02/10/15 OVERVIEW: JUNEAU ACCESS ROAD PROJECT DETAIL

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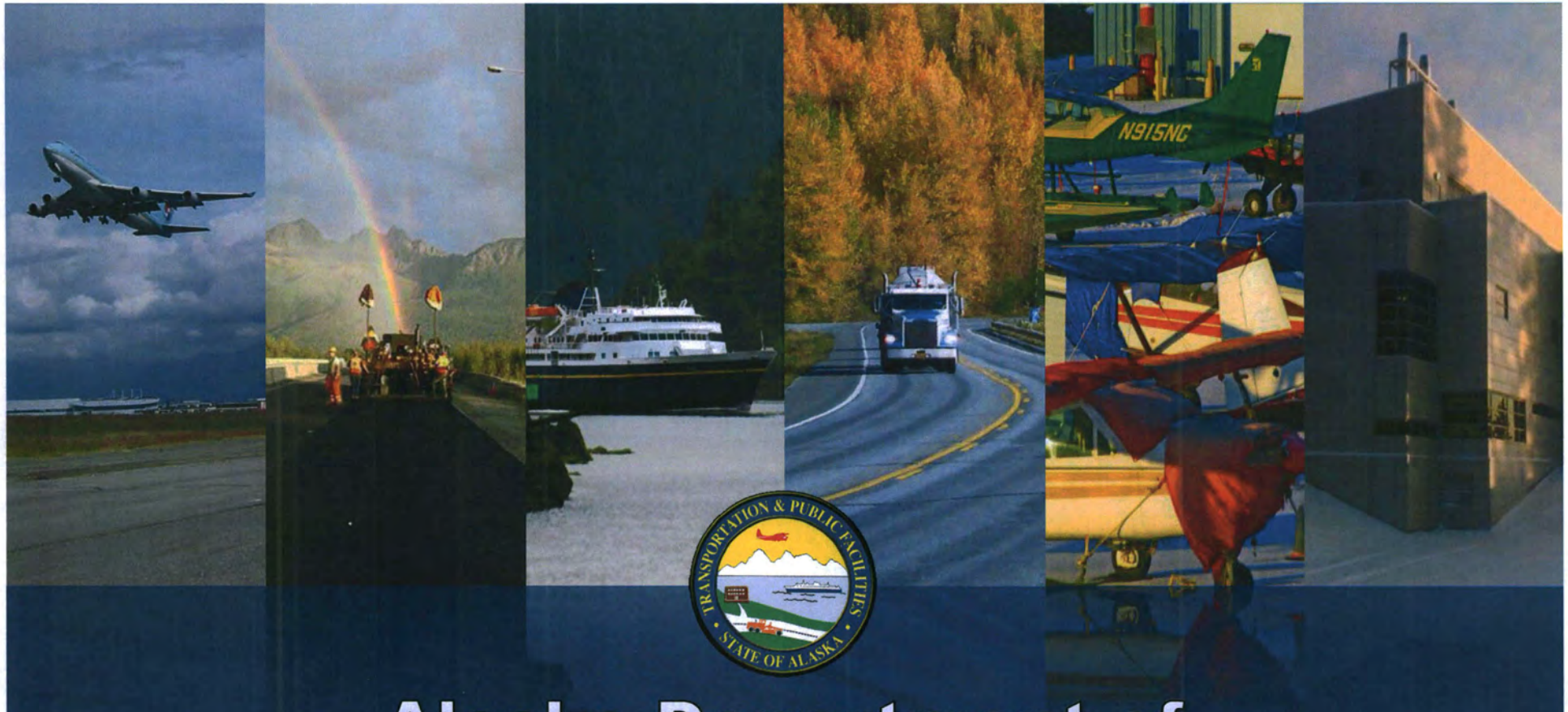


Alaska Department of Transportation & Public Facilities

Juneau Access Improvement Project

Marc Luiken, Commissioner

February 10, 2015

Purpose and Need

To provide improved surface transportation to and from Juneau within the Lynn Canal corridor that will:

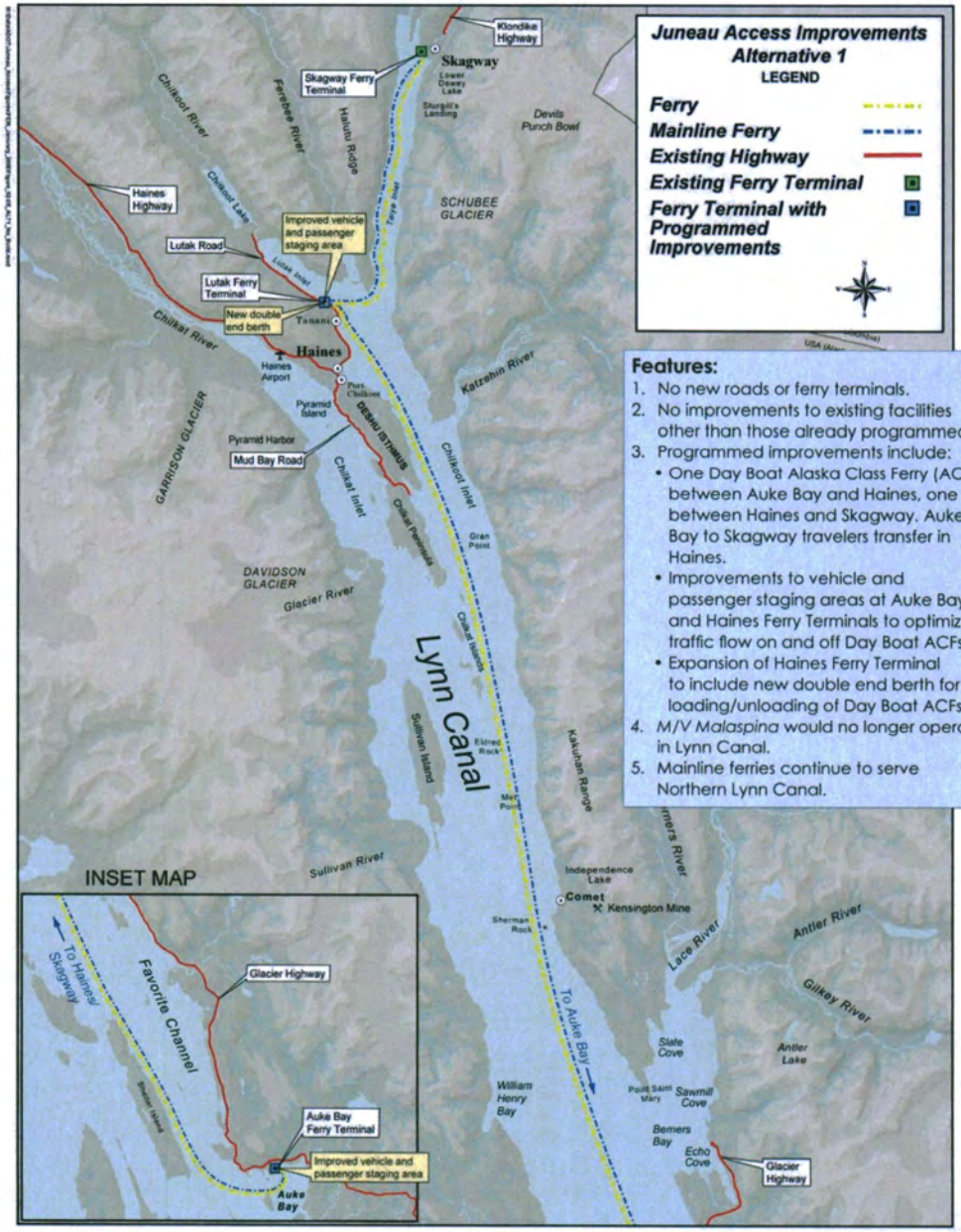
- Provide the capacity to meet transportation demand in the corridor
- Provide flexibility and improve opportunity for travel
- Reduce travel times between the communities
- Reduce State costs for transportation in the corridor
- Reduce user costs for transportation in the corridor

Alternatives

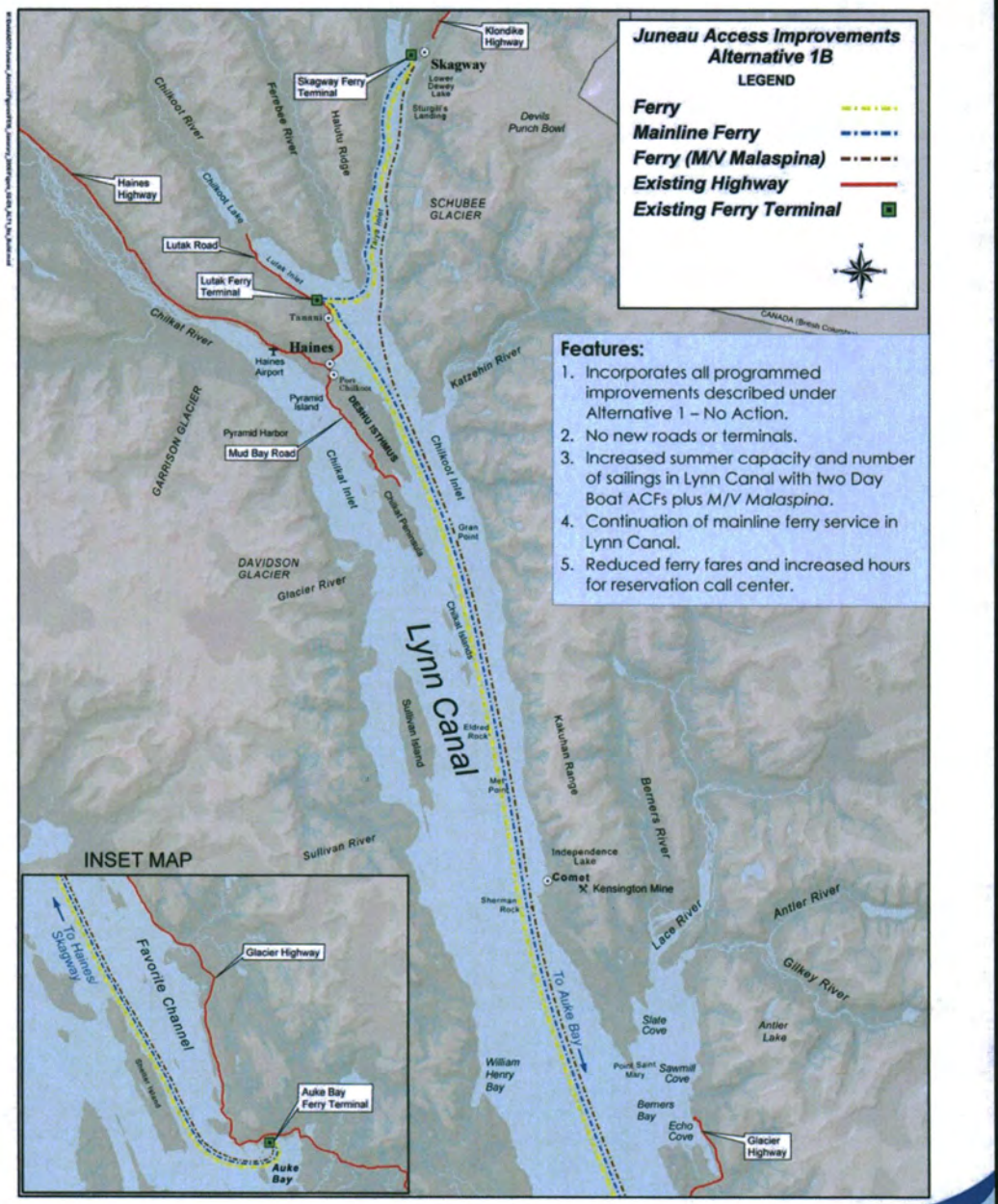
8 alternatives analized:

- Alt. 1- No Action
- Alt. 1B - Enhanced Service with Existing AMHS Assets
- Alt. 2B - (Draft SEIS Identified Preferred) East Lynn Canal Hwy to Katzehin, Shuttles Katzehin to Haines and Skagway
- Alt. 3 - West Lynn Canal Hwy – Shuttle Berners Bay to William Henry Bay
- Alt. 4A - Fast Vehicle Ferry, Service from Auke Bay
- Alt. 4B - Fast Vehicle Ferry, Service from Berners Bay
- Alt. 4C - Conventional Monohull, Service from Auke Bay
- Alt. 4D - Conventional Monohull, Service from Berners Bay

