889,932.43	General Fund	
						217,751.87	217,751.87	PJ 53039 Pile Bay Road 06 M&O Repairs	Not available at this time.
						400,000.00	386,255.37	PJ 50808 Petersville Road Repairs MP 18-36 ph 2	Repairs - placement of reinforced embankment, drainage modification and improvement, brush cutting and material site development.
						2,380,870.92	2,380,870.92	PJ 61069 Elliott Highway Washington Creek Bridge ph4	Replace bridge #83 and approaches.
						50,000.00	50,000.00	PJ 76738 Tofly Road	Not available at this time.
						92,802.57	92,802.57	PJ 76736 Ruby to Poorman	Surface and road drainage repairs; improve access to mining property.
						49,998.38	49,998.38	PJ 76734 Circle Mining District	Replaced culverts to enhance mining property
						597,856.79	597,856.79	PJ 76772 Steese Hwy MP 146 Birch Creek Erosion PH2	Reconstruct embankment to original alignment and armor approx 1,550 feet of embankment with riprap.
						90,000.00	90,000.00	PJ 76809 Taylor Creek Bridge Repairs	Conduct repairs to bridge to allow increased loads; removing and replacing stringers and decking.
						199,994.45	199,994.45	PJ 76819 Steese Highway Improvements	MP 81-126 road improvements, i.e. dust control, shoulder, ditch and drainage improvements, brush cutting, sign replacement, and minor guardrail repairs.
						800,000.00	800,000.00	PJ 68405 Ketchikan to Shelter Cove	Prelim engineer for 11 new miles - surveying and environmental costs.
						900,000.00	604,403.21	PJ 68426 Kake to Petersburg Road	Prelim engineer for 51 new miles of Island collector road
						671,271.47	671,271.47	PJ 76372 Shirley Towne Bridge / Bostwik Logging Road	Construction - access; logging road.
						643,759.96	31,655.86	PJ 79468 Bostwick #2 Timber Access Road	Construct approx two miles of road to access additional MMBG of timber and provide for purchase and installation of 80 foot modular bridge over Bostwick Creek.
						187,822.21	187,822.21	PJ 79470 Willer-Kash Road	Rehabilitate 6.6 miles of road in the Willow Management Area; install a modular bridge; improve drivability.
						200,000.00	135,812.56	PJ 69149 HNH to Tenakee Inlet Road	Evaluate three mile GAP between Hoonah and Tenakee Inlet Roads for most feasible roadway corridor to link segments.
						534,776.11	472,639.84	PJ 59007 WILLOW FISHOOK RD IM MP 34-39	Primarily construction and utility phase funding to extend roadway surfacing on Hatcher Pass Road.
						26,000.00	19,536.31	PJ 76379 Transportation Infrastructure Study Update	Continued refinement of study.
						1,000,000.00	1,000,000.00	PJ 60800 Western Alaska Access Planning Study	Planning
						50,000.00	26,350.85	PJ 80180 Gas Pipeline Logistics	Planning
						100,000.00	83,322.55	PJ 80186 Gas Pipeline ROW Corridor Mapping	Mapping of ROW

166,323.00	163,708.33	PJ 51905 Shirley Town Drive Improvements	Construction; utility work
0.00	0.00	PJ 80304 Shirley Towne Drive - Willier Kash Rd	Construction : upgrade and pave (2,000 LF) between Willow Fishhook to Willier Kash Road/West Kenny Blvd.
22,000.00	18,577.66	PJ 80324 PPP Model - Sierra Yoyo review (foothills)	Planning: desk review; telephone consultations on BC - product to be briefing paper.
2,609,301.23	2,609,301.23	PJ 62210 Foothills West Multi-Modal Transp Access	Preliminary engineering / environmental

29/08/78/9

GF	AR	LL AR	Authorized	AR Expend	Unob Bal	Encumb	PJ Expend	Project	Brief Description of Work (blue denotes construction related).
62143-12		62144-12	3,000,000.00	0.00	3,000,000.00	0.00		General Fund	
					-1,042,400.00			Akutan Airport Access Road project	Design/Build construction administration and mobilization for airport and hovercraft ramp work.
					1,957,600.00				Remaining balance will undergo internal review for future project funding needs; and ultimately could be part of the new charette process.