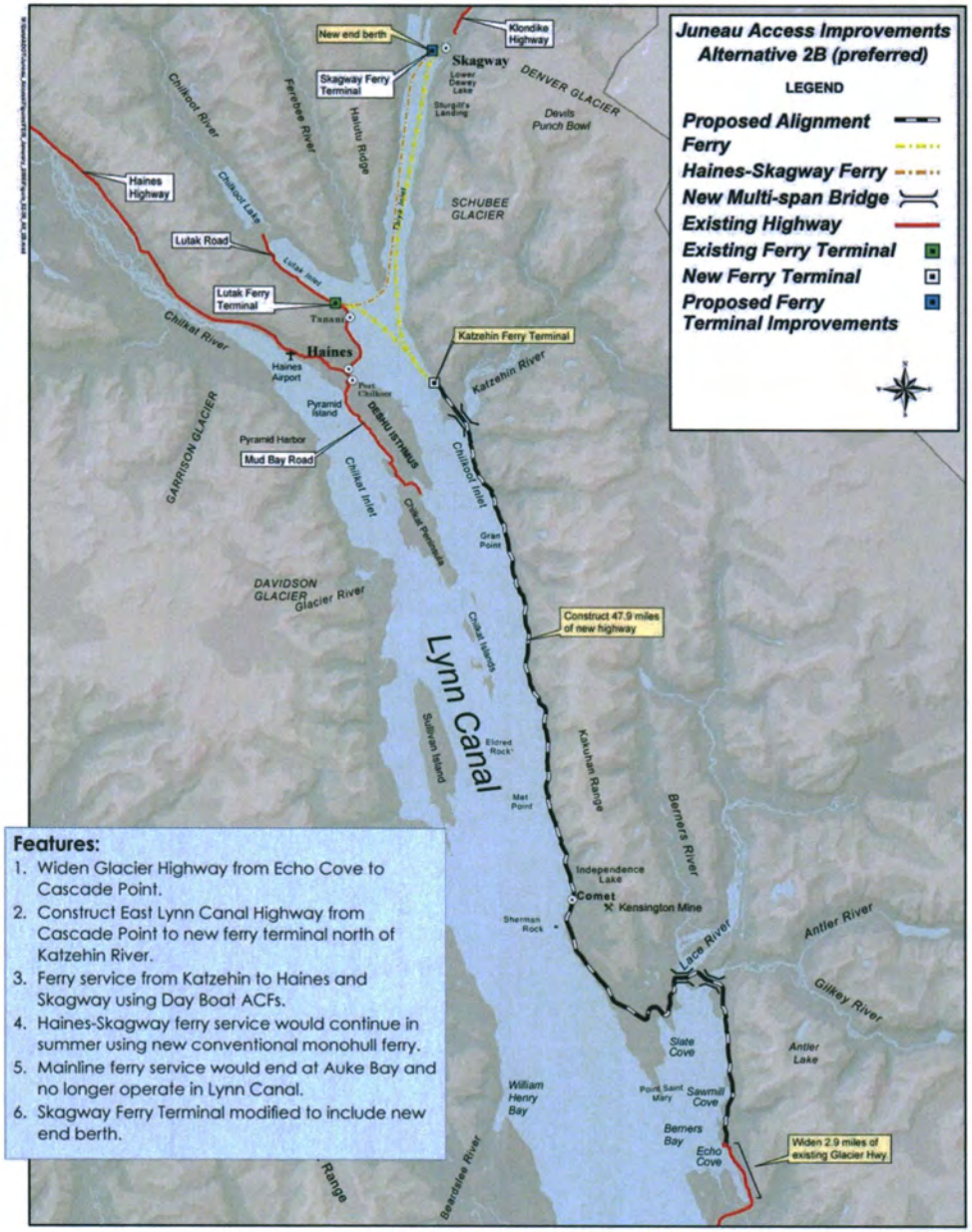
Alternative 1: No Action



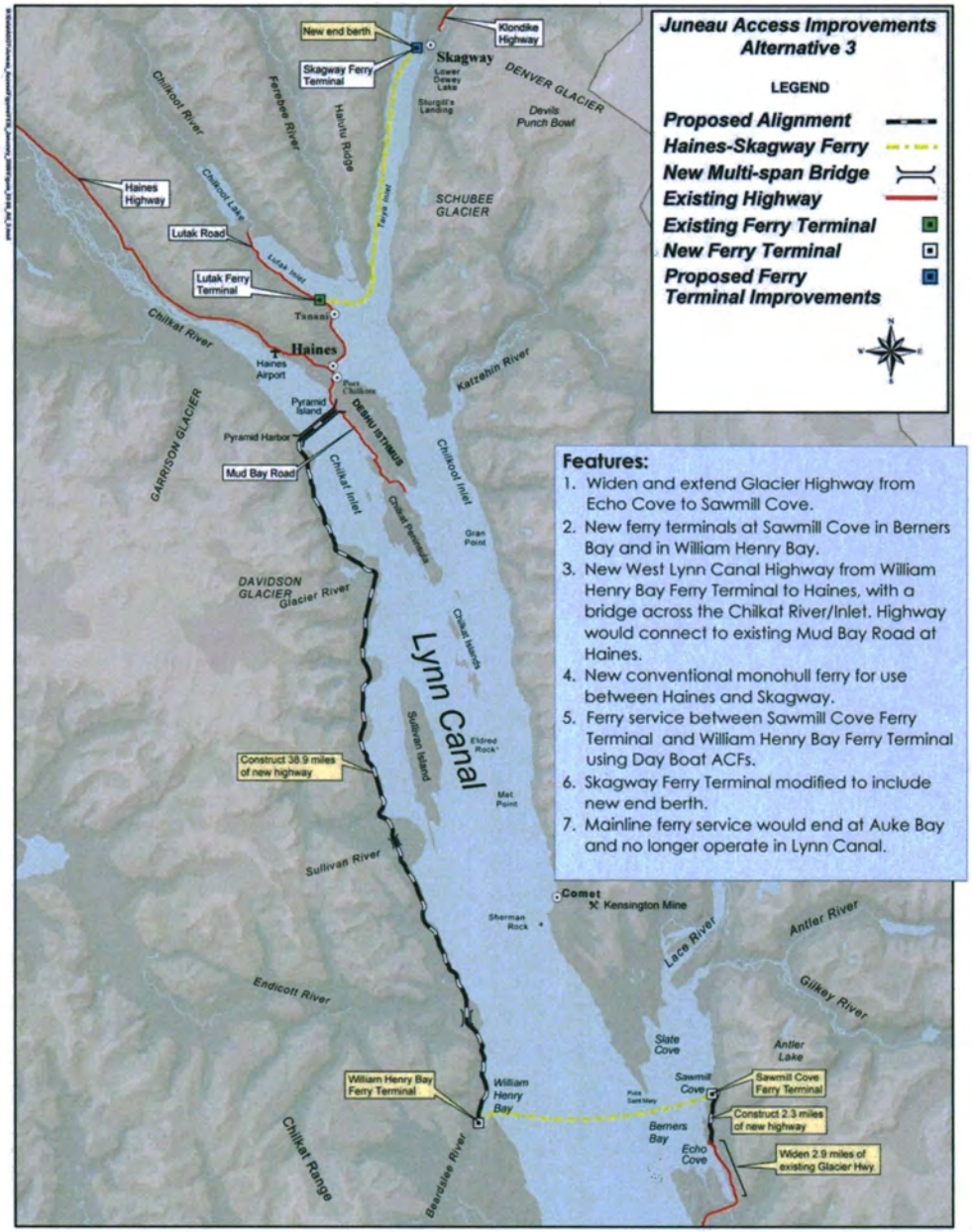
Alternative 1B



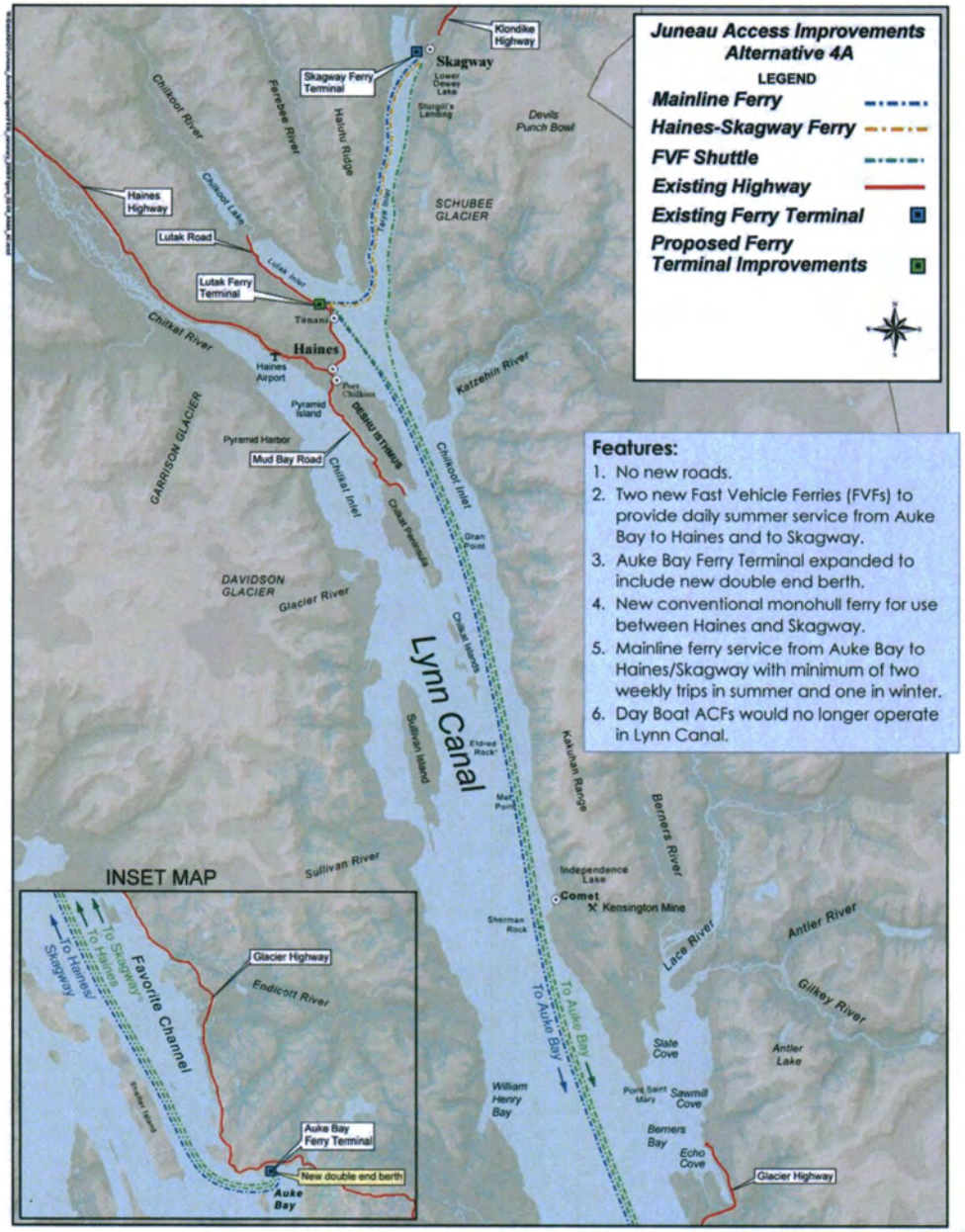
Alternative 2B



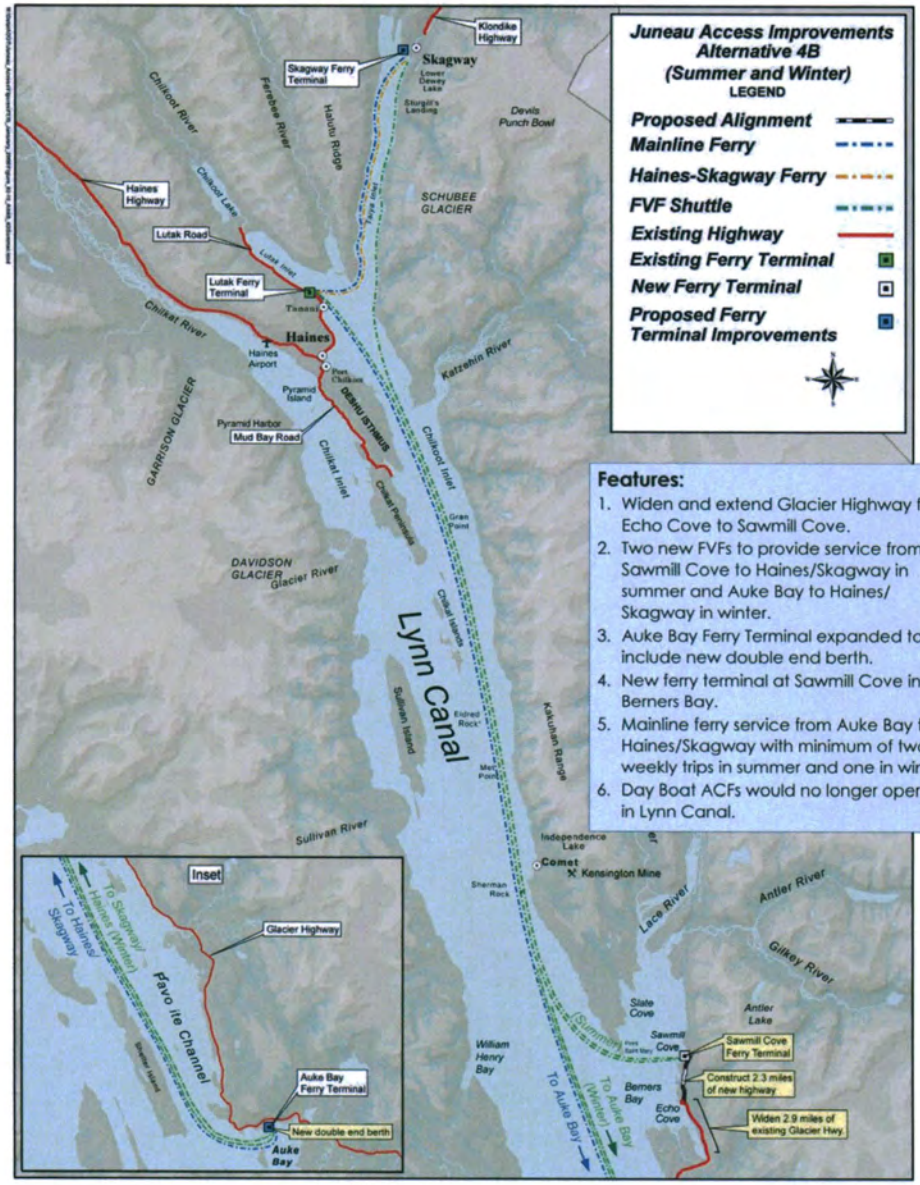
Alternative 3



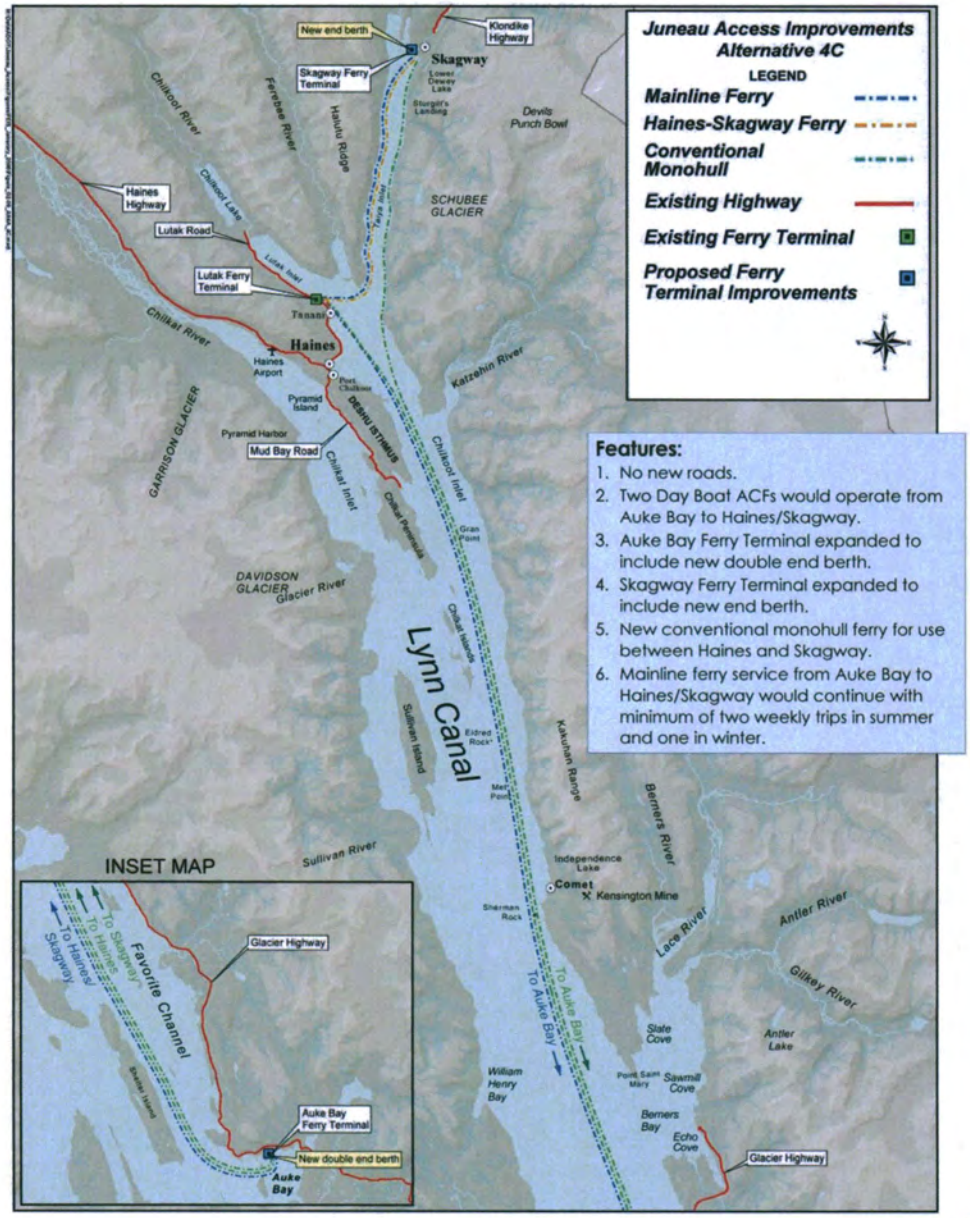
Alternative 4A



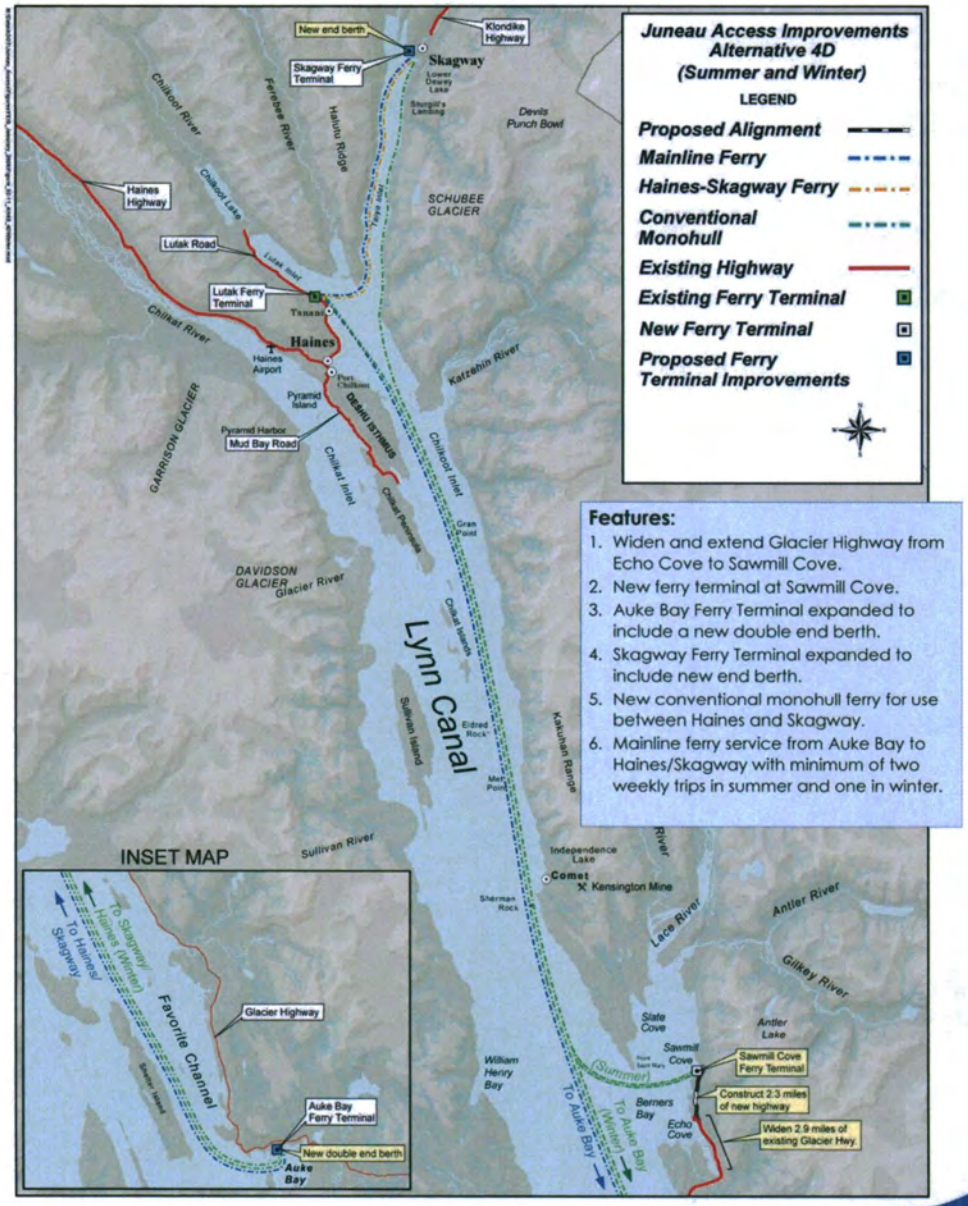
Alternative 4B
(summer and winter)



Alternative 4C



Alternative 4D
(summer and winter)



Alternative Analysis

FHWA and DOT&PF analyzed each alternative based on:

- Consistency with 2004 Southeast Alaska Transportation Plan
- Travel demand and capacity
- Flexibility and opportunity to travel
- Travel times
- Total project life costs
- Maintenance costs
- User costs
- State costs
- Environmental impacts

Cost Factors

FACTORS		ALTERNATIVE							
		No Action	1B	2B	3	4A	4B	4C	4D
Initial Construction Costs[1] ($million)		$0	$0	$574	$516	$228	$287	$63	$90
Total Project Life Costs[2] ($million)		$669	$1,030	$1,093	$1,125	$1,556	$1,605	$861	$905
Estimated Net Annual State General Fund M&O in 2020[3] ($million)	(2012) $15.1	$7.7	$15.4	$10.0	$9.3	$18.9	$14.9	$10.8	$5.4
State Net Cost per Vehicle (dollars)		$210	$321	$52	$62	$333	$195	$277	$92
Total/Out-of-Pocket User Costs (one way) - Juneau-Skagway[4]		$286/$286	$223/$223	$101/$67	$142/$108	$286/$286	$204/$190	$286/$286	$204/$190
Total/Out-of-Pocket User Costs (one way) - Juneau-Haines[4]		$218/$216	$174/$173	$82/$47	$91/$59	$218/$216	$148/$132	$218/$216	$148/$132

[1]Beyond AHMS programmed costs.

[2]The total project life cost is the summation of all capital and annual operating costs over the lifetime (36 years) of the project minus any residual value.

[3]These costs include highway routine maintenance and snow removal operations, avalanche control and the operation and maintenance of the Alaska Marine Highway System (AMHS) in Lynn Canal minus AMHS revenue in Lynn Canal. The reduction of cost from 2012 ($15.1 million) to 2020 ($7.7 million) No Action Alternative is primarily due to the removal of the Malaspina from Lynn Canal and the deployment of the Alaska Class Ferries.

[4] Fares are based off a family of four traveling in a 19-foot vehicle. The first number is total user cost and the second number is out-of-pocket cost. Total cost is based on fares plus $0.64 per mile for vehicular travel (AAA, 2012. *Your Driving Costs: How much are you really paying to drive? http://newsroom.aaa.com/wp-content/uploads/2012/04/YourDrivingCosts2012.pdf). Out-of-pocket cost is based on fares and gasoline consumption.*

Project History

- In 1992 the project was initiated
- In 1997 FHWA issued a Draft Environmental Impact Statement (EIS) for the project
- In 2000 Governor Knowles declared Alternative 2, an East Lynn Canal Highway, the State's preferred alternative but suspended work on the project and ordered construction of 2 fast vehicle ferries
- In 2002 Governor Murkowski directed that the EIS be completed
- A Supplemental Draft EIS was released in 2005, with a Final EIS in January 2006 stating the East Lynn Canal Highway as the Preferred Alternative
- A Record of Decision (ROD) was issued by FHWA in April 2006.
- In August 2006 a lawsuit was filed in District Court

Project History Continued

- In February 2009 the District Court ruled on one count and vacated FHWA's ROD concluding that FHWA failed to consider an alternative for improved ferry service using existing ferries and terminals.
- DOT&PF appealed to the U.S. Court of Appeals for the 9th Circuit in May 2011. The three judge panel ruled 2-1 to uphold the District Court decision.
- As a result the DOT&PF and FHWA initiated preparation of an Supplemental EIS in January 2012.
- Public review and comment period of Draft Supplemental EIS closed Novemeber 25, 2014.
- DOT&PF Corps of Engineers (COE) 404/Section 10 permit application public/agency review closed January 31, 2015.

Draft Supplemental EIS

Assess:

Court mandated new alternative that improves marine ferry service in Lynn Canal using existing AMHS assets, identified as Alternative 1B

Updates the 2006 Final EIS:

Reassessing the reasonable alternatives, including

- Any changes to regulations
- Updated analysis
- Alternative revisions necessary to address new environmental and engineering information available since the 2006 ROD

Current Project Status

- Sufficient funds are encumbered to complete the Final EIS/ROD (estimated cost of $800,000)
- Administrative Order No. 271
  - Administration is currently reviewing Juneau Access Project status
  - Project staff are reviewing comments received on the Draft Supplemental EIS

Current Project Schedule*

- Final EIS/ROD: Early 2016
- Request for injunction relief: Follows Final EIS/ROD
- Corps of Engineers Permit: Follows injunction relief
- Forest Service easement: Follow injunction relief
- First construction contract: As early as FY16 (providing no legal challenge)

* Pending Administration review and approval

Additional Approvals

In addition to completing the NEPA process there are several Federal actions necessary:

- U.S. Army Corps of Engineers 404/Section 10 permit
- National Marine Fisheries Service Endangered Species Act consultation
- National Marine Fisheries Service Marine Mammals Protection Act Incidental Harassment Authorization
- U.S. Forest Service Right of Way easement
- Bald Eagle disturbance permits

Federal Cost/State Cost

Total funding available for the project to date (2014) is $202 million. Of this, $154 million is federal funding for construction previously approved by the Alaska State Legislature and $48 million is State General Funds (GF) already appropriated.

Additional Information

for more information, please visit

www.juneauaccess.alaska.gov

Juneau Access Improvements Project
Draft Supplemental Environmental Impact Statement

Prepared by:

Alaska Department of Transportation
& Public Facilities
6860 Glacier Highway
Juneau, Alaska 99801-7999

Federal Project Number: STP-000S(131)
State Project Number: 71100

Prepared for:

Federal Highway Administration, Alaska Division
709 West 9th Street, Room 851
Juneau, AK 99802

September 2014

FHWA will issue a single Final Environmental Impact Statement and Record of Decision document pursuant to Pub. L. 112-141, 126 Stat. 405, Section 1319(b) unless FHWA determines statutory criteria or practicability considerations preclude issuance of the combined document pursuant to Section 1319.

Table ES-1:
Summary of Estimated Beneficial and Adverse Impacts of Proposed Project Alternatives

Factors	Alternative							
	No Action	1B	2B	3	4A	4B	4C	4D
Cost Factors								
Initial Construction Costs ($million)	$0	$0	$574	$516	$228	$287	$63	$90
Total Project Life Costs[1] ($millions)	$669	$1,030	$1,093	$1,125	$1,556	$1,605	$861	$905
Annual Maintenance and Operations Costs ($millions)	$15.4	$23.8	$20.4	$21.7	$33.7	$32.0	$20.0	$20.8
Net Present Value ($millions) relative to No Action Alternative	-	-$151	-$309	-$340	-$217	-$215	-$73	-$26
Purpose and Need Factors								
Forecasted Summer Demand to/from Skagway (vehicles per day)	55	90	615	380	120	195	75	180
Forecasted Summer Demand to/from Haines (vehicles per day)	85	100	730	680	150	235	95	220
Projected Summer Capacity to/from Skagway (vehicles per day)	61	201	636	456	149	237	131	237
Projected Summer Capacity to/from Haines (vehicles per day)	93	129	848	816	162	250	144	250
Summer Travel Time – Auke Bay to Skagway[2] (hours)	7.6	6.8	3.4	5.5NB/ 5.2SB	4.0	3.7	6.3	5.2
Summer Travel Time – Auke Bay to Haines[2] (hours)	5.9	5.9	3.0	3.0	3.8	3.5	5.9	4.8
Number of Ferry Round trips/Week – Auke Bay to Skagway (summer)	8	9[3]	42	42	16	16	9	16
Number of Ferry Round trips/Week – Auke Bay to Haines (summer)	8	8	56	84	16	16	9	16
State's Net Project Life Cost - ($millions)[4]	$301	$573	$494	$475	$770	$662	$446	$294
State's Net Cost Per Vehicle (dollars)	$210	$321	$52	$62	$333	$195	$277	$92
Total/Out-of-Pocket User Costs (one way) – Juneau-Skagway[5]	$286/ $286	$223/ $223	$101/ $67	$142/ $108	$286	$204/ $190	$286	$204/ $190
Total/Out-of-Pocket User Costs (one way) – Juneau-Haines[5]	$218/ $216	$174/ $173	$82/ $47	$91/ $59	$218/ $216	$148/ $132	$218/ $216	$148/ $132
Traffic-related Employment and Population Impacts								
Juneau								
New Local Employment (2020)	0	5	130	105	20	40	0	35
Population Increase (2020)	0	8	195	158	30	60	0	53
Skagway								
New Local Employment (2020)	0	5	85	50	15	30	5	25
Population Increase (2020)	0	8	128	75	23	45	8	38

Factors	Alternative							
	No Action	1B	2B	3	4A	4B	4C	4D
Haines								
New Local Employment (2020)	0	0	60	15	10	20	0	20
Population Increase (2020)	0	0	90	23	15	30	0	30
Natural Resources Impacts								
Number of Anadromous Streams Crossed	0	0	10	11	0	1	0	1
Old-growth Forest Habitat Losses (acres)	0	0	412	308	0	38	0	38
Wetland Habitat Losses (acres)	0	0	61	26	0	2	0	2
Intertidal/Subtidal Area Losses (acres)	0	0	32	12	<1	3	<1	3
Essential Fish Habitat Impacted (acres)	0	0	37	12	<1	2	<1	2
Eagle Nests Within 660 Feet	0	0	99	48	0	7	0	7
Total Eagle Nests within 0.5 mile	0	0	136	63	0	30	0	30

[1] The total project life cost is the summation of all capital and annual operating costs over the lifetime of the project minus any residual value left at the end of 36 years.

[2] Travel time for Day Boat ACF or FVF or *M/V Malaspina* as a shuttle. In all alternatives except 2B and 3, the mainline ferry would have a travel time of 9.1 hours between Auke Bay and Skagway and 7.2 hours between Auke Bay and Haines.

[3] An additional six trips per week could be made by taking the Day Boat ACF between Auke Bay and Haines and transferring ferries.

[4] This represents the total project life cost less the federal contribution and State revenue.

[5] First number is total user cost and second number is out-of- pocket cost. Total cost is based on fares plus $0.64 per mile for vehicular travel (AAA, 2012). Out-of-pocket cost based on fares and gasoline consumption.