43/10/38/12

Ambler Mining District Access - Planning, Design and Engin

GF	AR	LL AR	Authorized	AR Expend	Unob Bal	Encumb	PJ Expend	Project	Brief Description of Work (blue denotes construction related).
65469-17		65470-17	4,000,000.00	97,640.54	0.00	3,902,359.46			
						4,000,000.00	4,000,000.00	PJ 63812 Ambler Mining District Access	\$4 million work items: Facilitate environmental and engineering studies related to subsistence activities in the region, and to specifically address these activities related to acquiring community support for this project. During initial scoping activities with local governments, maintaining traditional use of the land related to subsistence has been identified as a critical project issue.

43/10/38/15

Foothills West Access - Planning, Design and Engineering

GF	AR	LL AR	Authorized	AR Expend	Unob Bal	Encumb	PJ Expend	Project	Brief Description of Work (blue denotes construction related).
65471-17		65472-17	8,000,000.00	4,409,987.87	0.00	3,590,012.13			
						8,000,000.00	8,000,000.00	PJ 62210 Foothills West Multi-Modal Transp Access	\$8 million work items: Environmental baseline studies \$3,153.5; Prelim engineering; UAF Hydro Proposal \$1,257.6; Geotechnical work \$300.0; survey program \$75.0; fieldwork logistics \$2,413.9. Additional work in some of the above areas, and 3rd party environmental contract \$500.0 with encumbered funds.

43/10/38/18

Roads to Resources Western Access Project Phase 1

GF	AR	LL AR	Authorized	AR Expend	Unob Bal	Encumb	PJ Expend	Project	Brief Description of Work (blue denotes construction related).
65473-17		65474-17	1,000,000.00	226,848.74	0.00	773,151.26			
						1,000,000.00	1,000,000.00	PJ 60800 Western Alaska Access Planning Study	Planning and economic analysis of alternatives for transportation corridors between central Alaska and the Seward Peninsula.

Prepared by DOT

R:\budget\Legislative & Misc Responses-Requests for Information\Roads to Resources Summary.xls R2R \$Fin follow-up

Department of Transportation & Public Facilities
Responses to Roads to Resources Overview Questions at
Senate Finance 3/31/11

Dated 4/6/11

In response to questioned posed by Senate Finance Committee members during the Department of Transportation & Public Facilities Overview on Roads to Resources projects and FY12 capital budget requests, the following information is provided.

- *Why are Maintenance and Operating (M&O) costs not included in the scoring matrix example on page 8 of the handout, or in the FY2012 project back-up?*

As discussed at the hearing, the scoring matrix provided in the handout is a starting point for discussion, and the department agrees that it will be important to include an estimate of future ongoing M&O costs; however, at this time project funding is focusing on the planning and EIS stages. An EIS will impact any future cost calculations for design, construction, and ongoing maintenance and operations. Lastly, it is the intent of this program to have toll revenues paid by industrial users to fund M&O annual costs.

- *How much of funding request is for Right-of-Way acquisition?*

None of the FY12 funding request is for Right of Way acquisition. The current focus of the projects is to perform enough engineering work to support the EIS and permitting. Included in the engineering work to support the EIS will be right of way base mapping which will describe property boundaries, easements, etc. From that mapping initial appraisal of properties can occur.

- *Who are the private landowners on the map on page 15 of handout (Road to Nome)?*

Landowners include state, federal, Doyon Ltd., Bering Straits, NANA, potential private ownership, and potential native allotments. Specific ownership information will take place after a corridor is selected for study. Again, accurate base mapping and title searches will be employed to determine accurate land ownership.

- *How much do corporations benefit from each phase?*

Corporation's benefits related to the construction of a road would include factors such as savings in exploration, development, and production cost due to transportation infrastructure being in place to support those actions. It is not possible to quantify how much each corporation will benefit, but it is our hope that road construction will affect their ability to start production is earlier which translates to jobs and state revenue. Lastly, it is the department's intent to recoup capital costs as the development realizes revenues.

- *Was there a public hearing in Anaktuvuk Pass? When and where?*

A formal public hearing has not yet taken place in Anaktuvuk Pass. This will occur in the scoping phase of the EIS for the Foothills West project, expected in June, 2011. Three informational meetings have been conducted by DOT&PF in Anaktuvuk Pass since January, 2009, relating specifically to the Foothills project. The dates of these meetings, as well as the meeting notes, are available on the project website: <http://foothillsroad.alaska.gov>.

- ***Provide a list of where and when public hearings on these proposals have taken place or planned.***

As described previously, no formal public hearings for these projects have taken place.

- A list of informational public meeting dates for the Foothills project is available on the project website at <http://foothillsroad.alaska.gov>. The Foothills meetings consisted of 3 rounds of public informational meetings at Anaktuvuk Pass, Nuiqsut, and Barrow.
- Informational public meetings related to the Ambler Mining District Access project have taken place at Ambler, Shungnak, and Kobuk in January, 2011.
- Informational public meetings for the Western Alaska Access Project have been held in most communities along the Yukon River Corridor between October 2010 and March 2011. A list of the community meetings and notes are available on the project's website: <http://www.dowlhkm.com/projects/westernalaskaaccess/Documents.htm>
- ***How were expenditures to-date spent in terms of actual construction work project(s), as opposed to planning, study, design, etc.?***

As presented at the hearing, earlier year appropriations for Industrial Development Roads were part of a prior Administration, and were not as focused on specific projects and/or areas as the funding requested in and appropriated in FY11 for Roads to Resources and the three FY12 funding requests for Roads to Resources. As a result, the expenditures for prior year projects include funding for a variety of projects as provided in Attachment # 1.

- ***How are amounts of prior year appropriations that are encumbered being spent or planned to be spent?***

The information below is provided as an update to the current Roads to Resources projects' FY2011 capital funding. See prior response and attachment for information on prior year appropriations.

Foothills West Transportation Access:

Foothills prior year encumbrances are dedicated to the following activities:

- On-going hydrology studies including 2011 spring break up and river gauging studies to be conducted in May, 2011 - \$1,303,000.
- Contract environmental 2010 field studies completing technical reporting activities in 2011 - \$1,075,000.
- Contract 3rd Party Environmental EIS work through EIS scoping - \$586,000.
- State agency coordination activities related to EIS development - \$37,000.

Total encumbrances (3/23/2011) - \$3,001,000.

All remaining encumbrances are funded by AR 65472 / LA Citation Ch 43/10/38/15.

Ambler Mining District Access:

Ambler prior year encumbrances are dedicated to ongoing route analysis office studies scheduled to be completed in May, 2011 - \$826,000.

Remaining encumbrances are funded by AR 65470 / LA Citation Ch 43/10/38/12.

Western Alaska Access:

Western Alaska Access Planning Study developed planning and economic analysis of alternatives for transportation corridors between central Alaska and the Seward Peninsula. Project completed in January of 2010 - \$1,000,000 Ch 82/06/108/11 (Industrial Roads)

Western Access Project Phase 1 includes public involvement, construction staging and funding alternatives which will be completed in May 2011- \$677,537 Ch 43/10/38/18 (Roads to Resources Western Access Project Phase 1).

The balance of this funding will be used for advanced route mapping, field studies, engineering analysis and implementation planning.