Table 4-23:
Thirty-Six-Year Total Project Life Costs for the No Action Alternative and Alternative 2B, 2015-2050 (2013 Dollars)

Alternative	Total Funds			State Funds			
	Capital Costs ($million)[1]	Operating Costs ($million)	Total Project Costs ($million)	Total Cost ($million)	Total Revenue ($million)[2]	Net Cost ($million)	Cost/Vehicle (dollars)
1—No Action	$104	$566	$670	$575	$274	$301	$210
2B	$379	$714	$1,093	$851	$357	$494	$52

[1]Residual value subtracted.
[2]Includes both fares paid to AMHS and gas tax receipts.

Table 4-23 indicates that the net cost to the State of Alternative 2B during the analysis period would be about $193 million more than the No Action Alternative. This is because both the capital and operating costs for Alternative 2B would be greater than those associated with the No Action Alternative. Alternative 2B would carry more vehicles than the No Action Alternative and, therefore, Alternative 2B would cost the State less than the No Action Alternative on a per vehicle basis.

* Alternative 2B would have an annual operating cost of approximately $20.3 million versus $15.4 million for the No Action Alternative.

The total cost[23] of travel between Juneau and Skagway or Haines for a family of four in a vehicle 19 feet long is listed in Table 4-24 for the No Action Alternative and Alternative 2B. This table also lists the out-of-pocket cost[24] of travel between Juneau and Skagway or Haines for the same family. As indicated in the table, Alternative 2B would reduce the total travel cost by nearly two thirds of the cost to travel on a mainline vessel under the No Action Alternative. The savings to the traveler would be greater when compared to travel on a Day Boat ACF. The out-of-pocket cost (fuel and fares) to/from Haines would be approximately 80 percent less for Alternative 2B than for the No Action Alternative. To and from Skagway, the out-of-pocket cost is approximately 77 percent less. The cost of taking the Haines-Skagway shuttle ferry would be the same under Alternative 2B as under the No Action Alternative, which is expected to be considerably lower than the existing cost of $157.50 to encourage use once additional capacity exists (see Section 4.2A.2.4).

Table 4-24:
Juneau to/from Haines and Skagway Total and Out-of-Pocket User Cost for a Family of Four in a 19-Foot Vehicle (Standard Size Pickup) for the No Action Alternative and Alternative 2B

Alternative	Haines User Cost[1]	Skagway User Cost[1]
1—No Action	$218/$216	$286/$286
2B	$82/$47	$101/$67

[1]The first number is total user cost and the second number is out-of-pocket cost.
Total cost is based on fares plus $0.64 per mile for vehicular travel (AAA, 2012).
Out-of-pocket cost is based on fares and gasoline consumption.

[23] Total user costs are out-of-pocket costs and vehicle maintenance, ownership, and accident costs based on highway miles traveled.

[24] Out-of-pocket costs are a combination of estimated fares and gasoline on highway segments. Fares for the No Action Alternative are actual 2013 fares charged.

Table 2-9:
Travel Times for Alternative 2B

Route	Travel Time (hours)
Auke Bay-Haines	3.0
Auke Bay-Skagway	3.4

Note: For consistency, the travel times for each alternative starts at Auke Bay.

Travel Frequency – Under Alternative 2B, flexibility and opportunity for travel would be a function of the frequency of Day Boat ACF service to and from the Katzehin Ferry Terminal. During the summer, the ferries to/from Katzehin would operate approximately 15 hours per day. During the winter, the ferry to/from Haines would operate approximately 11 hours per day, and the ferry to/from Skagway would operate about 10 hours a day. The Haines-Skagway shuttle would not operate; travelers going between Haines and Skagway would travel to Katzehin and transfer ferries. Winter travel would be periodically limited by road closures for avalanche control; however, one or more ferries would be available to transport vehicles and passengers in Lynn Canal on days when the highway was closed. Trip frequency for Alternative 2B is provided in Table 2-10.

Table 2-10:
Travel Frequency for Alternative 2B

Route	Round Trips per Day	Round Trips per Week
Auke Bay-Haines		
Summer	8	56
Winter	6	42
Auke Bay-Skagway		
Summer	6	42
Winter	4	28

Cost – Total final design and construction costs for Alternative 2B would be approximately $574 million, including $523 million for highway design and construction, approximately $22 million for vessel acquisition, approximately $20 million for the Katzehin Ferry Terminal improvements, and approximately $9 million for the Skagway Ferry Terminal improvements. Annual M&O costs are estimated to be approximately $20.4 million: $2.8 million for the highway (including avalanche control costs) and $17.6 million for the shuttle ferry operations. The estimated total project life cost is $1.1 billion. The out-of-pocket user cost for Alternative 2B for a one-way trip would be $47 between Juneau and Haines and $67 between Juneau and Skagway. The State cost per vehicle would be $52.

Alignment – The Alternative 2B road alignment is a refinement of the 2006 Final EIS alignment and was designed to further reduce impacts to wetland habitats and to avoid and/or minimize impacts to bald eagle nest trees. It also reflects design changes based on additional geotechnical survey information. Alternative 2B would begin at Echo Cove and would involve widening Glacier Highway to Cascade Point (see Section 1.2.3). From there, the highway would generally parallel the shoreline to a point north of the Katzehin River, where a ferry terminal would be built. The route would generally be set back from the shoreline except at a few locations where topography would allow the highway to be located well inland. In some locations, topography

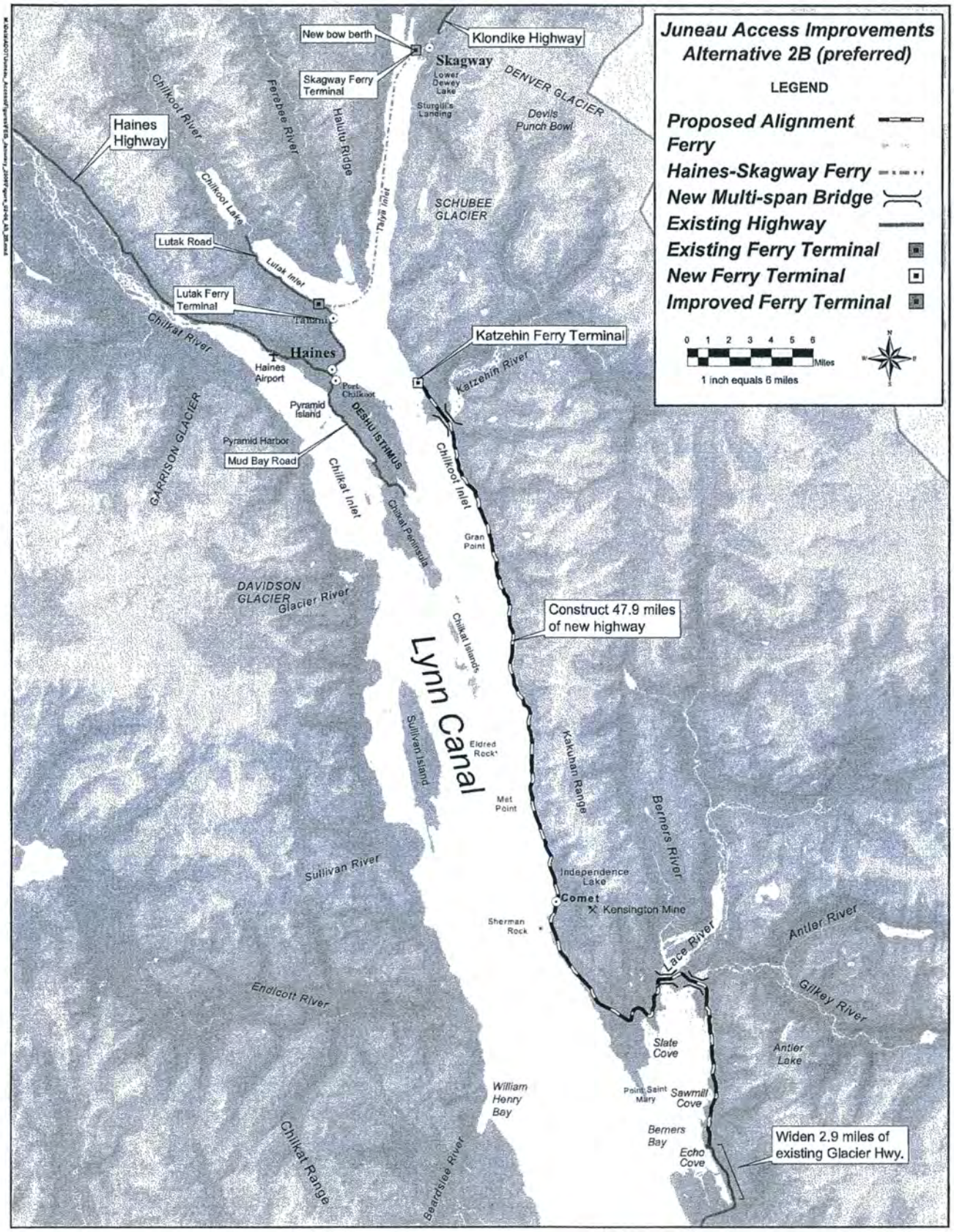


Figure 2-7a
Alternative 2B: East Lynn Canal Highway to Katzehin Ferry Terminal with Shuttles to Haines & Skagway

CON: Road makes no economic sense

GREGG ERICKSON

Erickson is an economic consultant with offices in Juneau and Bend, Oregon

I thought I'd heard everything there was to say about the Juneau road controversy. And I figured any economic report on the proposed road paid for by the Alaska Department of Transportation would say that building the highway up the east side of Lynn Canal, with its little shuttle ferry at the end, would be a super investment. I was wrong.

A new report by the McDowell Group's Jim Calvin and Juneau economic consultant Milt Barker concludes that the road, from an economic standpoint, makes no sense.

"The significant findings from this study are (that) none of the 'action' alternatives are worth more than they cost, considering all resources (state and federal) required to build and operate the project. This is true under all sensitivity cases, as well as the base case," they found.

Bottom line: None of the alternatives the state studied beat the existing ferries in terms of net public benefits.

Eight years ago, I wrote that "the Road," the east side road-ferry promoted by DOT, would bring economic benefits to Juneau. Calvin and Barker agree, but they find that the value of all user benefits is worth less than half the money DOT says its project would cost to build, maintain and operate.

I was stunned by the magnitude of the net benefit shortfall. I suspect Juneau's build-the-road-now boosters will be stunned, too.

The Calvin-Barker report is the first rigorous cost-benefit analysis in the 20 years since DOT began studying the proposed road. In contrast with previous studies, the Juneau economists used the widely accepted cost-benefit methodology endorsed by the Association of State Highway and Transportation Officers.

When choosing between alternative highway projects, the standard is to dismiss projects with benefit-to-cost ratios less than 1.0, because it doesn't make sense to invest in projects when the costs outweigh the benefits. According to Calvin and Barker's calculations, the proposed Juneau road doesn't even come close, with a benefit-to-cost ratio of 0.28.

Calvin and Barker delivered their study to DOT in April, but the department saw it for what it was, a smoking gun, and kept it under wraps until September. When they released it, they buried it behind 1,421 pages of other material in the Juneau Access draft supplemental Environmental Impact Statement.

Even so, DOT Commissioner Pat Kemp and Deputy Commissioner Reuben Yost deserve credit for authorizing and publishing this careful and credible economic study. Kemp and Yost both devoted major parts of their careers to the Juneau road project; neither can be pleased with the study's findings. Making facts like this public, especially when inconvenient or embarrassing, is in the best tradition of public service.

Opponents have claimed the Road would be unsafe and damage the environment. DOT's recently released environmental and engineering reports offer some support for these claims: the Road would negotiate 43 avalanche paths — 10 of which are classified as especially dangerous. It would likely affect 136 eagle nests, consume 412 acres of old-growth forest, and gobble up 130 acres of wetlands, fish habitat and highly productive tidelands.

Road proponents have always relied on economic arguments to counter such concerns. But with the Calvin-Barker study confirming that the Road is a huge economic loser, the "build-it-now" contingent and DOT's current leaders face a much tougher task. They must convince legislators from around the state — and Gov.-elect Bill Walker — that Alaska should plow a half a billion dollars into a Juneau project whose economic costs vastly outweigh its benefits. Building the Road would come at the expense of a host of non-Juneau projects with arguably positive payoffs, like widening and separating opposing lanes on the Turnagain Arm section of the Seward Highway, a piece of road that kills, on average, 2.3 people a year.

ONLINE

The Calvin-Barker study, appendix FF of the Juneau Access Improvement Draft SEIS, by the McDowell Group, Inc. and Milt Barker, LLC., is available at http://dot.alaska.gov/sereg/projects/juneau_access/documents.shtml.

Erickson's 2008 Empire column on the road issue is available at http://juneauempire.com/stories/060108/opi_285173322.shtml.

without cost, either in terms of other projects foregone or drawing down the State's political capital in the competition for funds.

TABLE 17

Economic Efficiency
Total Funds
(2013 $000)

Alternative	2015-50 Present Value as of 7/1/14 @ Private Sector Rate of Return: User Benefits	Incremental Net Project Costs (vs. No Action)	NPV	Benefit/Cost Ratio
1 - No Action	0	0	0	1.00
1B - Enhanced Service	12,716	163,885	(151,170)	0.08
2B - East Lynn Highway	118,182	427,305	(309,123)	0.28
3 - West Lynn Highway	38,779	378,293	(339,514)	0.10
4A - Fast Ferry Auke Bay	29,562	246,844	(217,283)	0.12
4B - Fast Ferry Berners Bay	56,325	270,968	(214,643)	0.21
4C - Monohull Auke Bay	9,069	81,884	(72,815)	0.11
4D - Monohull Berners Bay	32,553	58,110	(25,557)	0.56

Considering all funds, none of the alternatives have benefits that exceed their costs. Of the "action" alternatives, Alternative 4D would produce the smallest economic loss. The road alternatives show the greatest losses, followed by the FVF alternatives.

If one were using B/C ratios to evaluate Juneau Access alternatives against other projects, Alternative 4D also would have the best B/C ratio, but a ratio below 1.0, meaning it wouldn't be in the running, if economic efficiency is the criterion. What project, if any, to select under a budget constraint would, of course, depend as well on the amount of funds available and the B/C ratios for projects other than Juneau Access.

Looking only at State funds (Table 18), only Alternative 4D has a positive NPV.

Municipality of Skagway

GATEWAY TO THE KLONDIKE

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WWW.SKAGWAY.ORG

Thank you for the opportunity to comment on the Draft Supplemental Environmental Impact Statement (DSEIS) on the Juneau Access Improvements Project. This project has the potential to profoundly affect the future of Lynn Canal communities. The following comments cover a range of alternatives and address a variety of issues related to those alternatives. They are intended to provide direction to the Alaska Department of Transportation and Public Facilities (AKDOT) in developing more meaningful analysis of issues which will have direct impacts on the community of Skagway. We are including for the record the North Lynn Canal Ferry Service Analysis prepared for the Municipality of Skagway in June 2014 by McDowell Group. This report documents the high volume of traffic that historically has been generated between the communities of Skagway, Haines and Juneau. The report also discusses fare inequities in the AMHS system which highlights the need for a consistent AMHS fare structure methodology.

Economic Impacts

The plan is named Juneau Access Improvements Project (JAIP) and in this sense it is Juneau-centric in its conception and its execution. The emphasis is on improving access from Juneau to Haines and Juneau to Skagway. There is very little written in the document about the vital transportation link that exists between Haines and Skagway. Historically, this connection between the two communities has carried a disproportionately large amount of traffic compared to other segments of the Marine Highway around the state.

1. **The highly popular Golden Circle Tour is a mainstay of summer tourism for Skagway, Haines, Haines Junction and Whitehorse.** These communities have promoted this tour successfully for two decades. It has been the policy of our Municipality to support and encourage visitation by the independent traveler as a counter balance to total reliance on cruise ship traffic. Traditionally the independent traveler spends more money per capita than other visitors. Any proposal that would disconnect or bottleneck this important economic connection could harm this important market.

2. **Insufficient capacity of the small Skagway/Haines shuttle ferry.** Under Alternatives 2B, 4A, 4B, 4C and 4D the Skagway-Haines link would be serviced by a small shuttle ferry modeled after the *Lituya*. The *Lituya* features an open car deck design and is the smallest vessel in the Alaska Marine Highway System. It serves the 16.5 nautical-mile distance between Metlakatla and Ketchikan, a route which historically has carried less volume of passengers and vehicles than the Skagway/Haines route. The design for the small shuttle ferry planned for the Skagway/Haines route calls for a carrying capacity of 18 Alaska standard vehicles (ASV). However, rule of thumb on the Marine Highway states that the average RV requires twice the deck space as a car or pickup truck. Therefore, if the shuttle

were loaded with only RVs, the maximum the shuttle could carry would be nine RVs on any given trip between Haines and Skagway. The shuttle is scheduled to sail twice a day thereby creating opportunity for 36 ASVs or 18 RVs to move from Skagway to Haines each day. Size, weight and capacity restrictions could impact independent bus traffic moving between communities.

Based on historic patterns of traffic between our communities, the Municipality questions the ability of this shuttle to provide adequate capacity. The reasoning for designing a vessel with such limited capacity is not explained in the EIS. We note that in association with Alternative 3 (West Side Road) larger shuttle designs have been considered. We further note that under Alternative 2B, the small shuttle is taken out of service in winter and there is no direct connection between Skagway and Haines.

3. **Traffic forecasts for the Haines/Skagway link are conspicuously absent.** The DSEIS offers expansive analysis on traffic forecasts for the Juneau/Haines and Juneau/Skagway segments. However it treats the Haines/Skagway link as totally separate from Juneau Access and offers no analysis of traffic demand between the communities. It merely states that the demand between Haines and Skagway will be 53 ASV per day but the document is silent on how this number is arrived at. We believe that capacity engineered to this demand number would be insufficient to handle future growth and peaks in current demand such as week-end, special events and holidays.

4. **Additional costs and inconvenience to foot passengers.** traveling between communities without a vehicle has been an ongoing concern for the Municipality. Many of our residents, particularly seniors and school children, travel to Juneau without a vehicle. The Alaska Marine Highway System Marketing and Pricing Study conducted by the McDowell Group in 2000 estimated the number of foot passengers to be 45% of the total passengers. The potential costs to these passengers go unreported in the document. Conservative estimates of the costs for a person traveling without a vehicle between Katzehin and Auke Bay range from $50 (van/bus) to $180 (taxi). The draft EIS should provide more detail than merely stating it is "assumed a commercial system will be created." The additional costs to these users, whether bus or a taxi should be factored into the User Cost/Benefit Analysis. Or, the cost to the state should be reported if the state assumes the responsibility for transferring travelers between Auke Bay and Katzehin. Either way, the costs of transport between Katzehin and Auke Bay for travelers without a vehicle are real and should be identified.

5. **North Lynn Canal Ticket Prices.** In letters to the Federal Highway Administration (FHWA), the Municipality has raised the issue of the unusually high cost of travel in Lynn Canal. Per-mile passenger and vehicle fares for the 13-mile Haines-Skagway route remain the highest in the Southeast System.

   It is difficult to determine from the DSEIS the actual cost of a ticket from Skagway to Haines. Prices vary depending on which alternative is being considered, which source

document you are reading and/or which vessel you are sailing on. For example, the 2012 HDR Ferry Fares Memo referenced in Appendix A of the Traffic Forecast Report indicates that for all alternatives other than Alternative 3, a ticket from Skagway to Haines will cost $22.00/vehicle and $7.50/passenger on the small shuttle. However, if you board a mainliner to travel to Haines it will cost you $49.00/vehicle and $31.00/passenger. Table A-22 of Appendix FF (User Benefit, Life Cycle Cost and Total Project Cost Report) presents a different pricing scenario.

To add to the confusion the Municipality has received correspondence from FHWA (August 20, 2014, letter from Division Director Garcia-Aline) which states "With regards to your specific concerns about the current fare for the Haines-Skagway ferry link, the Draft SEIS will provide the predicted fare for this link based on the current statewide fare structure, but it is my understanding that in all scenarios the fare would be reduced from the current price." To further add to the confusion, we were told by Deputy Commissioner Reuben Yost at AKDOT's public hearing in Skagway on October 23, 2014, that most likely the price for the Skagway/Haines link would not be reduced but the prices for other routes elsewhere in the region would be raised to be compatible with the prices that have been charged historically in Northern Lynn Canal.

The following table looks only at rates relevant to marine segments in the Preferred Alternative (2B) and shows how different the two pricing scenarios are:

Routes less than 20 miles	**2014 DSEIS Pricing**	**2014 AMHS fare structure**
Skagway/Haines 15 miles	$22.00/vehicle 7.50 pax	$49.00/vehicle $31.00/pax
Skagway/Katzehin 16 miles	$24.00/vehicle 8.00/pax	$52.00/vehicle $33.00/pax

Assumptions: Using mileage provided in Table 1 of the HDR Ferry Fares memo referenced in Appendix A of the Traffic Forecast Report (2014 DSEIS.) Yellow highlights indicate fares prorated for distance (there is lack of consistency with regard to route distances throughout the source documents.)

Recalculating the price of a ticket from Skagway to Katzehin to reflect the current AMHS fares makes a dramatic illustration of how drastically the price of ticket from Skagway to Katzehin would change: for the proverbial family of four, the price balloons from $52 to $168.

In 2013, the AMHS contracted with Northern Economics to conduct a fare equalization study to develop a "fair and equitable tariff structure." The Municipality has requested on numerous occasions that the results of the AMHS fare equalization study be included in the Juneau Access EIS. The fare adjustments that will be made as a result of the study will have a direct effect on the ticket prices for ferries operating in Lynn Canal. The AMHS Fare Study is an important tool for evaluating user costs and benefits and should be

included in the EIS. Without knowing what the fares will be for Skagway routes or the methodology behind them, it is impossible to determine which alternatives will most benefit the residents of our community.

Skagway Ferry Float

The floating dock associated with the Skagway Ferry Terminal is an example of critical transportation infrastructure that needs to be refurbished and/or replaced. Ownership and use of the float is shared between the Municipality of Skagway and the State of Alaska and serves an important economic function for the community as well as the Alaska Marine Highway System. Small cruise ships, large fishing vessels, yachts and tugboats utilize this dock on a regular basis. It also serves as an emergency dock for Alaska Marine Lines and Petro Marine. It is imperative that any design changes to that dock be coordinated with the Municipality to ensure that they are compatible with the Municipality's uses.

Safety

Safety is one of Skagway's top priorities. The following safety issues should be addressed in the EIS with regard to the preferred alternative:

1. How will Homeland Security be handled at the "unmanned" Katzehin ferry terminal? What part of the responsibility for emergency services will fall to local municipalities?