- ***Provide an overlay of map on page 15 of handout that shows where wells have been drilled, i.e. Renaissance, etc.***

In terms of drilled wells, the focus of the discussion was on the area of development by Renaissance Corp., which focused in the Foothills West area. The Foothills West slide is on slide 11 of the Roads to Resources handout provided to the committee. Please see Figure # 1, titled Exploratory Well Sites in the Vicinity of the Project Study Area, on page six of this document as an overlay to slide 11 for the Foothills West area.

The following questions were posed by Senator Olson in a handout during the committee meeting.

- ***Will there be more public participation in the DOT process to come?***

Yes, each of the projects will go through a rigorous public participation process as follows:

- The Foothills West project is beginning the formal EIS NEPA process. As part of this process the USACE will conduct formal scoping meetings and public hearings in Anaktuvuk Pass, Barrow, Nuiqsut, Fairbanks, and Anchorage. The scoping meetings are anticipated to occur in May-June 2011.
- The Ambler Mining District Access project will continue to conduct informal public informational meetings in the upper Kobuk communities of Ambler, Kobuk, and Shungnak in April/May 2011, and expand community outreach efforts as potential corridors are better defined.
- The Western Alaska Access project has conducted thirty public informational meetings in communities over the past several months. The public report will be available online in April 2011.

Everyone who provided contact information on the public meeting sign in sheets will be notified of the completion of the study and where the results can be found. There will be more publications, newsletters and visits dependant on which route is chosen.

- ***Will comments raised in past public hearings in Anaktuvuk Pass, Nuiqsut, and Barrow be addressed and relayed back to the communities? If so, how?***

There have been no formal public hearings to date. All comments raised in past public informational meetings are available on the project website: <http://foothillsroad.alaska.gov>. These comments will be considered in the development of project conceptual design elements, as well as brought forward in the project EIS to help better understand environmental impacts.

- ***What is the "proposed timeline for the \$8 million included in Governor Parnell's fiscal year 2012 Capital Budget? Is there a timeline DOT is currently working under for this road project?***

The \$8 million will fund environmental and preliminary engineering activities to allow for a completed EIS Record of Decision anticipated in the Spring of 2013. DOT&PF is working with the agencies to accelerate this schedule to Fall/Winter 2012. Once a Record of Decision and permits are in hand the department will vigorously pursue construction so that additional oil can be added to TAPS.

- ***Why was the Galbraith route selected as the preferred alternative? Which alternative route might have the least impact on subsistence activities and harvests?***

The Galbraith Route is considered the State of Alaska's recommended study area. The "preferred alternative" will be developed as part of the EIS process – expected to take between 18 and 24 months to complete. The State selected the Galbraith Route based on exploration potential in the Foothills region, as well as a variety of engineering and environmental factors (construction costs, avoidance of major watersheds, etc.). DOT&PF, through a Contractor, is currently completing 2 years of subsistence studies. The results of these studies will be available in May of 2011.

- ***Each proposed route for the road to Umiat. cross critical migratory corridors for, Central Arctic Caribou Herd (CAH) and at times the Teshekpuk Caribou Herd (TCH) and the Western Arctic Herd (WAH). Subsistence harvest of caribou is critical to physical, cultural, and spiritual health of numerous Alaska Native communities. How have roads and resource development projects throughout the state impacted caribou migration routes?***

Caribou migration routes and subsistence harvests will be analyzed in detail as part of the Foothills West EIS process. DOT&PF has provided detailed project information to, and solicited the expertise of, the Alaska Department of Fish and Game, the Western Arctic Caribou working group, the North Slope Borough Wildlife Division, and US Bureau of Land Management. The department does not have an exact number of roads in the state that have impacted migration routes but knows it is an extensive number and many highways have multiple crossings.

- ***Communities also rely on the harvest of furbearers and other migratory and resident fish and game resources.***

DOT&PF has put significant effort into subsistence studies to identify and better understand fish, game, and other subsistence resources. More information will be derived from social and environmental studies conducted as part of the EIS process.