2. The EIS contains many studies on avalanche hazards. From our experience icing and freezing rain may be a bigger concern in this coastal corridor. Please include studies of how coastal freeze/thaw weather phenomenon affect roads and document the measures that will be taken to protect the safety of travelers.

3. People who fish north of the Katzehin River near the planned location of the terminal report high winds and large swells in this area. We have not found any reports or studies of sea conditions in this area. These should be included in the EIS.

4. Many lives have been lost on the Seward Highway, a road that shares similarities to the proposed Katzehin road. Since 2006, planners and residents at numerous public meetings have been calling for a divided highway as the best and most effective engineering enhancement on the Seward Highway. The DSEIS should analyze the cost/benefits of making the road to Katzehin a divided highway.

2nd slide from DOT&PF presentation: "Funding for the Engineering "E" Seward Highway Traffic Safety

Katzehin Terminal Logistics

Many residents have raised questions about the logistics of the unmanned Katzehin terminal. The DSEIS leaves many of those questions unanswered:

- Where will passengers purchase tickets?
- Who will be responsible for snow removal, lane assignments, propane inspections?
- Are the fast turnaround times realistic? Wait times for passengers seem overly optimistic. How will a "reservationless" system work?
- What amenities will be available for people arriving at the terminal such as bathrooms, electricity and shelter? Will there be telephone service?
- Who will check identification?

Parks and Recreation Areas

Section 6.2.1 Identifies parks and recreation areas within the project area. In Skagway, the plan identifies Mollie Walsh Park and Pullen Creek Shoreline Park as municipal parks within the project area. Registry Rock and Dewey Lakes Recreation Area should be added to this list.

Funding Priorities and Cost Overruns

The Municipality of Skagway is concerned that many transportation projects of local and regional importance will be postponed or cancelled if the State allocates its sparse transportation money to this project. The EIS should also consider the issue of cost overruns which historically have

been incurred on mega-projects. The Skagway Ferry Float and the Moore Bridge are two examples of critical local infrastructure that require immediate refurbishment or replacement.

The Municipality requests an opportunity to comment on the Final.

The DSEIS discusses many scenarios that could have a profound effect on the economic future of our community. However many of the supporting documents that are referenced are not included or are buried in the DSEIS and cannot be discovered and retrieved within the timeframe of the comment period. The DSEIS has taken more than two years to produce and requires deep analysis. Many municipalities rely on volunteer committees to develop comments and are handicapped by their own public notice and public meeting requirements. This significantly limits the amount of available time for research and public vetting of comments. We ask that you provide the Municipality the opportunity to comment on the Final SEIS prior to the record of decision.

Attachments:
North Lynn Canal Ferry Service Analysis prepared for the Municipality of Skagway in June 2014
Correspondence with Federal Highway Administration
HDR Ferry Fares Memo

My name is Rich Moniak. I live at 1900 Fritz Cove Rd in Juneau.

I just retired from a 35 year career as a civil engineer. I worked for a state highway department for 5 years and for the federal government in Juneau for 24 years. I know how public agencies underestimate costs and overstate need to justify projects.

DOT constantly tells us that roads are less expensive than ferries. For this project that's not true. Their own supplemental EIS projects the road will cost the state $5 million a year more than operating the new Alaska Class ferries in Lynn Canal. And that gets worse if costs are higher than projected.

I believe the three big bridges, snow sheds, and tunnels are all complex structures have a high risk for changes in either the final design or during construction and their costs will increase dramatically. The same is true for crossing avalanche zones, talus slopes and rock cuts that will be as high as 150 feet. I believe the site development at the Katzehin Ferry Terminal will need to be much bigger to the handle serious traffic congestion that will occur if DOT operates as planned without a reservation system.

I do not believe the Alaska Class Ferries being built in Ketchikan are ideally suited to be short distance shuttle ferries. They were designed to operate efficiently at 15 knots for four hours, not 15 minutes. The passenger capacity and amenities they'll have make no sense for the way DOT expects to operate them. After the road is built DOT may come back to the legislature for funds to build the right shuttles, just like the $11 million more DOT requested six years after spending $17 million to raise the Million Dollar Bridge near Cordova. A bridge that goes nowhere.

On the need side I believe DOT has overstated traffic demand. It's almost double their two previous estimates. Almost all of the increase is from traffic originating in Juneau. It's based on household traffic surveys from Anchorage and the rest of the country that already have roads extending in every compass direction. In developing this estimate DOT opted not to follow FHWA's Interim Guidance on the Application of Travel and Land Use Forecasting in NEPA. That guidance is supposed to **QUTOE** assist agencies in creating better and more legally defensible forecasting applications **END QUOTE**. It recommends a collaborative scoping process involving the public at the start of the NEPA work. That never happened.

I believe this project constitutes an unwise use of money at a time when budgets everywhere are shrinking. Juneau residents will be the prime beneficiary of this expensive road. If you want to measure its real value, ask Juneauites to tax themselves to pay for it. I assure you the demand will disappear.

My Turn: How ADOT ignored best practices for Juneau Acess

Posted: November 7, 2014 - 12:06am

By Rich Moniak

On Tuesday the Alaska State Department of Transportation extended the public comment period for the Juneau Access Draft Supplemental Environmental Impact Statement to Nov. 25. That's two extra weeks for concerned residents to wade through the 650-page document and 2,400 pages of attached appendixes. My own effort has left me wondering who is responsible for quality control. While further investigating that question, I've discovered that ADOT failed to follow best management practices developed to help them avoid costly litigation.

"The comments that are most helpful to us is constructive," ADOT project manager Gary Hogins said at the start of public hearing in Juneau last month. "Did we make a mistake? Is there a gap in our information?"

The level of review necessary to discover significant errors should not be the public's responsibility. Even with the extension of the comment period, there's insufficient time for people working their own jobs and raising families to perform that role. Most don't have the technical expertise to critically examine the work, and environmental organizations shouldn't be expected to hire specialists to ensure every analysis is properly done.

ADOT is the lead agency ultimately responsible for the quality of its product. Before a document reaches the public's hands, they should engage independent experts to ensure there are no serious errors or bad assumptions leading to faulty conclusions. In the engineering profession, this work is known as a peer review.

I've spent hours examining the Traffic Forecast Report and sections of the Marine Segments Technical Report related to flow of traffic. Although I'm not an expert, my engineering experience tells me that an independent peer review wasn't performed in these areas.

What's more disturbing is that the year before Gov. Sean Parnell directed ADOT to prepare the supplemental EIS, the Federal Highway Administration published a document titled "Interim Guidance on the Application of Travel and Land Use Forecasting in NEPA." It's "based on lessons learned and best practices" and recognizes the critical nature of travel forecasting as the "foundations for determining purpose and need."

Compliance with the guide by highway departments is voluntary, but if ADOT had elected to follow it, the department would have performed a collaborative scoping process "to provide an opportunity for agencies and the public to raise critical issues and concerns early" in the study. The objectives include reaching consensus on the travel models used in the forecast and validating that the model "supports reliable forecasts and output indicators."

The guide also advises DOTs to consider peer reviews because "substantive and procedural benefits" are gained "from leveraging outside expert opinion," adding that it's "critical to engage in a peer review at a stage in the study where the findings of the review can still be taken into account when conducting the analysis." Given that McDowell's prior reports and the current one done by Fehr and Peers each acknowledge the "complexity and uncertainty associated with predicting traffic in Lynn Canal," there's no excuse for ADOT not to have followed FHWA's guide for determining travel demand. Had they done so, it would have prolonged completion of the DSEIS. But the public would not be seeing the revised traffic projections for the first time. And an early peer review would have uncovered serious mistakes and lent significant credibility to the final forecast.

This raises another serious question. If accurate traffic demand is indeed the foundation for defining project purpose and need, then the collaborative effort to define it should have also been used to develop of the 2014 Southeast Alaska Transportation Plan. As a statewide policy that, document prescribes applying "best management practices to preserve the existing transportation system." Not following its own policy on the planning side means every road-building project recommendation the department has made may be based on disputed traffic models and demand.

Instead of following best practices intended to "assist agencies in creating better and more legally defensible forecasting applications," the kings of Alaska's public highways want the Juneau Access construction to start as early as 2016. The shortcut they've taken will more than likely contribute to the litigation they hoped to avoid. Before it reaches that point, all work should stop until ADOT reexamines the project purpose and need in a transparent, collaborative process involving the public.

• Rich Moniak is a Juneau resident and retired civil engineer with more than 35 years of experience working in the public sector.

My Turn: Spending half a billion dollars is always a political decision

Posted: October 23, 2014 - 11:05pm

By Rich Moniak

The expression "money is politics" succinctly describes the new era of campaign spending, particularly when looking at the role money plays when federal, state and local governments establish capital and operating budgets. This is why Gov. Sean Parnell believes spending more than half a billion dollars to build the Juneau Access Project is his decision alone to make. It's also why opponents of the road have the right to challenge the project, even if that means taking the state to court.

Let me be clear: I'm not speaking as a member of the Southeast Alaska Conservation Council. I have never been a member and have not donated any money to them during my 28 years as a resident of Southeast Alaska. Although I believe they provide an important service to the many residents who value our natural environment, I don't always agree with their positions.

Going back to the 2006 Environmental Impact Statement for the Juneau Access Project, it should be very obvious that SEACC's lawsuit was well justified. They prevailed in court because the Alaska Department of Transportation refused to consider marine highway alternatives. Quite simply, DOT wasn't responsive to valid public comments.

Among other shortcomings in the 2006 EIS was the $270 million construction cost estimate. Inflation isn't the reason it's more than doubled over eight years, nor is it increase as a result of delays caused by SEACC's lawsuit.

Without delving into the details of both estimates, a significant factor in the revised cost is new "field reconnaissance and data on debris flows, avalanche areas, talus fields and wildlife undercrossings," which resulted in the addition of avalanche sheds and increased the number and complexity of bridges. Had the project moved forward eight years ago, we'd either have gotten a substandard and unsafe highway, or the costs would have skyrocketed during final design and/or construction. Either scenario would have caused a public uproar.

Even if the 2014 supplemental EIS is more defensible, I don't believe it should preclude anyone's right to sue the state. Sure, it would be seen by many as environmental obstructionism, but building the road isn't an engineering decision. It's being made on the slippery slopes of politics which, in any arena, isn't conducive to fostering public trust.

It was politicians who decided to build the two new ferries at the Ketchikan Shipyard. They went that route for the sake of Ketchikan's economy, but that decision will take more dollars directly out of the state treasury because it means passing up federal transportation funds and forgoing competitive bids. A related political maneuver was the state's decision to make these two boats the future Katzehin shuttle ferries. The ferries were designed primarily to run from Auke Bay to Haines and Skagway.

In two prior columns I've challenged the state on the shuttle ferry design and traffic projections. The numbers simply don't add up.

DOT's latest traffic projections have doubled since 2006. By their figures, the Katzehin ferries will have to move 848 vehicles each summer day traveling to and from Haines, or 424 each way. To make this happen, they plan to operate ferries 16 hours per day, and envision the vehicle load/unload sequence to take 20 minutes or less. That leaves little room for unexpected problems and means every driver must behave in an orderly fashion.

Now, 424 vehicles a day is just an average, and remember, they're not taking reservations. So, how many people will be stuck in Haines on a Sunday night when more traffic than the average arrives on their way home to Juneau after a weekend getaway?

Engineers don't design this way. They allow for ample margins of error to offset the unknowns they can't precisely quantify. It suggests politics are driving the project managers to make the numbers fit.

Of course, the biggest political decision is spending $574 million of taxpayer money that could instead be spread around the state on other pressing needs. It exposes a glaring hypocrisy in Parnell's governing philosophies of fiscal responsibility and accepting handouts from what he believes is a badly managed and bankrupt federal government.

Under his leadership, we will have politics to blame if DOT refuses to make corrections or address valid public complaints about the supplemental EIS. If concerns brought to DOT are ignored, then SEACC certainly should consider, as a last resort, the merits of taking the State of Alaska back to court.

My Turn: If we build it, almost no one will come

Posted: October 2, 2014 - 11:03pm

By Rich Moniak

FOR THE JUNEAU EMPIRE

When the Alaska Department of Transportation tried to sell the Juneau Access project in 2006, the price tag was $252 million. Now the anticipated construction cost has skyrocketed to $574 million.

Not so coincidentally, a new DOT-commissioned study determined the traffic demand in the Lynn Canal corridor has also doubled since 2006. But it's not a matter of if we build it, more will come to the capital city. Based on the new but seriously flawed analysis, the entire increase in projected highway use is from Juneau residents.

One of the criticisms about the 2006 Environmental Impact Statement was that DOT dramatically overstated demand for travel in Lynn Canal. Their figures came from a study performed by the Juneau-based McDowell Group. Relying heavily on household surveys of residents in Juneau, Haines, Skagway and Whitehorse, the McDowell Group estimated daily traffic of 500 vehicles per day; Juneau residents accounted for half of that.

The traffic demand is defined as how many vehicles would use the highway from one end to the other if it connected Juneau directly to Skagway. The figures the McDowell Group came up with were closely aligned with a study they did in 1990 and were loosely validated by comparisons with similar highway links from coastal communities.

The supplemental EIS, released in September, doesn't explain why DOT decided it needed a new traffic analysis. This time turned to Fehr & Peers, a Seattle-based consulting firm. That should be strike one in the eyes of our governor and every state legislator who thinks Alaskans know our state best.

Fehr and Peers dropped McDowell's approach in favor of data collected from the 2009 National Household Travel Survey and the 2002 Anchorage Household Travel Survey.

Strike two.

Alaskans aren't like our down south cousins and residents in the Lynn Canal corridor bear little resemblance to the urban characters in Anchorage.

Using this model, Fehr and Peers determined that by 2020 daily traffic would increase to 1,113 vehicles daily. That includes 994 Juneau residents, almost 700 more than McDowell estimated, while the figures from the other three affected communities remained essentially the same.

But Fehr and Peers weren't satisfied with this answer, so they recalculated it by imagining Juneau's traffic demand would be the same as in Whitehorse and compared that to measured traffic on major Alaskan highways.

Why Whitehorse? Because it's "approximately the same size as Juneau and located approximately the same distance away from Skagway." Using this hardly relevant correlation increased their estimate of Juneau-based traffic by another 12 percent.

This wasn't good enough either. Fehr and Peers cited national data collected by the U.S. Federal Highway Administration and their Canadian counterpart, which reveals Americans travel 50 percent more than Canadians. Because of this they bumped up their figures again and ultimately came up with a final daily traffic total of 1,240. McDowell Group's projection for the same year was only 630.

In their multiple analyses, Fehr and Peers failed to consider at least one obvious fact. The Juneau Access project offers capital city residents just one compass point — north to Haines, Skagway and the Yukon. Anchorage, Whitehorse and the vast majority of the road-connected world can also go south, east, west and everywhere in between. This error suggests the comparative data they used was a bad fit for this project. Strike three.

User demand is a critical factor for convincing lawmakers to fund this mega-construction project. DOT's new traffic analysis isn't just bad science; it seems like they cooked the books to get the outcome they needed. They also buried it in a 30-page technical document that includes another 65 pages in six equally technical appendixes. It's a mountain of paper intended to impress, or possibly intimidate, legislators and the general public.

One result that shouldn't impress anyone is that the estimated life cycle costs to build and maintain the road are higher than the enhanced ferry system alternative analyzed in the supplemental EIS. So, DOT can no longer tell us that the Juneau Access is about saving money. That means Gov. Sean Parnell and state legislators shouldn't be using federal and state taxpayer dollars to fund construction of a highway predominantly for the benefit of Juneau residents.

My Turn: The Katzehin ferries - design by politics

Posted: August 16, 2014 - 11:10pm

By Rich Moniak

FOR THE JUNEAU EMPIRE

Judging by the way the Alaska Department of Transportation is moving full steam ahead with the Juneau Access and construction of two Alaska Class Ferry day boats, one would expect the agency would have been prepared to defend both projects when they presented the Draft Southeast Alaska Transportation Plan (SATP) in Juneau last week. That wasn't the case though. Many questions were left unanswered. And that may be because an engineer was on the stage and the momentum pushing these is all politics.

To be fair to Andy Hughes, DOT's planning chief for Southeast Alaska, he prefaced his presentation by saying the meeting wasn't intended to take comments on the Juneau Access project. He said that opportunity would come when the Supplemental Environmental Impact Statement (SEIS) is released. And like most engineers I know, Hughes probably prefers to leave controversial issues to his bosses and politicians higher up in the agency.

We know that no matter what option is chosen, operation of Lynn Canal and all other Alaska Marine Highway ferries will remain dependent on state subsidies. Unlike the state's roads though, which are fully subsidized by taxpayers, ferry costs are partially offset by fares collected from users. But the SATP doesn't even discuss the revenue side of the equation in its cost comparisons of the different alternatives.

For running shuttle ferries coming and going from Katzehin at the end of the Juneau Access road, the revenue picture would be nothing more than an educated guess. DOT may be able to tell us the capacity they're designing for, but that doesn't translate to fares collected. What matters is how many people actually board the boats. Ultimately, that won't be known until the highway has been open for several years.

If they've overestimated shuttle ferry traffic as many people believe, then the Katzehin ferries will wind up running well below capacity most of the time. Either that or the frequency of sailings will be reduced, meaning the boat and crew will have a lot of down time during the day. In both scenarios, either revenue will be less or the state will raise fares to offset higher than expected operating costs.

This leads to another question. Should they even be designing the ferry itself without knowing what the real demand will be?

The Alaska Class dayboat design is already completed though. The state has asked Vigor Industrial to provide a price proposal for building one at their Ketchikan Shipyard. And unless they've been drastically changed from the design that was made public in January, these boats don't look like economical shuttle ferries.

For starters, there's no need for the 68-seat food court on trips less than an hour long. That's like a flight from Juneau to Ketchikan in which Alaska Airlines provides nothing more than a complimentary half ounce bag of pretzels and a cup of juice of water. The 46-seat library/quiet area and the children's play area aren't essential either. And there's certainly not going to be enough time to show movies in the 40-seat lounge on the upper deck.

If these ferries are primarily intended to be shuttles from Katzehin to Haines and Skagway, then it would seem logical to save money by eliminating such user amenities. But the more important questions are about the hull and engine designs.

In the Draft Design Concept Report prepared for DOT, Coastwise Corporation examined 13 day boat routes with the highest priority being Auke Bay/Lynn Canal. They explained that fuel efficiency was critical for the longer routes, so they focused on vessels with displacement hulls which are most efficient at normal service speeds.

But if the Katzehin/Haines shuttle was the focus instead of being the third priority route, would they have found catamaran hulls to be the better design option? And given that the Katzehin/Haines shuttle will spend less time running at design speed than idling while moored, different engines might be more appropriate too.

If the primary purpose of these boats are to be the shuttles from Katzehin, then they should be designed to be economically efficient on those routes. That would mean plugging those costs into the Juneau Access road analysis. And for politicians arguing that building a half billion dollar road makes good economic sense it will be harder to sell, especially to the majority of Alaskans who live outside the Lynn Canal corridor.

• Rich Moniak is a Juneau resident.

Opinion: Measuring 'the road's' value without subsidies

Posted: April 15, 2014 - 11:00pm

By Rich Moniak

Welcome back to the great road debate. This time, it's no longer about keeping the capital in Juneau. That issue has been dormant for more than a decade, leaving supporters of a road to Haines arguing solely on the grounds of long-term economic savings. What they won't say is whether or not they'd support it without the massive subsidy of federal taxpayer dollars.

Officials at the Alaska Department of Transportation and Public Facilities say the Juneau Access project fulfills the agency's mission of connecting people and communities. That's part of the function of roads everywhere, but few highways, if any, have been built for that reason alone. The Interstate Highway System, which moves a quarter of all vehicle traffic today, was conceived as a network for rapid military mobilization. Interstates have become the primary commuter routes between suburbs and cities as well as a main artery for everyday commerce.

The Juneau Access highway won't serve any of those functions. Even so, AKDOTPF estimates that almost 1,500 vehicles a day could use the road. Who are these likely users?

I can't imagine many people will routinely travel from Haines or Skagway just to shop at Costco, Walmart or Fred Meyer. Nor do I think there'll be a significant increase in Juneauites traveling all the way to Whitehorse, Fairbanks or Anchorage. It's not going to become the Lynn Canal commuter corridor. Trucking won't replace tugs and barges for delivering essential goods and general merchandise to Juneau. And I wouldn't expect a flood of tourist-driven RVs either.

So aside from some Kensington Mine workers who may drive a quarter of the road back and forth to town, the only other highway purpose seems to be seasonal recreational access to relatively untouched areas of the Tongass National Forest. And as a state that's always disparaging our federal government for spending taxpayer money on the social welfare of other people, there's a bit of hypocrisy building a half-billion-dollar highway for the luxury of driving to new playgrounds.

We also have to recognize that Alaskans can't choose to put money slated for this project toward other needs like schools or social services. That's because the vast majority is expected to come from the Federal Highway Trust Fund, including $30 million of the $35 million proposed in this year's state budget. Those funds are essentially dedicated to roads.

The main source of revenue for the Trust Fund is the 18.4 cents per-gallon tax we pay at the gas pump. But a little more research into this reveals again just how much Alaskans prefer to spend other people's money. At eight cents per gallon, our state motor fuel tax is the lowest in the country and only a quarter of the national average. Californians pay almost seven times as much as we do. That means we rely on federal funds for our roads more than anyone else.

It's not as if the Highway Trust Fund itself is a solvent cash cow. Between 2008 and 2010, Congress had to recharge it with $35 billion from the general treasury. The situation isn't much better today. That's why the U.S. Chamber of Commerce is calling for a 15-cent per gallon gas hike over three years. Just imagine the public outcry if President Obama signed such a tax increase.

Remember too that we Juneauites voted against taxing ourselves by increasing our sales tax to fund a new $50 million capitol building in 1993. And just four years ago we rejected doing the same for the proposed $80 million second crossing to Douglas Island. So how would this issue fare in a public vote that would essentially ask each taxpaying Juneauite to cough up $30,000 for building the road and two new day ferries?

If this is a valid argument against the road, opponents like me need to ask ourselves a similar question. How much more are we willing to pay for ferry fares between Juneau and Haines to eliminate the state subsidy we're benefiting from right now? And increasing those ticket prices should be part of the analysis before our tax-anxious legislators reverse their normal meaning of overreach by siphoning off federal funds for the Juneau Access project.

Comment

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Opinion: DOT's highways to nowhere

Posted: April 29, 2014 - 11:01pm

By Rich Moniak

FOR THE JUNEAU EMPRIE

"To nowhere."

That's the politically charged label being harnessed to the Juneau Access Project by opponents of the road up Lynn Canal. Even though a ferry terminal across from Haines isn't nowhere, there are at least two past projects in Alaska that truly fit that storyline, and a short study of both suggests the Alaska Department of Transportation and Public Facilities is a bureaucracy that tends to exaggerate highway needs and embellish its accomplishments to keep taxpayer dollars rolling in.

When it comes to road and bridge construction, one of the most egregious examples of waste is the Gravina Island Access project. It's only accessible if you take a ferry to Ketchikan's airport.

Completed in 2008, the 3.2 mile, gravel road was designed and built by Kiewit Pacific Co. for $25.7 million. It traverses a landscape that's mostly muskeg and serves not a single business and few, if any, permanent residences. The road ends at the $360 million "Bridge to Nowhere" that will probably never be built.

What makes this project even more of an embarrassment is that it was selected for a Globe Award by the American Road and Transportation Builders Association. Those are supposed to be for recognition of highway "improvement projects ... that have contributed to environmental protection and mitigation." And in nominating themselves for the award, Kiewit wrote that the project enhanced aesthetic values and public safety. Only engineers could imagine that replacing the natural landscape with a road protects the environment, improves its visual quality and reduces accidents.

Another project where DOT has poured money down the drain is the Copper River Highway out of Cordova. It's a gravel road that runs along the Copper River Delta for about 40 miles beyond the city's airport. It ends just after the historic Million Dollar Bridge. Built in 1910 to haul copper by rail from Kennicott to Cordova, it was converted to a highway bridge in 1958. One of the four steel truss spans collapsed during the Good Friday Earthquake of 1964. The road up the Copper River to Chitina, where it was supposed to connect to the state highway system, was never finished.

The only vehicle access to Cordova is via ferry, and like Juneau, about half the town doesn't want to see the road built. That didn't stop the DOT from trying to reconstruct it.

In 1991, the state spent almost $700,000 on a section that's never been open to vehicle traffic. They called it maintenance. It was done without legislative approval and without the permits required by the Alaska Department of Fish and Game and U.S. Army Corps of Engineers.

In 2005, the Million Dollar Bridge was repaired at a cost of $17 million. DOT justified the expense by claiming it was cheaper than demolishing the structure. That's hard to believe, especially considering that six years later they sought another $11.5 million for seismic upgrades.

In 2011, Copper River floods forced DOT to close Bridge 339 about 12 miles before the end of road. Now the Million Dollar Bridge is in the middle of nowhere, and replacing Bridge 339 will cost $29 million. All this for a road that's closed half the year and offers little more than opportunities for glacier viewing, fishing, hunting and camping.

It may well have been that DOT elected to repair the Million Dollar Bridge because removing it would have likely ended all hopes of ever building the road to Chitina. From that perspective it might be considered a down payment on future construction, just like the Gravina Access was for Ketchikan's "Bridge to Nowhere."

The Juneau Access road is no different. DOT has already spent $30 million reconstructing and extending the highway from Eagle Beach to Cascade Point.

Considering the natural hazards along the route, a road up Lynn Canal could turn into a multimillion-dollar headache like the Copper River Highway. Or, if the Federal Highway Administration refuses to fund it, we'll have nothing more than a dead end like the Gravina Island road.

We can be sure of two things. Building it won't protect the environment, enhance aesthetics or improve public safety. And AKDOTPF will continue to exaggerate its benefits because it needs taxpayer cash to sustain its bureaucratic empire.

• Moniak is a Juneau resident.

I am Debra Schnabel. I have been a resident of Haines for 62 years and have given my opinion on the Juneau Access project repeatedly at public hearings held by various government agencies and fact-finding committees because no one seems to be able to deal with the politics of the issue. Its an out-of-date project idea that recalls massive government programs that historically follow a period of war. It makes no sense in today's world where economical, efficient, sensible and green technological solutions are employed to solve public infrastructure issues. Let's shift our paradigm.

I challenge the assumption that long-term economic benefit would come from this project except during the construction phase and maintenance jobs related to it. "Jobs" is not an acceptable rationale for this massive undertaking that will undo forever the ability of Alaska to market wilderness scenery to the cruising industry.

There is no better example of a road to nowhere than the proposed road connecting Juneau to nowhere. The argument that a road connecting Interior of Alaska to a point in the middle of the Lynn Canal makes the capital city more accessible to citizens can be made sincerely only by those who have never driven Alaska's highways when they absolutely have to get somewhere. If you can't afford to fly from Barrow, Anchorage or Fairbanks to Juneau, you certainly can't afford to drive there.

I argue that the suppositions and postulations and assumptions upon which this proposal is built are not grounded in any data-based need for a road. This proposed road – the Juneau Access Improvement Project – was borne in the minds of people who do not respect the geography of Southeast Alaska, and people who cannot accept that the capital of Alaska is in the southeast...people who think that a capital city without road access is somehow a lesser capital city than one that had a road to nowhere. Alaska spends millions of dollars advertising its respect for wilderness tourism, and spends millions of dollars to adulterate it by forging a road through it.

I can only conclude, and I do this with respect for your intelligence and your service to this great state: that, in this particular instance, the Juneau Access Road Improvement Project stays alive in the minds of men with a bent toward engineering, who simply want a legacy of having done something that many said couldn't or shouldn't be done. From the perspective of how to spend money wisely on the needs of people living in a challenging environment, with need for immediate infrastructure improvements to existing roads, airports and bridges, with many unique social and educational needs, building a road to nowhere is not advised.

The Socioeconomic Effects Technical Report for this project might as well postulate that kissing a frog will net a prince. I argue that commerce will not improve in Haines or Southeast Alaska by road access from the north, and neither will commerce in interior Alaska, Canada or elsewhere improve by access to Juneau. I question sincerely the projection that 730 vehicles per day will travel the road in the summer. What thought has been given to how Juneau could absorb those 730 vehicles per day or where those vehicles come from? Everyone knows that Juneau gets its life from the south. That will not change.

My opposition to this project is not based on romanticizing rural lifestyles. It is on use of public funds. This project makes no practical, visionary or economic sense.

Municipality of Skagway

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Thank you for the opportunity to comment on the Draft Supplemental Environmental Impact Statement (DSEIS) on the Juneau Access Improvements Project. This project has the potential to profoundly affect the future of Lynn Canal communities. The following comments cover a range of alternatives and address a variety of issues related to those alternatives. They are intended to provide direction to the Alaska Department of Transportation and Public Facilities (AKDOT) in developing more meaningful analysis of issues which will have direct impacts on the community of Skagway. We are including for the record the North Lynn Canal Ferry Service Analysis prepared for the Municipality of Skagway in June 2014 by McDowell Group. This report documents the high volume of traffic that historically has been generated between the communities of Skagway, Haines and Juneau. The report also discusses fare inequities in the AMHS system which highlights the need for a consistent AMHS fare structure methodology.

Economic Impacts

The plan is named Juneau Access Improvements Project (JAIP) and in this sense it is Juneau-centric in its conception and its execution. The emphasis is on improving access from Juneau to Haines and Juneau to Skagway. There is very little written in the document about the vital transportation link that exists between Haines and Skagway. Historically, this connection between the two communities has carried a disproportionately large amount of traffic compared to other segments of the Marine Highway around the state.

1. **The highly popular Golden Circle Tour is a mainstay of summer tourism for Skagway, Haines, Haines Junction and Whitehorse.** These communities have promoted this tour successfully for two decades. It has been the policy of our Municipality to support and encourage visitation by the independent traveler as a counter balance to total reliance on cruise ship traffic. Traditionally the independent traveler spends more money per capita than other visitors. Any proposal that would disconnect or bottleneck this important economic connection could harm this important market.

2. **Insufficient capacity of the small Skagway/Haines shuttle ferry.** Under Alternatives 2B, 4A, 4B, 4C and 4D the Skagway-Haines link would be serviced by a small shuttle ferry modeled after the *Lituya.* The *Lituya* features an open car deck design and is the smallest vessel in the Alaska Marine Highway System. It serves the 16.5 nautical-mile distance between Metlakatla and Ketchikan, a route which historically has carried less volume of passengers and vehicles than the Skagway/Haines route. The design for the small shuttle ferry planned for the Skagway/Haines route calls for a carrying capacity of 18 Alaska standard vehicles (ASV). However, rule of thumb on the Marine Highway states that the average RV requires twice the deck space as a car or pickup truck. Therefore, if the shuttle

were loaded with only RVs, the maximum the shuttle could carry would be nine RVs on any given trip between Haines and Skagway. The shuttle is scheduled to sail twice a day thereby creating opportunity for 36 ASVs or 18 RVs to move from Skagway to Haines each day. Size, weight and capacity restrictions could impact independent bus traffic moving between communities.

Based on historic patterns of traffic between our communities, the Municipality questions the ability of this shuttle to provide adequate capacity. The reasoning for designing a vessel with such limited capacity is not explained in the EIS. We note that in association with Alternative 3 (West Side Road) larger shuttle designs have been considered. We further note that under Alternative 2B, the small shuttle is taken out of service in winter and there is no direct connection between Skagway and Haines.

3. **Traffic forecasts for the Haines/Skagway link are conspicuously absent.** The DSEIS offers expansive analysis on traffic forecasts for the Juneau/Haines and Juneau/Skagway segments. However it treats the Haines/Skagway link as totally separate from Juneau Access and offers no analysis of traffic demand between the communities. It merely states that the demand between Haines and Skagway will be 53 ASV per day but the document is silent on how this number is arrived at. We believe that capacity engineered to this demand number would be insufficient to handle future growth and peaks in current demand such as week-end, special events and holidays.

4. **Additional costs and inconvenience to foot passengers.** traveling between communities without a vehicle has been an ongoing concern for the Municipality. Many of our residents, particularly seniors and school children, travel to Juneau without a vehicle. The Alaska Marine Highway System Marketing and Pricing Study conducted by the McDowell Group in 2000 estimated the number of foot passengers to be 45% of the total passengers. The potential costs to these passengers go unreported in the document. Conservative estimates of the costs for a person traveling without a vehicle between Katzehin and Auke Bay range from $50 (van/bus) to $180 (taxi). The draft EIS should provide more detail than merely stating it is "assumed a commercial system will be created." The additional costs to these users, whether bus or a taxi should be factored into the User Cost/Benefit Analysis. Or, the cost to the state should be reported if the state assumes the responsibility for transferring travelers between Auke Bay and Katzehin. Either way, the costs of transport between Katzehin and Auke Bay for travelers without a vehicle are real and should be identified.

5. **North Lynn Canal Ticket Prices.** In letters to the Federal Highway Administration (FHWA), the Municipality has raised the issue of the unusually high cost of travel in Lynn Canal. Per-mile passenger and vehicle fares for the 13-mile Haines-Skagway route remain the highest in the Southeast System.

   It is difficult to determine from the DSEIS the actual cost of a ticket from Skagway to Haines. Prices vary depending on which alternative is being considered, which source

document you are reading and/or which vessel you are sailing on. For example, the 2012 HDR Ferry Fares Memo referenced in Appendix A of the Traffic Forecast Report indicates that for all alternatives other than Alternative 3, a ticket from Skagway to Haines will cost $22.00/vehicle and $7.50/passenger on the small shuttle. However, if you board a mainliner to travel to Haines it will cost you $49.00/vehicle and $31.00/passenger. Table A-22 of Appendix FF (User Benefit, Life Cycle Cost and Total Project Cost Report) presents a different pricing scenario.

To add to the confusion the Municipality has received correspondence from FHWA (August 20, 2014, letter from Division Director Garcia-Aline) which states "With regards to your specific concerns about the current fare for the Haines-Skagway ferry link, the Draft SEIS will provide the predicted fare for this link based on the current statewide fare structure, but it is my understanding that in all scenarios the fare would be reduced from the current price." To further add to the confusion, we were told by Deputy Commissioner Reuben Yost at AKDOT's public hearing in Skagway on October 23, 2014, that most likely the price for the Skagway/Haines link would not be reduced but the prices for other routes elsewhere in the region would be raised to be compatible with the prices that have been charged historically in Northern Lynn Canal.

The following table looks only at rates relevant to marine segments in the Preferred Alternative (2B) and shows how different the two pricing scenarios are:

Routes less than 20 miles	**2014 DSEIS Pricing**	**2014 AMHS fare structure**
Skagway/Haines 15 miles	$22.00/vehicle 7.50 pax	$49.00/vehicle $31.00/pax
Skagway/Katzehin 16 miles	$24.00/vehicle 8.00/pax	$52.00/vehicle $33.00/pax

Assumptions: Using mileage provided in Table 1 of the HDR Ferry Fares memo referenced in Appendix A of the Traffic Forecast Report (2014 DSEIS.) Yellow highlights indicate fares prorated for distance (there is lack of consistency with regard to route distances throughout the source documents.)

Recalculating the price of a ticket from Skagway to Katzehin to reflect the current AMHS fares makes a dramatic illustration of how drastically the price of ticket from Skagway to Katzehin would change: for the proverbial family of four, the price balloons from $52 to $168.

In 2013, the AMHS contracted with Northern Economics to conduct a fare equalization study to develop a "fair and equitable tariff structure." The Municipality has requested on numerous occasions that the results of the AMHS fare equalization study be included in the Juneau Access EIS. The fare adjustments that will be made as a result of the study will have a direct effect on the ticket prices for ferries operating in Lynn Canal. The AMHS Fare Study is an important tool for evaluating user costs and benefits and should be

included in the EIS. Without knowing what the fares will be for Skagway routes or the methodology behind them, it is impossible to determine which alternatives will most benefit the residents of our community.

Skagway Ferry Float

The floating dock associated with the Skagway Ferry Terminal is an example of critical transportation infrastructure that needs to be refurbished and/or replaced. Ownership and use of the float is shared between the Municipality of Skagway and the State of Alaska and serves an important economic function for the community as well as the Alaska Marine Highway System. Small cruise ships, large fishing vessels, yachts and tugboats utilize this dock on a regular basis. It also serves as an emergency dock for Alaska Marine Lines and Petro Marine. It is imperative that any design changes to that dock be coordinated with the Municipality to ensure that they are compatible with the Municipality's uses.

Safety

Safety is one of Skagway's top priorities. The following safety issues should be addressed in the EIS with regard to the preferred alternative:

1. How will Homeland Security be handled at the "unmanned" Katzehin ferry terminal? What part of the responsibility for emergency services will fall to local municipalities?

2. The EIS contains many studies on avalanche hazards. From our experience icing and freezing rain may be a bigger concern in this coastal corridor. Please include studies of how coastal freeze/thaw weather phenomenon affect roads and document the measures that will be taken to protect the safety of travelers.

3. People who fish north of the Katzehin River near the planned location of the terminal report high winds and large swells in this area. We have not found any reports or studies of sea conditions in this area. These should be included in the EIS.

4. Many lives have been lost on the Seward Highway, a road that shares similarities to the proposed Katzehin road. Since 2006, planners and residents at numerous public meetings have been calling for a divided highway as the best and most effective engineering enhancement on the Seward Highway. The DSEIS should analyze the cost/benefits of making the road to Katzehin a divided highway.

2nd slide from DOT&PF presentation: "Funding for the Engineering "E" Seward Highway Traffic Safety

Katzehin Terminal Logistics

Many residents have raised questions about the logistics of the unmanned Katzehin terminal. The DSEIS leaves many of those questions unanswered:

- Where will passengers purchase tickets?
- Who will be responsible for snow removal, lane assignments, propane inspections?
- Are the fast turnaround times realistic? Wait times for passengers seem overly optimistic. How will a "reservationless" system work?
- What amenities will be available for people arriving at the terminal such as bathrooms, electricity and shelter? Will there be telephone service?
- Who will check identification?

Parks and Recreation Areas

Section 6.2.1 Identifies parks and recreation areas within the project area. In Skagway, the plan identifies Mollie Walsh Park and Pullen Creek Shoreline Park as municipal parks within the project area. Registry Rock and Dewey Lakes Recreation Area should be added to this list.

Funding Priorities and Cost Overruns

The Municipality of Skagway is concerned that many transportation projects of local and regional importance will be postponed or cancelled if the State allocates its sparse transportation money to this project. The EIS should also consider the issue of cost overruns which historically have

been incurred on mega-projects. The Skagway Ferry Float and the Moore Bridge are two examples of critical local infrastructure that require immediate refurbishment or replacement.

The Municipality requests an opportunity to comment on the Final.

The DSEIS discusses many scenarios that could have a profound effect on the economic future of our community. However many of the supporting documents that are referenced are not included or are buried in the DSEIS and cannot be discovered and retrieved within the timeframe of the comment period. The DSEIS has taken more than two years to produce and requires deep analysis. Many municipalities rely on volunteer committees to develop comments and are handicapped by their own public notice and public meeting requirements. This significantly limits the amount of available time for research and public vetting of comments. We ask that you provide the Municipality the opportunity to comment on the Final SEIS prior to the record of decision.

Attachments:
North Lynn Canal Ferry Service Analysis prepared for the Municipality of Skagway in June 2014
Correspondence with Federal Highway Administration
HDR Ferry Fares Memo

International Union of Operating Engineers
LOCAL 302 • Washington and Alaska • AFL-CIO

Daren Konopaski, *Business Manager and General Vice President*

Corey Baxter, *District 8 Representative*

February 10, 2015

House Transportation Committee
Alaska State House
State Capitol Rm, 17
Juneau, AK 99801

Re: Juneau Access Project

To whom it may concern:

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

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

If this Administration halts this project, we wonder what alternative they will offer to reduce the cost of transportation and travel for the residents of Juneau and upper Lynn Canal, short of cutting more services and ports of call on the Lynn Canal route. The cost of ferry transportation remains significant. The design of the ferry system cannot provide services to other parts of Southeast Alaska if it must continue to serve the northern portion as it does now. It's time to move this project ahead.

I would like to thank the Transportation Committee for their time and effort with this project and hope to see it move forward.

Sincerely,

Corey Baxter
District 8 Representative, Operating Engineers Local 302

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Ginger Blaisdell

From: Shawn Eisele <shawneisele@gmail.com>
Sent: Tuesday, February 10, 2015 11:05 PM
To: Ginger Blaisdell; Graham Judson
Subject: Juneau Access testimony

Hello, I attended the House Transportation Committee's hearing today on the Juneau Access project. Although I intended to provide testimony, I was not able to stay until my name was called. Accordingly, please add the following written comments to the Juneau Access hearing record:

I support Governor Walker's action suspending funding for the "Juneau Access Project." I used quotes for that term because Juneau is quite accessible now, and the project would make access more difficult.

The project would make transportation difficult, lacks local support, and is more expensive than better options. Too often I hear it framed as ferry v. road. However, instead of replacing ferry service the project would only extend the drive to the ferry terminal and make that drive more dangerous.

At an exorbitant price tag, it would make travel much less convenient.

The proposal makes things worse for families who would have to drive hours on a dangerous road with no services, to get to a further away ferry terminal. It would make things worse for impoverished residents who do not have a reliable vehicle. It would make things worse for seniors or others who simply are not comfortable driving. Indeed, the project dismisses almost half of current users: Forty five percent of local ferry users walk on, either getting a ride to the ferry terminal or leaving their car at the parking lot there. Yet the proposed terminal would require a long, dangerous, and often prohibitive ride to the terminal and is not planned to have extensive parking.

If it's going to make travel so much more difficult, the project should save a lot of money--but instead the proposed road would have been more expensive than simply relying on ferries.

I have heard several legislators suggest that ferries are more expensive based on their cost per mile compared to roads. That's comparing apples to oranges. Routes traversed by the ferry are those that would be most expensive to build a road upon. Further, much of the ferry cost is overhead for the entire system. Moving Juneau's ferry terminal to a less accessible location would not reduce those overhead costs, and the result instead could be higher per mile costs for the ferry. Comparing apples to apples, the proposed Juneau Access project would have cost more than simply relying on ferries.

It would have also had a much larger impact on Alaska's natural resources and wild areas.

Finally, the project is not strongly supported locally. Juneau voted against a road when the issue was on the ballot. And in my experience, local hearings on the project have had speakers four to one against the road.

I support the Governor's action suspending funding for this project.

--
Shawn Eisele
215A Gastineau Ave.
Juneau, AK 99801

Ginger Blaisdell

From: Rep. Shelley Hughes
Sent: Wednesday, February 11, 2015 9:54 PM
To: Ginger Blaisdell
Subject: FW: Juneau Access Project: Does not account for EMS needs

Post on BASIS plz. This came in while we were meeting.

Representative Shelley Hughes

Alaska State Legislature
Serving Greater Palmer
State Capitol Building Room 13
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From: Adrienne Antoni [mailto:adrienne.antoni@gmail.com]
Sent: Tuesday, February 10, 2015 4:12 PM
To: Rep. Neal Foster; Rep. Shelley Hughes
Cc: Rep. Charisse Millett; Rep. Matt Claman; Rep. Benjamin Nageak; Rep. Daniel Ortiz; Rep. Louise Stutes
Subject: Juneau Access Project: Does not account for EMS needs

Dear Members of the House Transportation Committee:

I first learned about the Juneau access project last summer, when I moved to Juneau from Ketchikan. When I first learned of it, I wasn't passionate about the project one way or the other. That indifference drastically changed on November 16, 2014.

My boyfriend and I spent the weekend in a cabin out the road, near Amalga Harbor at Mile 26. It was a nice winter weekend, with a thin layer of snow and temperatures just below freezing.

On the drive back into town, we came upon a rollover accident at Mile 18, just north of Cohen Drive. My boyfriend happened to look down into the ditch on the west side of the highway to see a young girl waving frantically while crawling out of the window of an overturned black Jeep Cherokee. We immediately stopped and went straight down to the Jeep.

Two nineteen year old girls and their dog had been in the car when it lost traction, fish-tailed, flipped, and ultimately landed upside down against a hemlock tree. Somehow the two sustained only minor injuries. My boyfriend and I both have first aid training, so we bandaged up their cuts, wrapped them in blankets, and put them in our car to prevent them from going into shock until the ambulance arrived.

Thankfully we had cell service at Mile 18, and we called 911 right around 3:30 pm just moments after we arrived at the scene. The second car to arrive at the scene drove into town and said they, too, would call 911 from an area with better cell coverage.

Mile 18 is not far from town. It's only one mile north of the Lynn Canal Fire Station. It's roughly five miles north of Auke Bay. Roughly 15 miles north of Bartlett Regional Hospital, and only 18 miles north of downtown. Despite that close proximity, the first volunteer fire truck arrived 41 minutes after we put in the first call to 911. I'll repeat that: even though we were one mile from the nearest fire station, and roughly five miles from Auke Bay, it took over 40 minutes for the first EMS responder to arrive.