- ***Will the road be opened to the public? Because funding for the road is from the State, might we encounter a similar situation like the Haul Road where it was private for some time and then finally opened to the public?***

DOT&PF is aware of the community concerns related to public access in this region. Public/Industry safety concerns in relation to an industrial use road will be further evaluated in the EIS process for this project. In very general terms the facility will not be open to the public until it is brought to a highway design standard. This is for safety reasons. The amount of time it would take to bring this highway to an acceptable safety standard will be a function of how quickly the developer brings their venture into production. For instance, the Umiat road may be opened in a quicker time frame because an oil line will need to be buried in a finished embankment.

- *A public road can increase sport hunters as well as create public access to the Colville River and other rivers important to subsistence activities and harvests. Are there plans to keep hunting a certain distance from the road?*

All state land in townships within the Umiat Meridian require a permit for motorized vehicle use, unless that use is for subsistence purposes or is on a graveled road. Additional evaluations of the Dalton Highway Corridor Management Area as related to road access will be conducted as part of this project. In addition, the impacts of hunting and public access to the Colville, and other rivers will be evaluated in the project's EIS process.

- *An increase of sport hunting of caribou may increase the resources and staff needed for the management of the wildlife. Is there a plan to fund these needs?*

The EIS will thoroughly discuss the wildlife management needs, the potential for more protection, subsistence uses and all other aspects of game management. This information will be used by other agency staff to consider environmental mitigation.

- *What is the long-term plan for funding the road and maintaining it?*

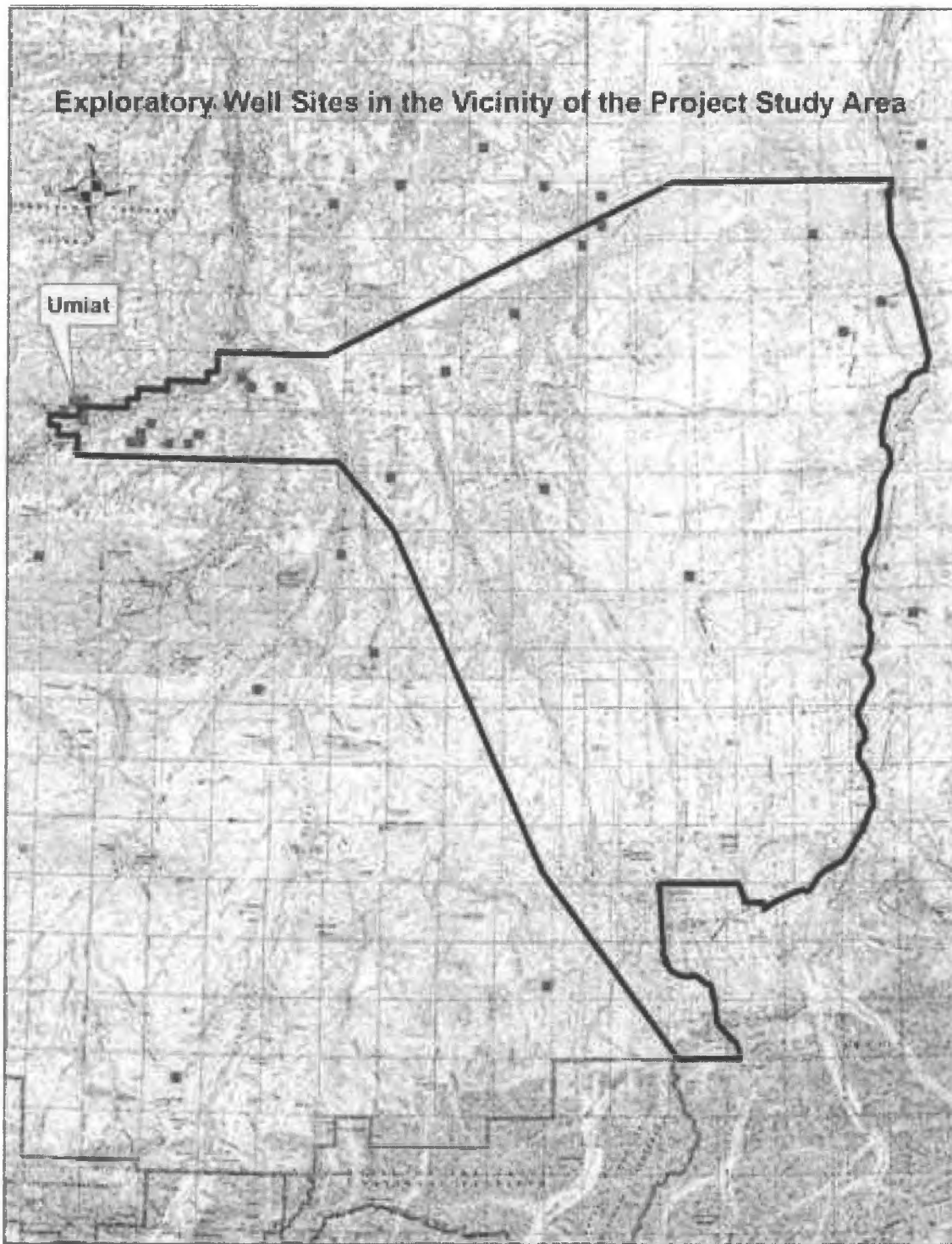
The long term plan for funding and maintaining industrial designated roads to Ambler and Umiat would include:

- Environmental and permitting work will be funded by state general funds.
- Initial pioneer road construction will be funded by either the state or the state and the private developer.
- Road improvements to bring the highway to a higher design standard will be funded by developers.
- The staff will enter private/public partnerships to minimize state costs and to seek a return of the state's initial investment.
- Maintenance costs will be returned to the state via industrial use highway tolls.

The long term funding for the Western Access route would vary from those constructed strictly for industrial uses.

- The initial pioneer road will be constructed with state general funds.
- Subsequent widening and improvement projects will more than likely be funded with federal aid funds.
- Construction of this roadway will more than likely be a long term process dependent upon community access needs and resource development.
- The Roadway would be designated as an industrial use highway for the collection of tolls from industry users.
- Maintenance costs (approximately \$12,000.00/per mile at today's cost) will be returned to the state via industrial tolls.

Figure #1



STATE OF ALASKA

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

Anchorage Office: 4111 Aviation Avenue
 Juneau Office: 3132 Channel Drive

P.O. Box 112500
JUNEAU, ALASKA 99811-2500

PHONE: (907) 465-3901
FAX: (907) 586-8365
WEB: dot.state.ak.us

April 6, 2011

The Honorable Bert Stedman
Co-Chair Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Senator Stedman:

Thank you very much for the recent opportunity to present and discuss the Governor's Roads to Resources program before the Senate Finance Committee. The Committee's interest and input into this program is most appreciated.

A number of questions were posed by various committee members; Senator Olson in particular provided a list of written questions and issues which required staff consultation to fully answer. Other follow-up questions from your staff have also been provided to the department. Enclosed you will find specific responses to the committee member and staff questions.

There also appears to have been some miscommunication between the department and the Finance Committee concerning potential benefits to the State of Alaska should the natural resource exploration projects in the Ambler Mining District and the Umiat oil field continue to development and production.

The purpose of the resource roads into the Ambler Mining District and the Umiat oil fields are to accelerate exploration, development, and ultimately production of these valuable resources to the State of Alaska.