While we waited in the car consoling the two nineteen year old girls by keeping them warm and trying to make them laugh, my mind went to the Juneau access road. We were at Mile 18, just a few miles out of town. What would we have done if we'd been 50 or 75 miles out the road, with no cell phone coverage? Would we have left the scene of the accident to get to a place with better cell phone coverage? Would we wait however long it would take for the next car to pass by? Would we then need to wait several hours before the first EMS responder would arrive? And what would we have done if the accident was 75 miles out the road at night and in poor weather?

Talking with the girls, we realized why they weren't badly hurt. They told us that since the roads were icy, they were going about 20 miles an hour under the posted speed limit. That speed wasn't slow enough to prevent their rollover accident, but their injuries likely would have been worse had they been traveling at a higher speed.

As we waited with those girls, a third car stopped. The driver told us he lives on Cohen Drive, around Mile 18, and that was the fourth accident he'd seen between Auke Bay and Cohen Drive that afternoon. Four accidents in one afternoon on one small stretch of road. Again, that begs the question: what will happen to all the accidents that will occur 75 miles out the road—and they most certainly will occur—if Juneau EMS can't even keep up with current needs on the current road system? And who will pay for all those extra EMS services?

This seems like a major oversight in the road planning process that should be addressed with real and sincere scrutiny. Otherwise, the state will quite literally be putting Alaskan traveler safety in jeopardy for the sake of building an unneeded dead-end road.

And by the way, didn't the state conduct an environmental study that showed the road will actually be more expensive to build and maintain than simply sticking with the ferries in Lynn Canal? Why are we considering a more expensive and more dangerous way to travel when what we have now works just fine?

Thanks for your time and consideration. I very much appreciate the work you're all doing this year given the state's budget!

King regards,

Adrienne Antoni

Juneau

Ginger Blaisdell

From: Lois Epstein <loisepstein@gmail.com>
Sent: Tuesday, February 10, 2015 12:39 PM
To: Ginger Blaisdell
Subject: Mega-project hearings
Attachments: easytostartupdfin14.docx; easytostarttablefin14.docx

Hello Ginger. My name is Lois Epstein and I'm an engineer who has worked on a series of reports entitled Easy to Start, Impossible to Finish (I-III) that the Walker Administration and others have used as a resource on the financial and other impacts of the mega-projects. You may have seen them. I have attached the latest edition from last March and the post-session financial update to the report from September which I prepared for a Commonwealth North conference in October.

Additionally, I gave brief testimony last week on the Knik Arm Bridge at the hearing and will do so again on the Ambler Road on Thursday.

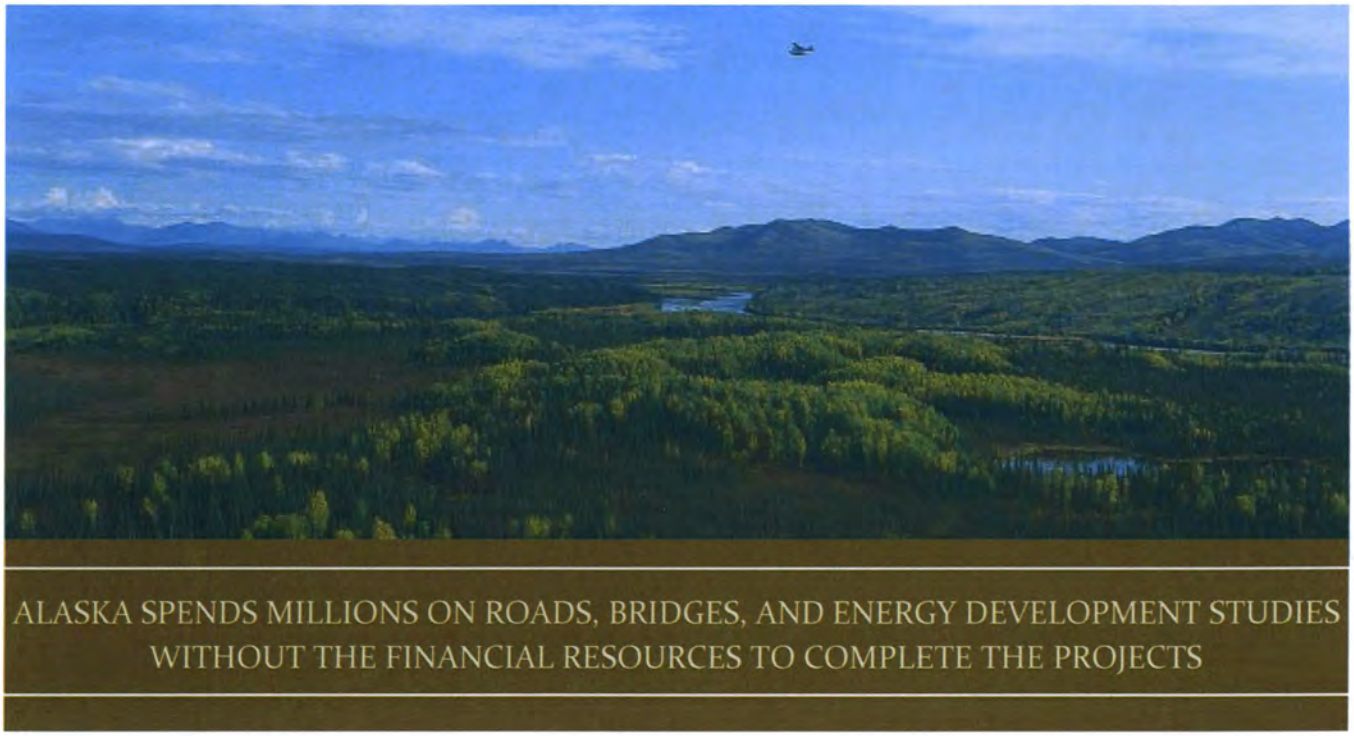
I'm writing you at this busy time to support Jill Yordy of the Northern Center as an invited witness for the Ambler Road hearing. She is very knowledgeable about the project and has the confidence of those in communities throughout the region who are concerned about the project and have raised important questions about whether the road should go forward.

If you would like to chat about the financial aspects of any of the mega-projects, please contact me on my cell at 907 748-0448. Thank you for holding these important hearings. By the wayI think your boss did a good job running the Knik Arm Bridge hearing last week.

Best,
Lois Epstein, PE

March 2014

EASY TO START, IMPOSSIBLE TO FINISH III



ALASKA SPENDS MILLIONS ON ROADS, BRIDGES, AND ENERGY DEVELOPMENT STUDIES WITHOUT THE FINANCIAL RESOURCES TO COMPLETE THE PROJECTS

Lois N. Epstein, P.E.

Engineer and Arctic Program Director for The Wilderness Society

Anchorage, Alaska

THE WILDERNESS SOCIETY

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About the Author:

Lois N. Epstein, P.E., lois_epstein@tws.org, has been Arctic Program Director at The Wilderness Society in Anchorage since August 2010. Previously, Lois directed the Alaska Transportation Priorities Project, a non-profit transportation watchdog organization. Before ATPP, Lois worked for Cook Inletkeeper in Anchorage for more than five years, a non-profit watershed protection organization, and for Environmental Defense Fund in Washington, D.C., for 13 years. Prior to these positions, Lois worked for two private consulting firms and the U.S. Environmental Protection Agency Region 9 Office of Water. Lois served on the Technical Advisory Committee for Anchorage Metropolitan Area Transportation Solutions, the city's Metropolitan Planning Organization.

Lois has presented invited testimony before the U.S. Congress on more than 10 occasions and has appeared on CNN, CBS Evening News, The NewsHour with Jim Lehrer and other media outlets, and is a licensed Professional Engineer in the State of Alaska. She has a master's degree from Stanford University in Civil Engineering with a specialization in environmental engineering and science, and undergraduate degrees from both Amherst College (in English) and the Massachusetts Institute of Technology (in mechanical engineering).

About the Organizations:

The Wilderness Society is the leading public-lands conservation organization working to protect wilderness and inspire Americans to care for our wild places. Founded in 1935, and now with more than 500,000 members and supporters, TWS has led the effort to permanently protect 110 million acres of wilderness and to ensure sound management of our shared national lands. www.wilderness.org. The Wilderness Society's Alaska office focuses on protecting special places in America's Arctic.

Alaska Public Interest Research Group is a non-partisan, non-profit, citizen-oriented statewide organization researching, educating and advocating on behalf of the public interest. AKPIRG exists to promote the public and consumer interests, especially when inconsistent with moneyed, powerful or other special interests. www.akpirg.org

The Northern Alaska Environmental Center promotes conservation of the environment and sustainable resources stewardship in Interior and Arctic Alaska through education and advocacy. NAEC has been at work protecting Alaska's clean air, land, water, and cultures since 1971. www.northern.org

The Southeast Alaska Conservation Council's mission is to protect the special places of the world's largest temperate rainforest, promote conservation, and advocate for sustainability in human use of natural resources. Inspired by the land, wildlife, cultures, and communities of Southeast Alaska, SEACC strives to ensure this interconnected whole exists for future generations. www.seacc.org

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EXECUTIVE SUMMARY

This third in a series of *Easy to Start, Impossible to Finish* reports analyzes 10 major transportation and energy projects in the planning stages in the State of Alaska. The 10 projects likely will cost approximately $16.8 to $17.7 billion with the state having in hand, at a maximum, only 8 percent of the money needed to build the projects. Funding all these projects would increase state debt service by nearly 300 percent, adding $892 million per year, so state leaders should decide whether it makes fiscal sense to proceed with all of these expensive capital projects given their projected limited returns on investment.

INTRODUCTION

This report assesses the near-term financial implications for the State of Alaska should it move forward with seven costly transportation projects and three expensive energy projects, including several major projects in the Arctic. These projects were included in this report because they have been in the planning stages for many years with little progress toward actual construction, a strong lack of consensus on the need, and a top-down, non-transparent process for continued state expenditures.

These ten projects generally would provide little revenue to the state. The state needs to perform its "due diligence" with these projects before proceeding, and to make tough political choices to cancel projects that do not warrant additional expenditures.

In February 2010, the Alaska Transportation Priorities Project, a non-profit transportation watchdog organization, issued *Easy to Start, Impossible to Finish: Alaska Spends Millions on Roads and Bridges without Financial Plans to Complete the Projects*. The report documented that the State of Alaska spent $133.4 million of federal and state money planning five expensive and controversial road and bridge projects that have not been built (all five are updated in this report), and dedicated another $205.2 million to these projects. Assuming no unexpected cost overruns, the state had in hand only 6 percent of the approximately $5.4 billion needed to build the projects.

In March 2012, The Wilderness Society, the Alaska Conservation Alliance, and the Northern Alaska Environmental Center issued *Easy to Start, Impossible to Finish II: Alaska Spends Millions on Arctic Roads without Financial Plans to Complete the Projects*. The report focused on the status of three proposed, major Arctic road projects (all included in this report). These Arctic "roads to resources," i.e., the roads to Ambler, Umiat, and Nome, would use state funds to facilitate private resource development. Private industry has not contributed any funds toward these "roads to resources" projects.

FINDINGS

In this update, our organizations provide current appropriations and cost figures for the projects included in the previous two reports and some additional projects that the state has begun. Altogether, the 10 transportation and energy projects included in this report likely will cost approximately $16.8 to $17.7 billion with the state having in hand, at a maximum, only 8 percent of the money needed to build the projects (14 percent for the transportation projects, 7 percent for the energy projects, and 8 percent combined). The state has spent $80.62 million to date on the three, Arctic "resources to resources" projects (i.e., Ambler, Umiat, and Nome/Tanana; see Attachment A).

Fiscally-conservative leadership for the state is critical but in short supply, with extensive planning money spent over many years with limited legislative oversight. Since the first *Easy to Start* report, only the road to Nome and the Gravina Island Access projects have been scaled back,[1] and all the transportation projects analyzed in the two previous reports continue to move forward despite the lack of progress in identifying funding sources. Once begun, major projects gain a political and economic momentum which makes them hard to stop, short of a firm gubernatorial and/or legislative decision to do so, even when information becomes available which warrants cancellation. Examples of such adverse information include:

- the Knik Arm Bridge and Toll Authority's finding that it was a longer distance to Anchorage from Mat-Su Borough population centers via the proposed toll bridge than via the current route,[2]
- the inability of the Juneau Access project to build a road all the way to Skagway due to federal requirements to protect the Skagway and White Pass National Historic Landmark,[3] and
- widespread public opposition to the Ambler Road expressed at community meetings and in community resolutions passed against the project.

With Alaska's revenue likely to decline substantially for at least the next few years because of the passage in 2013 of SB21 which cut state taxes on the oil industry, our organizations question whether it makes fiscal sense to proceed with these expensive capital projects given their limited returns on investment. Additionally, simultaneous construction of several major projects often leads to labor and materials shortages, which increase costs.

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[1] The road to Nome, a 548-mile project, was quietly piecemealed by the state so that only the initial segment to Tanana will be built (not including a Yukon River bridge to reach the community), a 54-mile project in total – see the Alaska Department of Transportation & Public Facilities website at http://dot.alaska.gov/nreg/westernaccess/index.shtml. The Gravina Island Access bridge options in the recently-issued Draft Supplemental Environmental Impact Statement (June 2013) are somewhat cheaper than those included in the previously-issued Final Environmental Impact Statement (July 2004).

[2] *Knik Arm Bridge: Preliminary Traffic and Toll Revenue Study*, Wilbur Smith Associates, Nov. 2005, Figure 5, http://www.knikarmbridge.com/documents/FINALWilburSmithPrel.TrafficandRevenueStudyFinalReport112805.pdf.

[3] *Juneau Access Preferred Alternative Changed*, Capital City Weekly, Aug. 17, 2005, http://www.capitalcityweekly.com/stories/081705/news_20050817003.shtml.

Table 1 shows the amounts appropriated to date by the state legislature and federal earmarks; the projects' estimated costs; and the approximate deficits ("Estimated Cost" minus "Money Appropriated"). The "percent in hand" represents the "Money Appropriated" divided by the "Approximate Deficit" in percent.

Table 1: Money available to construct major, proposed transportation and energy infrastructure projects vs. project costs

Project	Money Appropriated	Estimated Cost	Approximate Deficit
Knik Arm Bridge	$146.8 million (federal and state)	$1.6 billion	$1.45 billion
Juneau Access	$60.3 million (federal and state)	$548.4 million (road costs only, i.e., no ferry costs)	$487.6 million
Gravina Island Access	$146.3 million (federal)	$264.1 - $317.1 million for a bridge, i.e., not a ferry, alternative[4]	>$117.8 million
Ambler Road	$17.8 million (state)	$430 - $990 million	>$412.2 million
Umiat Road	$35.12 million (state)	$357 - $384 million	>$321.9 million
Road to Tanana (formerly the much-longer road to Nome)	$13.3 million (state)	$69 million (to Tanana without a Yukon River bridge)	$55.7 million
West Susitna Access	$0.25 million (state)	$216.9 - $504.3 million	>$216.7 million
Total Transportation Projects	**$419.9 million**	**$3.5 - $4.4 billion**	**>$3.1 billion (14 percent in hand)**
Susitna-Watana Dam	$172.7 million (since 2008, state)	$5.2 billion	$5.02 billion
In-State Gas Line	$355 million (2013, state)	$7.6 billion	$7.25 billion
Interstate Gas Line (AGIA) [5]	$300 million (since 2008, state)	$500 million[6]	$200 million[7]
Total Energy Projects	**$827.7 million**	**$13.3 billion**	**>$12.47 billion (7 percent in hand)**
Combined Total	**$1.25 billion**	**$16.8 - $17.7 billion**	**>$15.57 billion (8 percent in hand)**

WHAT ABOUT REVENUES ASSOCIATED WITH THE PROJECTS?

Some of these projects may have tolls for vehicles (Knik Arm Bridge, Gravina Island Access) or for industrial users (roads to Ambler, Umiat), or ferry fare revenues (Juneau Access, Gravina Island Access).

[4] Includes $41.1 million spent to build the Gravina Island Highway, completed in 2008, and meant to connect to a bridge to Ketchikan.

[5] This item will need to be updated if changes are made to the Alaska Gasline Inducement Act (AGIA) legislation via SB 138 during the 2014 legislative session.

[6] This figure reflects the maximum state commitment under AGIA. The amount would rise substantially if SB 138 passes in 2014.

[7] This amount would rise substantially if SB 138 passes in 2014.

The energy projects would have user revenues. This update does not address revenues except to note that:

1. The state has had problems projecting traffic and revenue previously. The Whittier Tunnel, for example, requires more than a $2 million subsidy *each year* to cover operating costs beyond toll revenues; that's over $20 million per decade for this comparatively small – compared to the Knik Arm Bridge - toll project,
2. The pro-bridge Knik Arm Bridge and Toll Authority generated "unreasonably optimistic" toll and revenue projections according to a Legislative Budget and Audit Committee report,[8]
3. Industrial users to date have not committed to pay for both capital and operating costs for the "roads to resources" projects, and
4. Ferry fares do not fully cover ferry operating costs.

WON'T THESE PROJECTS BE FUNDED OVER MANY YEARS?

These projects would not be fully funded before construction begins. Similar to buying a house, the projects would be paid for over many years using bonds and other financing mechanisms. If we assume, conservatively, that $15.57 billion (see Table 1) in additional funds is needed to pay for all the projects over a 30-year period at an interest rate of 4 percent, that means the state would pay $74.34 million per month in principle and interest payments (i.e., debt service) for these projects, or approximately $892 million per year. State debt service in the enacted Fiscal Year 2014 budget is $300.1 million,[9] so funding all these projects would increase state debt service by 297 percent.

For context, in a February 2013 presentation entitled *Maximum Sustainable Yield: Wealth Management for the "Owner State,"*[10] Scott Goldsmith of the University of Alaska Anchorage's Institute for Social and Economic Research determined that Alaska General Fund expenditures should be approximately $5.5 billion per year over the long-term. For Fiscal Year 2013, the state spent $7.6 billion from the General Fund which means that the state needed to cut spending by at least $2.1 billion in Fiscal Year 2013 to ensure maximum sustainable yield (this was not done), **not to increase infrastructure project spending by roughly $892 million each year.**

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[8] *SUMMARY OF: A Special Report on the Department of Transportation and Public Facilities, Knik Arm Bridge and Toll Authority Knik Arm Crossing Project*, Alaska Division of Legislative Audit, Report Conclusions, April 2013, http://www.legaudit.state.ak.us/pages/digests/2013/30068dig.htm.

[9] See http://omb.alaska.gov/ombfiles/14_budget/PDFs/2_Enacted_2014_Fiscal_Summary.pdf.

[10] See http://www.iser.uaa.alaska.edu/Publications/presentations/2013_02_27-OwnerStateSustainableSpending--CommonwealthNorth.pdf.

NOTABLE CONCERNS WITH AND DETAILS OF THE INFRASTRUCTURE PROJECTS

TRANSPORTATION

Knik Arm Bridge – The proposed Knik Arm Bridge project[11] would consist of a toll bridge across Cook Inlet's Knik Arm from Anchorage to virtually-unpopulated Point MacKenzie in the Matanuska-Susitna Borough, and numerous miles of access roads on both sides of the bridge that have not been included in the project's budget. The bridge would not reduce the time or distance to Anchorage for drivers from Wasilla or Palmer, the Mat-Su Borough's largest communities.[12]

Until the governor unveiled his Fiscal Year 2015 budget on Dec. 12, 2013, the Knik Arm Bridge and Toll Authority (KABATA) planned for the bridge to be built using a public-private partnership (P3), with the State of Alaska providing annual, contractual "availability payments" to private investors to pay for bridge construction, maintenance, and operations, plus an annual fixed-percentage return on investment. According to an Alaska Division of Legislative Audit report issued in April 2013, KABATA's "toll and revenue projections are unreasonably optimistic, and the projected cash flows to the State are likely overstated as a result. These are important considerations for policymakers since the P3 compensation arrangement requires KABATA to make payments to the private partner regardless of the project's ability to generate toll revenues."[13] In the governor's Fiscal Year 2015 budget, the state abandoned its public-private partnership approach and now plans to utilize direct public funding for the bridge.

To date, $146.8 million[14] has been appropriated toward the bridge, with more than $80 million[15] spent. Gov. Parnell's proposed budget includes an additional $55 million. The Alaska Division of Legislative Audit, using KABATA's data, documented that the proposed bridge would cost $1.6 billion.[16]

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[11] See http://www.knikarmbridge.com/.

[12] *Knik Arm Bridge: Preliminary Traffic and Toll Revenue Study*, Wilbur Smith Associates, Nov. 2005, Figure 5, http://www.knikarmbridge.com/documents/FINALWilburSmithPrel.TrafficandRevenueStudyFinalReport112805.pdf.

[13] *SUMMARY OF: A Special Report on the Department of Transportation and Public Facilities, Knik Arm Bridge and Toll Authority Knik Arm Crossing Project*, Alaska Division of Legislative Audit, Report Conclusions, April 2013, http://www.legaudit.state.ak.us/pages/digests/2013/30068dig.htm.

[14] See http://www.knikarmbridge.com/documents/KnikArmCrossingFY2013-2014TIFIALOIFINAL_001.pdf, July 2012, p. 12 ($145 million) plus a $1.8 million operating budget for state Fiscal Year 2014.

[15] See http://www.knikbridgefacts.org.

[16] Alaska Division of Legislative Audit, op. cit., p. 18, http://www.legaudit.state.ak.us/pages/audits/2013/pdf/30068rpt.pdf, using data from the KABATA Dec. 2012 Financial Plan. Changing from a public-private partnership to direct public funding would require $300 million in federal/state transportation money to start the project (see the Financing Plan for Knik Arm Bridge memo from First Southwest to Angela Rodell, Commissioner of Revenue, Nov. 11, 2013, http://media.adn.com/smedia/2013/12/20/19/08/q9i3O.So.7.pdf#storylink=relast). The $300 million needed is not reflected in any current Alaska Department of Transportation & Public Facilities financial plans.

For more information about the Knik Arm Bridge, see www.knikbridgefacts.org.

Juneau Access – The proposed Juneau Access road/ferry project[17] would consist of 51 miles of new road from Echo Cove approximately 40 miles north of Juneau, to the undeveloped Katzehin River via the east side of Lynn Canal. It also would include a new ferry terminal at the Katzehin River 90 miles from Juneau, and shuttle ferries to Skagway (pop. 961 as of July 2012) and Haines (pop. 2,620 in the Borough as of July 2012). Currently, a larger ferry serves these two communities, which operates from a terminal 13 miles from downtown Juneau. Because of concerns expressed by the National Park Service, in 2005 the Federal Highway Administration dropped its plan to build a road from Juneau to Skagway and instead adopted the road/ferry combination.

An extremely steep section of the proposed route.

The Juneau Access road would be constructed at the base of very steep, wooded terrain subject to frequent snow avalanches. Construction and maintenance costs would be unusually high, and transfers of drivers and cargo onto ferries still would be required. Additionally, projected traffic on the road would be low: average daily traffic projections for the road would be only 380 vehicles per day during the opening year, and 670 vehicles per day after 30 years.[18]

To date, the state has appropriated $60.3 million for the project, with $35.8 million prior to 2011 and $10 million in 2014 (approximately 90 percent of those dollars coming from federal transportation funds) plus a $14.5 million earmark from the federal government. Gov. Parnell's proposed capital budget for Fiscal Year 2015 includes an additional $35 million. The estimated cost of the road portion of the project is $548.4 million,[19] and the cost of the shuttle ferries from the road terminus to Skagway and Haines would be approximately $130 million additional.

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[17] See http://dot.alaska.gov/sereg/projects/juneau_access/index.shtml.

[18] See *Juneau Access Improvements Final Environmental Impact Statement*, Alaska Department of Transportation & Public Facilities, 2006, p. 4-162, http://dot.alaska.gov/sereg/projects/juneau_access/assets/FEIS_06/FEIS_wfigures.pdf.

[19] $521.1 million from the 2013-2015 Alaska Statewide Transportation Improvement Program, Amendment 8, Dec. 6, 2013, http://www.dot.state.ak.us/stwdplng/cip/stip/assets/STIP.pdf, plus $28.3 million spent as of Nov. 2013 (personal communication between Mike Vigue, Alaska Department of Transportation & Public Facilities and James Sullivan, Southeast Alaska Conservation Council on Feb. 13, 2014).

Gravina Island Access – The proposed Gravina Island Access project[20] would connect the Ketchikan area (pop. 13,938 as of July 2012) to virtually undeveloped Gravina Island via Pennock Island across Tongass Narrows. Currently, a ferry running two roundtrips each hour connects Ketchikan and Gravina Island. Gravina Island includes Ketchikan International Airport and has a small number of residents.

The Alaska Department of Transportation & Public Facilities (DOT) spent $41.1 million[21] to construct the Gravina Island Highway on Gravina Island in anticipation of this "highway" connecting to a bridge to Ketchikan. The Alaska Division of Legislative Audit said that Alaska DOT did not comply with all state and federal laws by speeding up a contract solicitation for the Gravina Island Highway so it could be signed before Gov. Frank Murkowski left office in December 2006.[22] The audit also said that "the decision to proceed with the highway construction was not in the public's best interest given the lack of congressional financial support for the bridges and the significant increase in estimated cost."[23]

The City of Ketchikan and the Ketchikan Gateway Borough now support enhanced ferry operations rather than a bridge to Gravina.[24] The draft supplemental Environmental Impact Statement issued in June 2013 contains two bridge options and several options to enhance ferry connections to Gravina Island. The final Environmental Impact Statement is expected to be issued in 2014.

To date $146.3 million has been appropriated for the project, consisting of $70.4 million in federal earmarks and $75.9 million in "de-earmarked" money reserved for the Gravina Island Access project by Gov. Murkowski (he had the discretion to do that with the former federal earmark).[25] Including the Gravina Island Highway, more than $56.1 million has been spent as of May 2009,[26] and more has been spent since. Depending on whether a bridge or ferry enhancements is selected, the additional cost for

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[20] See http://dot.alaska.gov/sereg/projects/gravina_access/index.shtml.

[21] *SUMMARY OF: A Special Report on the Department of Transportation and Public Facilities (DOTPF), Gravina Island Access Project (GIA)*, Alaska Division of Legislative Audit, Oct. 2009 (issued 1/10), p.22, http://www.legaudit.state.ak.us/pages/audits/2010/pdf/30050rpt.pdf.

[22] Ibid., p. 23.

[23] Ibid., p. 17.

[24] *New plans confirm Palin's 2007 decision to scrap Ketchikan's 'Bridge to Nowhere'*, Pat Forgey, Alaska Dispatch, Aug. 9, 2013, http://www.alaskadispatch.com/article/20130809/new-plans-confirm-palins-2007-decision-scrap-ketchikans-bridge-nowhere.

[25] Alaska Division of Legislative Audit, op. cit., p. 20.

[26] It is unclear if the state will need to reimburse the federal government for the approximately $37 million in federal funds used for the Gravina Island Highway should that road not connect to a bridge to Ketchikan.

the project would range from $23 million to $276 million, according to the draft Environmental Impact Statement, with bridge costs from $223 million to $276 million.[27]

Ambler Road – The proposed road to Ambler project, also known as the Ambler Mining District Access project, would consist of a 211- to 370-mile road from the mining district to a port in western Alaska or to a Dalton Highway connection. Until 2013, Alaska DOT led work on this project. In April 2013, NovaCopper[28] and the Alaska Industrial Development and Export Authority (AIDEA) signed a Memorandum of Understanding, effectively giving AIDEA the lead rather than Alaska DOT.[29] AIDEA[30] issues revenue bonds that must be paid back by industrial entities, however it is unclear if NovaCopper and other companies plan to pay for the entire cost of the road including its planning, construction maintenance, and operating costs. AIDEA currently is focused only on the shortest, cheapest road route which connects to the Dalton Highway.

The primary financial beneficiary of the road to Ambler would be the mining industry which provides a very small amount of state revenue. The industry provided $60.8 million in state revenue in Fiscal Year 2013,[31] representing less than 1 percent of the unrestricted tax revenue received by the Tax Division of the Alaska Department of Revenue (oil and gas represents 92 percent of that revenue).[32]

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[27] Gravina Access Project, Draft Supplemental Environmental Impact Statement, Summary, Alaska Department of Transportation & Public Facilities, June 2013, p. 8, http://dot.alaska.gov/sereg/projects/gravina_access/assets/Summary.pdf.

[28] NovaGold, the parent company of NovaCopper, built the Rock Creek mine outside of Nome. The State of Alaska spent $7 million (see http://omb.alaska.gov/ombfiles/05_budget/Trans/Amend/2005proj38570.pdf) to realign and reconstruct Glacier Creek Road outside of Nome to help facilitate mining by NovaGold. The Rock Creek mine operated for two months, from September to November 2008. NovaGold sold the Rock Creek property to the Bering Straits Native Corporation in 2012 (http://www.marketwired.com/press-release/novagold-completes-divestiture-of-rock-creek-project-in-alaska-tsx-ng-1720806.htm). Bering Straits Native Corporation is reevaluating the feasibility of the project before commencing final (Phase II) reclamation (see http://dnr.alaska.gov/mlw/mining/largemine/rockcreek/). State of Alaska road upgrades were not reimbursed by NovaGold.

[29] NovaCopper Signs Memorandum of Understanding With the Alaska Industrial Development Export Authority to Permit and Develop an Industrial Access Road to the Ambler Mining District, Market Watch, Market Watch, Wall Street Journal, April 30, 2013, http://www.marketwatch.com/story/novacopper-signs-memorandum-of-understanding-with-the-alaska-industrial-development-export-authority-to-permit-and-develop-an-industrial-access-road-to-the-ambler-mining-district-2013-04-30-61733117.

[30] To date, AIDEA has not participated in statewide transportation planning, which means there has not been statewide public involvement in Ambler Road decision-making. This is important because any state funds dedicated to Ambler likely would come at the expense of other state transportation projects.

[31] Revenue Sources Book, Fall 2013, Alaska Department of Revenue, pp. 8-9, http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?1022r.

[32] Ibid.

To date, $17.75 has been million appropriated for the project. Gov. Parnell's proposed capital budget for Fiscal Year 2015 includes an additional $8.5 million and he expects to propose another $8.5 million in FY2016 and $7 million in FY2017, not including construction costs. The range of road construction costs estimated by DOWL HKM is from $430 million to $990 million.[33]

The proposed routes raise concerns about degradation of subsistence resources including moose, caribou whose migration might be altered with a long east-west road and increased non-local hunting, adverse impacts to fish including tributaries supporting Yukon River salmon, increased traffic access to this remote region with a strong wild lands tourism-based economy, and decreased quality of life. Parts of the area have gravel and rock containing asbestos, a concern during road construction and for dust generated during road usage.

Since the state began pursuing this project, there has been extensive and vocal local opposition. See http://www.brooksrange.org for information about the Brooks Range Council and its opposition to the regional industrialization which would be created by the project. As of March 2014, there are six resolutions from individual affected communities scattered across the impacted region opposing the project, as well as a resolution by the Tanana Chiefs Conference opposing the road and requesting more formal agency consultation with local groups.

Umiat Road – The proposed road to Umiat project, also known as the Foothills West Transportation Access project,[34] would consist of an 85-mile road to the Gubik Gas Fields from the Dalton Highway, and a 15-mile road beyond to Umiat including a bridge across the Colville River to provide all-season access connecting the National Petroleum Reserve – Alaska (NPR-A) to the Trans-Alaska pipeline. The U.S. Army Corps of Engineers (Corps) recently suspended work on the Environmental Impact Statement for this project pending a decision by Alaska DOT on whether to proceed.[35]

This project does not yet have a preferred route, and a route proposed during the scoping process (Meltwater, heading south from North Slope oil fields) would be analyzed by the Corps should the project move forward. Proposed routes from the Dalton Highway just north of the Brooks Range require four to six bridges across major rivers. The state would like to build an 18-foot wide, permanent gravel road.

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[33] Ambler Mining District Access: Summary Report, DOWL HKM, September 2011, p. III.

[34] See http://foothillsroad.alaska.gov/.

[35] See http://www.foothillswesteis.com.

Linc Energy is exploring for oil in the NPR-A[36] using snow and ice roads to haul in equipment. Should Linc Energy succeed in its exploratory work, it would move to production. Notably, it is possible to build and operate a transmission pipeline from Umiat to the trans-Alaska pipeline without a companion road. There are two long-distance transmission pipelines in the Arctic without companion roads, from Alpine to Kuparuk (34 miles) and from Badami to the Endicott Pipeline (25 miles).

To date, $35.1 million has been appropriated for the project.[37] In 2010, the state estimated this project would cost $357 million to $384 million.[38]

As of February 2014, this project has not been formally transferred to AIDEA from Alaska DOT though that may occur, with similar financial and statewide public involvement implications to AIDEA overseeing the Ambler Road. The Road to Umiat has strong local opposition from tribes and communities on the North Slope. "I have not heard more opposition to any road to anywhere in my 12 years of being down [in Juneau] on this Finance Committee," said state Sen. Donny Olson at a legislative hearing in 2012.[39]

Road to Nome's first stage, the Road to Tanana – The road to Tanana[40] would link Manley Hot Springs to the Yukon River without a bridge across the Yukon to Tanana. Access to the community of Tanana (pop. 246 as of April 2010) would need an ice bridge in the winter and a summer ferry, with no plans announced yet to build or fund either one. The planned 16-foot wide, one lane road would cost approximately $69 million to construct.[41] If the state decides to proceed at a later date with the rest of the road to Nome project, the total construction cost is estimated to be more than $1.1 billion.[42]

To date $13.25 million has been appropriated for the project. Gov. Parnell's proposed capital budget for Fiscal Year 2015 includes an additional $6 million.

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[36] See http://www.lincenergyumiat.com/.

[37] See http://omb.alaska.gov/ombfiles/13_budget/Trans/Proposed/2013proj50844.pdf.

[38] Interim Corridor Analysis/Matrix, Foothills West Transportation Access, Alaska Department of Transportation & Public Facilities, May 2010, http://www.foothillsroad.alaska.gov/files/interim-corridor-analysis-matrix.pdf.

[39] *Umiat, Tanana road plans raise ire of Arctic senators*, Russell Stigall, Juneau Empire, Feb. 19, 2012, http://juneauempire.com/state/2012-02-19/umiat-tanana-road-plans-raise-ire-arctic-senators#.UyC8Iz9dWAg .

[40] See http://dot.alaska.gov/nreg/westernaccess/.

[41] Western Alaska Access Planning Study: Corridor Staging and Alternatives Report, Dec. 2011, p. V, http://dot.alaska.gov/nreg/westernaccess/documents/corridor_staging_alternatives_report.pdf.

[42] Ibid., (road plus bridges).

West Susitna Access – The proposed West Susitna Access project[43] begun in early 2013 is an effort to evaluate the possibility of road and bridge access to resource development west of the Susitna River in Southcentral Alaska. A $250,000 report issued in January 2014 identified five routes that offer access to a variety of resources including coal, hardrock mining, oil and gas, and alternative energy. The preliminary costs for the five routes range from $216.9 to $504.3 million,[44] which represent costs of $4.0 million to $6.3 million per mile.

ENERGY

Susitna-Watana Dam – The Susitna-Watana Hydroelectric Dam project[45] would build the second tallest dam in the United States (735 feet), and provide an annual average of 300 megawatts of electricity to the "Railbelt" from Fairbanks to Homer. The dam would result in a 42-mile reservoir, and it would connect to Railbelt utilities via transmission lines and a road.

The Susitna River below the proposed dam site. Photo by Paul Roderick, Talkeetna Air Taxi

Gov. Parnell's proposed Fiscal Year 2015 budget includes significant cuts to the project largely because the Alaska Energy Authority has not obtained access for licensing studies to lands near the dam site owned by several Alaska Native corporations.[46]

The Susitna River flows unimpeded for 300 miles, and supports thriving salmon runs. The project would disrupt intact winter and summer riverine ecosystems by controlling water flow, and would pose relatively high risks downstream in this earthquake-prone region.

The projected cost of the project is $5.19 billion.[47]

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[43] See http://dot.alaska.gov/westsusitna/index.shtml.

[44] West Susitna Access Reconnaissance Study, West Susitna Access to Resource Development, Transportation Analysis Report, prepared for the Alaska Department of Transportation & Public Facilities, Jan. 2014, p. 5-12, http://dot.alaska.gov/roadstoresources/assets/WSSARS/WestSusitna_TAR_w_Appendix.pdf.

[45] See http://www.susitna-watanahydro.org.

[46] *Governor cuts funding to Susitna dam over problems with Native land access*, Zaz Hollander, Anchorage Daily News, Jan. 7, 2014, http://www.adn.com/2014/01/07/3262512/governor-cuts-funding-to-susitna.html. *Parnell asks for more dam money*, The Associated Press, Feb. 21, 2014, http://juneauempire.com/state/2014-02-21/parnell-asks-more-dam-money-becky-bohrer#.UyDVkD9dWAg.

Since the state began pursuing this project, there has been extensive and vocal opposition. See http://www.susitnarivercoalition.org/ for information about the Susitna River Coalition, which supports developing sustainable sources of electricity that cumulatively would produce more energy than the Susitna-Watana Dam at far less cost and with none of the catastrophic risks.

In-State Gas Line – The In-State Gas Line also known as the Alaska Standalone Gas Pipeline (ASAP) project[48] or the "Bullet Line," would provide a natural gas supply from North Slope gas fields to Fairbanks and the Cook Inlet region via a 727-mile, small diameter, low-pressure pipeline with a 30-mile lateral line to Fairbanks. The 2010 legislative session created the Alaska Gasline Development Corporation (AGDC) as a subsidiary to the Alaska Housing Finance Corporation. The 2013 legislative session made AGDC a public corporation, with a legal existence separate from the State of Alaska.

According to AGDC's financial advisors, as of 2011 "ASAP has not progressed to the point of project definition such that private entities are likely to be willing to step up as sponsors. As a result, only the Public Ownership option has a high degree of execution probability at this time."[49] In such a situation, the full cost of this project would fall to the State of Alaska.

The 2013 legislative session provided $355 million[50] in funds to support this $7.62 billion project.[51] Both this project and the Susitna-Watana Dam project would provide electricity to the region; thus, legislators have raised concerns regarding overlapping project purposes.[52]

Interstate Gas Line – The Interstate Natural Gas Pipeline[53] began with the Alaska Gasline Inducement Act (AGIA) in 2007. AGIA's intent was to encourage expedited construction of a large diameter natural gas pipeline that would:

- facilitate commercialization of North Slope gas resources;
- promote exploration and development of oil and gas resources on the North Slope;

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[47] See http://www.susitna-watanahydro.org/project/project-description/.

[48] See http://www.agdc.us/.

[49] *Alaska Gasline Development Corporation: Plan of Finance*, Citigroup Global Markets, Inc. and Samuel A. Ramirez & Co., June 20, 2011, p. 3, http://asapgas.agdc.us/pdfs/documents/Citi-Ramirez-AGDC-v-final.pdf.

[50] See http://asapgas.agdc.us/history.html.

[51] See http://asapgas.agdc.us/index.html.

[52] *Dam project draws attention to renewable goal*, Becky Bohrer, Juneau Empire, Feb. 17, 2014, http://hosted2.ap.org/AKJUN/504f353a831b401ab784dcfd4a71bae7/Article_2014-02-17-Renewable%20Goal/id-f48605a0476e4dd9be9abb058daabd81.

[53] See http://www.arcticgas.gov/ and http://gasline.alaska.gov/ for more information.

- maximize benefits to the people of the state from the development of oil and gas resources in Alaska; and
- encourage oil and gas lessees and other persons to commit to ship natural gas from the North Slope to a gas pipeline system for transportation to markets in Alaska or elsewhere.[54]

AGIA commits the state to spend up to $500 million in state funds to offset some of the initial risk borne by a project developer.

On Jan. 24, 2014, Gov. Parnell asked legislators to pass a bill that would provide an equity interest for the state in the natural gas pipeline, potentially resulting in a troubling conflict of interest in that the state would be both regulated and a regulator.

RECOMMENDATIONS

The recommendations from the first *Easy to Start, Impossible to Finish* report from 2010 still apply:

State leaders should:

1) Not start or continue projects that do not have the financial resources to be finished. This includes preparing reasonable and credible financial plans for projects prior to construction to ensure that project scale and scope will be roughly within budget.
2) Not let project momentum obscure the need to re-evaluate projects when adverse facts become available.
3) Develop state and local transportation revenue sources.
4) Pursue projects which address critical transportation needs, e.g., increasing safety, reducing congestion, fixing deteriorating infrastructure, and addressing air quality problems.[55]

The second *Easy to Start, Impossible to Finish* report in 2012 included an additional important recommendation that state leaders should:

5) Carefully analyze claims of state revenue benefits associated with building these projects.[56] Projects should be subject to an unbiased benefit cost analysis before proceeding.

As stated in the first report, "Gov. Parnell, [Alaska] DOT leadership, and state legislators should examine the funding prospects to complete these...projects, the ongoing expenses of the projects, and

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[54] AS 43.90.010.

[55] *Easy to Start, Impossible to Finish: Alaska Spends Millions on Roads and Bridges without Financial Plans to Complete the Projects*, Alaska Transportation Priorities Project, Feb. 2010, p. 6.

[56] *Easy to Start, Impossible to Finish II: Alaska Spends Millions on Arctic Roads without Financial Plans to Complete the Projects*, The Wilderness Society, Alaska Conservation Alliance, Northern Alaska Environmental Center, March 2012, p. 7.

new information developed since the projects began. Once this information has been analyzed and thoroughly reviewed, state decision-makers should reassess the status of each of these projects."[57]

CONCLUSION

Should these projects move forward, state debt service would increase substantially and unsustainably at a time when state revenues from oil are highly uncertain and declining in the near term. The State of Alaska faces tough budget choices this year on priority issues such as education, and in coming years as oil markets worldwide undergo changes that likely will put downward pressure on oil prices. The 10 transportation and energy projects included in this report deserve increased scrutiny by legislators and a careful assessment by the governor and legislators of whether they warrant additional appropriations or should be stopped at this time.

Last, our organizations are concerned that AIDEA's involvement in roads to resources projects is outside the state's transportation planning processes, resulting in transportation planning decisions which do not reflect statewide priorities.

[57] *Easy to Start, Impossible to Finish: Alaska Spends Millions on Roads and Bridges without Financial Plans to Complete the Projects*, op. cit.

ATTACHMENT A

Annual State Funding Detail for the Roads to Resources Projects ($ millions)

Fiscal Year	<2011	2011	2012	2013	2014	2015 (proposed)	Totals
Ambler		4	1.25	4	8.5	8.5	26.25
Umiat (Foothills West)	9.12	8	8	10			35.12
Nome/Tanana (Western AK Access)	1	1	1.25	10		6	19.25
Total	10.12	13	10.5	24	8.5	14.5	**80.62**

For more information, please contact:

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Cover Photo: Ambler Road Project Study Area, Alaska Department of Transportation & Public Facilities.

MARCH 2014

THE WILDERNESS SOCIETY

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The table below updates the March 2014 document titled *Easy to Start, Impossible to Finish III: Alaska Spends Millions on Roads, Bridges, and Energy Development Studies without the Financial Resources to Complete the Projects*, available at http://bit.ly/1jnWxaU. The update includes changes made during the 2014 legislative session and new cost estimates.

Money available to construct major, proposed Alaska transportation and energy infrastructure projects vs. project costs (as of September 2014)[1]

Project	Money Appropriated[2]	Estimated State Cost[3]	Approximate Deficit
Knik Arm Bridge	$203.5 million (federal and state)	$1 billion[4]	$796.5 million
Juneau Access	$95.3 million (federal and state)	$574 million[5]	$478.7 million
Ambler Road	$26.25 million (state)	$430 - $990 million	>$403.8 million
Umiat Road	$35.12 million (state)	$357 - $384 million	>$321.9 million
Road to Tanana (formerly the much-longer road to Nome)	$19.3 million (state)	$69 million (to Tanana without a Yukon River bridge)	$49.7 million
West Susitna Access	$0.25 million (state)	$216.9 - $504.3 million	>$216.7 million
Total Transportation Projects	**$379.8 million**	**$2.6 - $3.5 billion**	**>$2.3 billion (17 percent in hand)**
Susitna-Watana Dam	$192.7 million (since 2008, state)	$5.2 billion	$5.01 billion
In-State Gas Line	$350.5 million (2013 with $4.5 mill removed in2014, state)	$7 - $8 billion[6]	>$6.65 billion
Interstate Gas/LNG Line (AGIA & the now-LNG export project)	$320.2 million (since 2008, state)	$6.3 - $15.6 billion[7]	>$5.93 billion
Total Energy Projects	**$863.4 million**	**$ 18.5 - $28.8 billion**	**>$ 17.6 billion (5 percent in hand)**
Combined Total	**$1.23 billion**	**$21.1 - $32.3 billion**	**>$19.9 billion (6 percent in hand)**

[1] Some of these projects may have tolls for vehicles (Knik Arm Bridge) or industrial users (roads to Ambler, Umiat), or ferry fare revenues (Juneau Access) to partially cover costs. The energy projects would have user revenues though these will not cover all financing costs.