Although the Ambler Mining District has seen significant exploration dating back to the late 1950's none of this exploration is detailed enough to provide a precise mineral reserve. However, the sum total of exploration does clearly show the Ambler District to be highly mineralized and to have the potential for hosting several massive sulfide mineral deposits similar in size to the Greens Creek Mine near Juneau. (The Greens Creek Mine has been in operation for over 25 years and employs 325 people.) The two best known massive sulfide deposits in the Ambler District (Arctic and Bornite) are both an order of magnitude larger than what was known for the Greens Creek Mine at the time it was developed. An all-weather pioneer road will greatly enhance the exploration, facility construction and eventual operation of the mining district.

Similar to the Ambler Mining District, the data currently available for the Umiat oil field only allows for the estimation of a broad range of oil and gas resources. The Alaska Department of Natural Resources (ADNR) estimates for Umiat range from 70-300 million bbl oil in place. Information provided by Renaissance Corporation suggests Umiat may contain an estimated 250 million bbl's of recoverable oil. Considerable exploration, delineation drilling, and production testing is necessary to refine these resource estimates to what could then be represented as actual reserves. Exploration work, supporting infrastructure, and eventual production drilling will begin much quicker with the availability of an all-weather pioneer road to support those work activities.

In regards to road construction and maintenance, we are proceeding in the following manner:

- The initial pioneer road, constructed with state or a combination of state and private funds, will be built to the lowest road standards required to provide basic access for exploration and site development. The pioneer road will only be available for industrial users; the embankment thickness will only be that required to support construction equipment building the road; the width will be no more than 16' on top; temporary floating bridges, temporary pre-manufactured bridges or other low cost methods will be used for the two river crossings for the Umiat Road. In short, the initial road constructed will only be an access road to enhance the developer's ability to perform exploration work, to begin building infrastructure, and to begin producing their product to bring in revenues that would support constructing the roadway to a higher design standard.
- Prior to construction of the pioneer road, the State and the developer(s) will enter into an agreement to bring the roadway to a higher design standard. The initial agreement will be based on a Private-Public Partnership (3P) concept. The 3P model would be developed to accommodate the developer's stream of revenue; for instance with the Umiat Road the developer needs a buried pipeline to connect to TAPS and the roadway would need to be completed to a high standard quickly for pipeline support. On the other hand perhaps the road to Ambler could be brought to a highway standard along the same timeline that new mine sites come on line.
- Participatory to the initial construction funding techniques, in all cases, the department would designate the roadways as an Industrial Use Highway (IUH). An IUH designation means the department can impose industrial tolls which would at least fund the annual maintenance cost.
- The department is working with the Alaska Industrial Development and Export Authority (AIDEA) on the development 3P concepts as well as examining financing methods for industrial roads.
- If the roadway is eventually improved to a high enough design standard, the department will support opening it for public use.

The department fully realizes the committee's desire for more information regarding the costs of constructing and maintaining the road, the funding sources for the road, the size of the potential

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sites, the revenues to the state, and other information to ensure that compiling a complex Environmental Impact Statement (EIS) is a good use of public funds.

We cannot emphasize more that the iterative nature of the EIS process will answer many of the questions the committee brought forward in the hearing. The EIS will be a summary document that considers natural environment impacts, social and cultural environment impacts, road costs, the purpose and need to access these resource rich areas, and a host of other information required through the NEPA and regulatory processes required by federal and state law.

Finally, if the Roads to Resources funding requests contained within the Governor's FY12 capital budget are not approved we will have to stop work on all three projects beginning July 1. A stoppage of work will severely hamper the ability of the private developers to create jobs and bring their products to market. A stoppage will also leave many of the very questions asked by committee members to remain unanswered.

Again, thank you for the opportunity to testify and answer the written questions provided. Please feel free to contact me should you or the committee require additional information or clarification.

Sincerely,



Patrick Kemp
Deputy Commissioner
for Highways and Public Facilities

Enclosure

cc: Senate Finance Committee members
Marc Luiken, Commissioner, DOT&PF
Laura Baker, Director, Division of Administration Services, DOT&PF
Brenda Hewitt, Legislative Liaison, DOT&PF