[2] All figures from *Easy to Start, Impossible to Finish III: Alaska Spends Millions on Roads, Bridges, and Energy Development Studies Without the Financial Resources to Complete the Projects*, March 2014, Table 1, http://bit.ly/1jnWxaU, adjusted with changes (+/-) from the FY2015 capital and operating budgets, as appropriate.

[3] Non-footnoted estimates are unchanged from Table 1 in the *Easy to Start, Impossible to Finish III* study.

[4] This estimate currently is being updated by Alaska Department of Transportation and Public Facilities and the federal government. Previous estimates included the higher costs of the Knik Arm Bridge and Toll Authority's proposed Public-Private Partnership, however the 2014 legislature voted against that plan.

[5] Juneau Access Improvements Project, Draft Supplemental Environmental Impact Statement, AK DOT, Sept. 2014, p. 2-16, http://dot.alaska.gov/sereg/projects/juneau_access/assets/2014_DSEIS/Draft_SEIS_Text_Figures.pdf.

[6] See Alaska Gasline Development Corporation, ASAP Fact Sheet, click on Cost+, https://www.agdc.us/facts.html.

[7] This amount depends on the size of the Alaska's equity share and the state's borrowing arrangements. See http://lba.akleg.gov/download/presentations/by%20request%20of%20lbac/mayer_tsafos_alaska_lng_key_issues_march_18_%202014.pdf, p. 3 (bottom) for a summary table.

Table Developed by Lois Epstein, P.E., lois_epstein@tws.org, 907 272-9453

Ginger Blaisdell

From: Rep. Shelley Hughes
Sent: Tuesday, February 10, 2015 11:59 AM
To: Ginger Blaisdell
Subject: FW: Day Boat Ferry Design Flaw

FYI...

From: Rob Goldberg [mailto:artstudioalaska@yahoo.com]
Sent: Monday, February 09, 2015 11:35 PM
To: Sen. Dennis Egan; Rep. Sam Kito; Rep. Cathy Munoz; Rep. Jonathan Kreiss-Tomkins; Sen. Mike Dunleavy; Sen. Click Bishop; Sen. Peter Micciche; Sen. Bert Stedman; Rep. Neal Foster; Rep. Shelley Hughes; Rep. Charisse Millett; Rep. Matt Claman; Rep. Daniel Ortiz; Rep. Louise Stutes; Rep. Benjamin Nageak
Subject: Day Boat Ferry Design Flaw

To State Senate and House Transportation Committee Members:

There is a design flaw in the two new "Alaska Class Day Boat" ferries that are currently under construction in Ketchikan. This flaw is going to cost the state many millions of dollars if it isn't corrected, but fortunately I think there is an easy solution.

These ferries have been designed to operate on a 12 hour work day, the maximum crew work day allowed under Coast Guard regulations, and manned by a skeleton crew. There are no crew quarters. This is a serious design flaw. The lack of crew quarters means that these ships will be extremely limited in the runs they can make. The Parnell administration's plans were to have one of these ships doing a daily loop between Juneau and Haines, and the other ship looping between Haines and Skagway. This plan will waste a huge amount of money. There is very little traffic between Haines and Skagway, especially in the winter. Can the State of Alaska afford to build and operate a ferry that will carry almost no cars and passengers nine months of the year?

The other wasteful aspect of these ferries is that the bow-loading design, which was put in to reduce the time in port, will cause further expense and loss of revenue. The Haines and Skagway ferry docks will have to be completely rebuilt, costing the state millions of dollars. AML containers will not be able to travel on these ferries, which will cost the Marine Highway revenue. The bow doors are also less seaworthy, which means that these ships may not be able to travel in the rough seas that are common in the Lynn Canal in winter.

My suggestion is to design in crew quarters and run these new ferries the same way, with the same crew schedules, as the current ferries. The daily loop between Juneau, Haines and Skagway and back takes 14 hours. Yes, this will require adding a few more crew members, but one ship serving the three communities is a lot more efficient than two ferries doing the same thing, piecemeal. Having crew quarters would also allow these ships to be used on other runs in Southeast, such as the village runs that the LeConte does now.

Get rid of the bow-loading doors and go with the conventional side doors. There will be no need for expensive new ferry docks. AML vans can continue to be moved, adding revenue to the system. Skagway passengers won't be inconvenienced by having to change ships in Haines.

Please talk to AMHS Captain John Falvey about this. I hope it is not too late to make these design corrections. My interest is in trying to save the state money and making the ferry system more efficient. I have

been following these transportation issues for decades. I am a long time resident of Haines and Chairman of the Haines Borough Planning Commission.

Thank you for your attention to this matter.

Sincerely,

Rob Goldberg

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THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER
Marc Luiken, Commissioner

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February 20, 2015

The Honorable Representative Foster
The Honorable Representative Hughes
Co-Chairs, House Transportation Committee
State Capitol Building Room 434 & 13
Juneau, Alaska 99801

Dear Representative Foster and Representative Hughes:

In response to questions posed by House Transportation Committee members on February 10, 2015, the following information is provided:

- ***Why does the Draft Supplemental EIS Executive Summary table show $20M for Maintenance and Operation (M&O) for alternative 2B, and the briefing show only $10M?***

The Draft Supplemental Environmental Impact Statement (EIS) Executive Summary table shows gross costs (expenses only), while the briefing shows net costs (expenses minus revenue).

Estimated Gross Annual State General Fund Expense (M&O) in 2020 by Alternative (in $)

Alt 1	Alt 1B	Alt 2B	Alt 3	Alt 4A	Alt 4B	Alt 4C	Alt 4D
15.4M	23.8M	20.4M	21.7M	33.7M	32.0M	20.0M	20.8M

These costs include highway routine maintenance and snow removal operations, avalanche control, and the operation and maintenance of the Alaska Marine Highway System (AMHS) in Lynn Canal.

Estimated Net Annual State General Fund Expense (M&O) in 2020 by Alternative (in $)

Alt 1	Alt 1B	Alt 2B	Alt 3	Alt 4A	Alt 4B	Alt 4C	Alt 4D
7.7M	15.4M	10.0M	9.3M	18.9M	14.9M	10.8M	5.4M

The costs include highway routine maintenance and snow removal operations, avalanche control and, the operation and maintenance of the Alaska Marine Highway System (AMHS) in Lynn Canal *minus AMHS revenue in Lynn Canal.*

- ***What is the cost to replace a mainline ferry and what is its life expectancy?***

  $383M – Columbia
  $391M – Kennicott
  $234M – Matanuska/Malaspina
  $181M – Taku

  All mainline ferry replacements have an estimated 50 year life expectancy.

- ***How much are the Alaska Class Ferries and are they accounted for in the Draft Supplemental EIS?***

  The Alaska Class Ferries (ACF) cost roughly $60M each. They are programmed improvements part of AMHS and independent of the Juneau Access Project outcome. The ACF are deployed in Lynn Canal for all alternatives except two, where the Fast Ferries are used. The maintenance and operation is accounted for in all alternatives but the cost to purchase the ACF are not included.

- ***Can the funds that have been approved for the Juneau Access Project, be used for the ferry system?***

  The $154M Legislative Authority to spend and receive reimbursement from Federal Funding may be redirected to fund other surface transportation projects, including the ferry system. The $7M federal earmark is dedicated solely to the Juneau Access Project and can only be redirected through an act of congress. The $48M State General Fund (GF) may be redirected to other projects or returned to the GF account but only through a legislative repeal and/or re-appropriation.

- ***If Alternative 1B did not incorporate a 20% reduction in fare, what would be the added costs to the state?***

  The 20% reduction in fares increases the State GF subsidy by approximately $1.1M per year. Reducing fares for Alternative 1B by 20% is estimated to increase the Average Daily Traffic (ADT) from 100 to 115.

➢ ***What are the Average Daily Traffic numbers for other parts of the state?***

2010 Corridor Annual Traffic Volumes and Annual ADT

Corridor	Annual Traffic Volume (Vehicles)[1]	Annual Average Daily Traffic
Alaska Highway between Haines and Whitehorse near Champagne	178,500	489
Glacier Highway in Juneau near Tee Harbor	773,100	2,118
Glacier Highway end of road in Echo Cove	49,600	136
Egan Drive in Juneau near McDonalds	8,608,900	23,586
Haines Highway east of Haines Airport	703,700	1,928
North Douglas Highway in Juneau past boat launch	204,800	561
Klondike Highway at Skagway River Bridge	483,600	1,325
Sterling Highway west of Seward Highway Junction[2]	1,108,500	3,037
Richardson Highway between Glennallen and Valdez[2]	2,244,750	615
Seward Highway south of Sterling Highway Junction[2]	844,600	2,314
AMHS Lynn Canal between Juneau and Haines	24,841	68
Glen Hwy – north of Eagle River		Approx. 35,000
Glen Hwy – between Palmer and Glennallen M.P. 181		Approx. 1300

➢ ***What are the fuel usage and emissions of ferry service vs. vehicle only usage?***

Estimated Annual Operational Energy Usage

Alternative	Fuel (thousands of gallons)					
	Year 2020			Year 2050		
	Ferry[2,3]	Vehicle[4]	Total	Ferry[2,3]	Vehicle[4]	Total
1—No Action	836	6	842	836	6	842
1B	1,293	8	1,301	1,293	8	1,301
2B	1,260	1,020	2,280	1,260	1,008	2,268
3	1,427	749	2,176	1,427	744	2,171
4A	3,632	11	3,643	3,632	11	3,643
4B	2,855	229	3,084	2,855	229	3,084
4C	1,396	7	1,403	1,396	7	1,403
4D	1,568	211	1,779	1,568	211	1,779

[1] All calculations are based on travel between Auke Bay and downtown Haines and the Skagway Ferry Terminals.
[2] Source: AMHS, 2012; Elliot Bay Design Group, 2013.
[3] Ferry fuel use is based on transit times. Fuel use associated with loading/unloading or energy used to operate ferry terminals was not estimated for any of the alternatives. No overhaul time or vessel substitution is factored into the analysis; each ferry option under each alternative is assumed to operate year-round.
[4] Based on 23.5 miles per gallon (mpg) fleet average for light duty vehicles and projected ADT. Source: USDOT, 2013.

Estimated GHG Emissions by Alternative (2050)

Alternative	GHG Emissions from Vehicles (MTCO2e)	GHG Emissions from Ferries (MTCO2e)	Total GHG Emissions (MTCO2e)
No Action	54	7,457	7,511
1B	71	11,534	11,605
2B	8,991	11,239	20,230
3	6,636	12,729	19,365
4A	98	32,397	32,495
4B	2,043	24,467	26,510
4C	62	12,452	12,514
4D	1,882	13,987	15,869

Notes:

- In addition to CO2, gasoline contains other GHGs, including methane and nitrous oxide. The ratio of CO2 emissions to total GHG emissions was assumed to be 0.977, according to EPA guidelines (2009).
- GHG Units: metric tons of carbon dioxide equivalent (MTCO2e).
- The ADT for each alternative is based on information in the 2014 *Traffic Forecast Report* prepared for the JAI Project (Appendix AA) and incorporated into the energy use calculations in Section 4.7.6.
- The ferry alternatives do not account for vehicles idling on board the ferry because vehicles are assumed to be turned off during transit. Emissions by vehicles idling while waiting at the ferry terminal also are not included.
- Vehicle fuel consumption assumes uniform fleet average efficiency of 23.5 miles per gallon (mpg; Source: USDOT, 2013).
- Annual GHG emissions were calculated by multiplying the quantity of fuel used with each alternative by the amount of GHG produced from the combustion of one gallon of gasoline, which is the equivalent of 8.92 × 10-3 metric tons of CO2/gallon of gasoline (EPA, 2013).

➢ ***How many road miles and ferry service miles are there in the state?***

There are approximately 5,600 road miles and 3,500 ferry service miles.

➢ ***Provide the cost per lane mile to maintain for both highways and AMHS.***

Cost Per Lane Mile by Region

Region	Cost Per Lane Mile
Central Highways & Aviation	$9.0
Northern Highways & Aviation	$6.6
Southcoast Highways & Aviation	$9.7

AMHS does not have a cost per lane mile. A more appropriate cost would be based on nautical mile.

The cost for each city pair and run varies greatly depending on the vessel running at that time. The cost is based on the system as a whole. In FY2014 our total appropriations (which may be more than the actual expenditures) for AMHS Revenue, GF, and Capital Improvements Program (CIP) Receipts was $168.6M. In FY2014 the appropriated funding per nautical mile was $346.55. Keep in mind this is based on distance traveled by the vessels, not vehicle space on the vessels or number of passengers traveling.

➢ ***What are the costs of M&O and the revenues received for roads, ferries and aviation?***

FY2014 Transportation Revenues and Expenditures

Revenue Received by Fund	Mode	Category	Revenue	Expense	Difference	GF Appropriated
International Airport Revenue Fund	Aviation	International Airports	$123,745.4	$83,659.4	$40,086.0	$ -
General Fund	Ferries	Alaska Marine Highway System	$50,877.0	$166,022.0	$(115,145.0)	$108,890.0
General Fund	Road	Industrial Use Highways	$49.4	$49.4	$ -	$ -
General Fund	Road	Whittier Access & Tunnel**	$4,320.6	$4,724.4	$(403.8)	$403.8
General Fund	Rural Aviation	Aviation	$5,408.2	$43,649.4	$(38,241.2)	$32,286.7
General Fund	Road	Highways-Summary of DOT&PF & State of Alaska Sources of Transportation Revenue	$92,243.8	$115,688.6	$(23,444.8)	$96,860.2
		Total (less International Airports)	**$152,899.0**	**$330,133.8**	**$(177,234.8)**	**$238,440.7**

- Includes operating expenditures only, except where specifically noted.
- Numbers are in thousands.
- **Includes Whittier Capital PJ#51841-Actual FY2014 expenditures & revenue collections are equal.
- Prepared as part of FY2016 Budget Information Request Log #7 & #8 - EDITED FOR LOG #12.

Provided for your reference is the Cost Per User for highway, rural aviation and ferry system modes of transportation.

Cost Per User

System	Number of Primary Users	Net Cost to State	Cost Per User
Highways	677,092	$23,848,600	$35
Rural Aviation	205,991	$38,241,200	$186
AMHS (Ferries)	106,441	$115,145,000	$1,082
All Systems	735,601	$177,234,800	$241

➢ ***How much more State GF is needed to complete the project?***

Initial[1] Capital Costs (Preliminary Design, Final Design and Construction)
$Millions in 2012

	Alt. 1	Alt. 1B	Alt. 2B	Alt. 3	Alt. 4A	Alt. 4B	Alt. 4C	Alt. 4D
Final Design and Highway Construction[2]	0	0	523	422	0	8	0	8
Total Ferry Vessel Acquisition[5]	0	0	22	49	187	219	22	22
Ferry Terminal[2]	0	0	29	45	41	60	41	60
Total Final Design and Construction Costs[2]	0	0	574	516	228	287	63	90

[1]Initial capital costs are those that occur up to and including the opening of the facility. Subsequent costs are captured in the cost analysis. Due to rounding, numbers may not add up precisely to the total.
[2] See the *Technical Alignment Report* (Appendix D of the 2005 Supplemental Draft EIS) and *2014 Update to Appendix D - Technical Alignment Report* (in Appendix Z of this Draft SEIS). The No Action Alternative includes improvements that have not been made as of the printing of this Draft SEIS. These improvements are for the AMHS as a whole, are a State action independent of the JAI Project, and will occur regardless of any action that may result from the JAI Project. As such, the costs of these independent actions are not attributed to any JAI Project alternative.

Current planning for funding construction of the Final EIS/Record of Decision preferred alternative is based on a combination of a project-specific congressional earmark, funding from applicable categories in the State's Federal-Aid Highway Program, the required GF match, and previously authorized project specific GF allocations (as opposed to GF match for federal-aid funds).

Total funding available for the project to date (2014) is $209M. Of this, $154M is federal funding for construction previously approved by the Alaska Legislature, $7M is project specific congressional earmark and $48M is State GF already approved by the legislature. As defined in the Draft Supplemental EIS the $48M GF is intended to fund construction and not serve as match. However, GF may serve as match.

Recognizing the preferred alternative is being reevaluated, the following shows two examples using the $48M in GF in different ways for the 2014 Draft Supplemental EIS preferred alternative (Alternative 2B).

Example of the $48M GF used for construction:

- $574M Design and Construction Cost
  - Less - $48M State GF Intended for Construction
  - $523M Federal Funds[1]/State Match (.9097/.0903)
    - $478.5M Federal Funds
    - $47.5 M State Match[2]

[1]Includes 7M Juneau Access Dedicated Federal Earmark
[2] The Juneau Access project, like any other named project approved in the DOT&PF's capital budget, does not require specific named legislative authorization for the required state match on federal-aid highway funds. DOT&PF requests state match for federal funds in lump sums, to be used as needed on federal-aid funded projects. The remaining $47.5M would come from this lump sum amount.

Example of the $48M GF used for match:

- $574M Design and Construction Cost
  - $574M Federal Funds[1]/State Match (.9097/.0903)
    - $522.2M Federal Funds
    - $51.8M State Match[2] (less $48M requires $3.8M additional GF)

[1]Includes 7M Juneau Access Dedicated Federal Earmark
[2] The Juneau Access project, like any other named project approved in the DOT&PF's capital budget, does not require specific named legislative authorization for the required state match on federal-aid highway funds. DOT&PF requests state match for federal funds in lump sums, to be used as needed on federal-aid funded projects. The remaining $3.8M would come from this lump sum amount.

Sincerely,

Marc Luiken
Commissioner

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Transportation and Public Facilities

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Marc Luiken, Commissioner

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March 2, 2015

The Honorable Representative Foster
The Honorable Representative Hughes
Co-Chairs, House Transportation Committee
State Capitol Building Room 434 & 13
Juneau, Alaska 99801

Dear Representative Foster and Representative Hughes:

In response to questions about the department's Knik Arm Crossing (KAC) presentation posed by House Transportation Committee members on February 5, 2015, the following information is provided:

- ***Have other entities received a blended rural TIFIA loan rate?***

The Federal Highway Administration (FHWA) was considering a blended Transportation Infrastructure Finanace and Innovation Act (TIFIA) rate for a project in Texas; however, Texas DOT withdrew their TIFIA letter of interest and financed their project differently before the question was answered. Additionally, a Brent-Spence bridge project between Covington, Kentucky and Cincinnati, Ohio is petitioning for a blended urban/rural TIFIA loan. The request is not yet approved but is in the works; these are the only attempts for a blended rural TIFIA loan rate Alaska DOT&PF is aware of. The KAC project exists in the STIP as two separate projects, one within the urbanized boundary and one outside that boundary, so we believe we have a good case.

- ***What does the legislature need to approve for DOT&PF to move ahead with the TIFIA loan process?***

The only remaining legislative action necessary to get to construction will be the purchase of the Alaska Railroad Corporation (ARRC) property for the KAC right-of-way (ROW).

- ***Has the Governor's AO271 changed the process and affected the legislature's future approval?***

No.

- ***Ms. Dougherty testified that the Beluga whales issue represents one of the project's major hurdles, but that it is not associated with the TIFIA loan.***

  A TIFIA loan doesn't require the permits to be in hand to initiate and conduct the 18 month long TIFIA loan process, but they will require that all permits are in hand before closing on the loan.

- ***The committee has received differing responses to a question about "repaying the federal funds" and is seeking a clear answer.***

  In general, for projects that require the purchase of ROW, FHWA initially authorizes a project to proceed with preliminary engineering. When the environmental document is completed and the preferred alternative is selected they will authorize a ROW acquisition phase. Construction is authorized after ROW acquisition is complete. Typically FHWA requires that a project either reach the ROW acquisition phase or the construction phase (if ROW is not required) within 10 years of being authorized by FHWA. Once the project reaches the ROW phase, FHWA requires the project reach the construction phase within 20 years of authorizing the ROW phase. For the KAC project the ROW phase was authorized in 2011; construction must commence within 20 years of that date.

- ***The committee requested additional information on traffic numbers on the Glenn Highway.***

  Traffic on the KAC is expected to be lower in the early years after opening than previously forecasted, but catches up to previous forecasts over time. The addition of the KAC route will slow the rate of traffic growth on the Glenn and change the directional patterns on Knik Goose Bay road, delaying the need for expansion of those facilities.

- ***If the general fund and federal funds are "obligated", how can the department move it to another project?***

  The department only moved funds that were yet "unobligated". The KAC project currently has funds obligated to phase 2 (design and permitting) and phase 3 (ROW). The funds that were moved were intended for phase 4 (construction).

- ***The committee requested clarification that the bonds earmarked for the KAC project would or would not be able to be used on other projects.***

  2014 legislation amended AS 37.15 by adding new sections addressing Toll Bridge Revenue Bonds specific to toll bridges. Note: Sec 37.15.225 ***Bond authorization***. *(a) For purposes of financing a portion of the costs of the Knik Arm bridge and appurtenant facilities or other toll bridges as the legislature may designate...*

- ***What legislation may still be needed for the KAC project?***

  Legislation will be needed for purchasing property from the ARRC for the KAC ROW.

- ***What are the buildings that need to be removed?***

  The contract will remove two vacant duplexes and the vacant Sourdough Lodge on Government Hill, all owned by the Alaska DOT&PF. These structures are located on either side of Erickson Street.

- ***What buildings/land is left to be purchased through ROW?***

  The Subway sandwich shop is the last building to be purchased. Once purchased, the Subway will be allowed to continue leasing the lot until the KAC project construction is imminent. The underlying land is owned by the ARRC. The remaining land includes additional ARRC parcels, Joint Base Elmendorf-Richardson parcels, Municipality of Anchorage parcels, and University of Alaska Lands parcels.

- ***How much of the purchasing process is left and what is the timing to complete it?***

  The department is approximately 86% complete, so there is about 14% remaining. ROW acquisition must be complete before construction will be authorized by FHWA. The department expects the TIFIA loan process to take about 18 months to complete; this is sufficient time to purchase the remaining ROW.

Sincerely,

Marc Luiken
Commissioner