

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11381 SENATE TRANSPORTATION

We note that you have not submitted your report for the last half of the 2001, and all of the 2002 and 2003 season.

We also note that you do not have the \$1,000 bond required by the permit.

We hope to have a Solicitor's Opinion and guidance before May 1. If the outcome is that we cannot issue permits for snowmachine use off the Dalton Highway, you will have to use non-motorized access in the future. If non-motorized access is not practical or possible, you will need to tear down your cabin at the end of the season.

We offer to extend your permit to May 1, 2004, after you submit the \$100 rental, use reports, and proof of bonding. This offer expires thirty days after you receive this letter.

Please call Boyce Bush at 474-2334 or Martha Woodworth at 474-2323 if you have any questions.

Sincerely,

 *ARI-NFO*
Robert W. Schneider
Northern Field Office Manager

THE
FOLLOWING
DOCUMENT(S)
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Public Opinion Message

Please contact your local Legislative Information Office (LIO) to send POMs.
A listing of LIOs can be found at <http://www.legis.state.ak.us/legaff/10101st.htm>

This form must be completely filled out. You may phone, fax, or deliver your POM to any LIO.

From: Please PRINT the information below. This form must be signed by the sender.

<input checked="" type="checkbox"/> Mr. / Ms. / Mx.	First name Harry	M.I. R	Last name Brewer	<input type="checkbox"/> Dr. / III
Group affiliation (if applicable) North Slope Borough				Daytime telephone number 907 852-0350
Mailing address P.O. Box 69 Barrow, Alaska				Zip code 99723
Residence (street) address if different from mailing address				Zip code
Email address harry.brewer@north-slope.org			Signature Harry Brewer	Date 7-24-04

To: Put a in the appropriate box(es).

3:35pm

Committees		House members		Senate members	
<input type="checkbox"/> H or S	Community & Regional Affairs	<input type="checkbox"/> Anderson (ade)	<input type="checkbox"/> Kerttula (ker)	<input type="checkbox"/> Bunde (bun)	
<input type="checkbox"/>	Finance (fin)	<input type="checkbox"/> Berkowitz (ber)	<input type="checkbox"/> Kohring (koh)	<input checked="" type="checkbox"/> Cowdery (coy)	
<input type="checkbox"/>	Health, Ed., & Social Services	<input type="checkbox"/> Chenault (che)	<input type="checkbox"/> Kookesh (kos)	<input type="checkbox"/> Davis (dab)	
<input type="checkbox"/>	Judiciary (jud)	<input type="checkbox"/> Cissna (cis)	<input type="checkbox"/> Koll (kol)	<input type="checkbox"/> Dyson (dys)	
<input type="checkbox"/>	Labor & Commerce (l&c)	<input type="checkbox"/> Coghill (cog)	<input type="checkbox"/> Lynn (lyn)	<input type="checkbox"/> Elks (el)	
<input type="checkbox"/>	Resources (res)	<input type="checkbox"/> Crawford (crf)	<input type="checkbox"/> Masak (mas)	<input type="checkbox"/> Elton (elt)	
<input type="checkbox"/>	Rules (rfs)	<input type="checkbox"/> Croft (cro)	<input type="checkbox"/> McGuire (mcg)	<input type="checkbox"/> French (fre)	
<input type="checkbox"/>	State Affairs (sta)	<input type="checkbox"/> Dahstrom (dal)	<input type="checkbox"/> Meyer (mey)	<input type="checkbox"/> Green (gre)	
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<input type="checkbox"/>	Other:	<input type="checkbox"/> Foster (fos)	<input type="checkbox"/> Moses (moë)	<input type="checkbox"/> Hoffman (hof)	
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		<input type="checkbox"/> Joule (jou)	<input type="checkbox"/> Wilson (wis)	<input checked="" type="checkbox"/> Wagoner (wag)	
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Subject Fill out the boxes below OR enter a Subject.

HB or SB SB	Bill number 298	and check one:	<input type="checkbox"/> Support	<input type="checkbox"/> Oppose	<input type="checkbox"/> Amend	<input type="checkbox"/> OR enter a general Subject (LIO staff may modify).
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Message Your PRINTED message cannot exceed 50 words or contain any vulgar language.

I'm	in	opposition	of	SB	5
298	I	am	a	substance	10
hunter	and	U.S.C.	the	North	15
slope	I	am	concerned	of	20
the	competition	that	will	occur	25
if	this	Bill	is	repeated.	30
I	have	trapped	fished	and	35
rented	an	the	North	Slope	40
for	over	40	Year's	I	45
Support	Senator	Lincoln's	Comments.	Thank you	50

ALASKA STATE SENATE

Session:
State Capitol
Juneau, Alaska 99801-1182
(907) 465-2327
(907) 465-5241 Fax



Interim:
119 N. Cushman, Suite 201
Fairbanks, Alaska 99701
(907) 456-8161
Senator_Ralph_Seekins@legis.state.ak.us

Senator Ralph Seekins
District D

MEMORANDUM

Date: February 7, 2004
To: Office of Senator Cowdery
From: Senator Ralph Seekins
Re: Request for Hearing of SB 298

Ac for RS

Attached please find Senate Bill 298. A Sponsor Statement will follow shortly.

Senate Bill 298 repeals AS 19.40.210 prohibiting the use of off-road vehicles within five miles of the right-of-way of the Dalton Highway.

I respectfully request a hearing before your committee on this Bill at your earliest convenience. May I suggest, if possible, a hearing date of Thursday February 19th. Thank you.

ADDITIONS TO PACKET FOR

SB 298

Senate Transportation Committee
March 4, 2009

March 1, 2004

To: Senator Georgiana Lincoln

Att: Mark Stapha

907 465-2652

From: Jack Reakoff

Wiseman Alaska 907 678-2007

3-1-04

Jack Reakoff

114 Newhouse

Alaska State Senate

Wiseman, Alaska 99790

Transportation Committee

907 678-2007

Dear Committee members,

I am 46 years old and born in the territory of Alaska. My family moved to Wiseman Village 33 years ago, before the haul rd and pipeline were built. Wiseman is located 265 miles north of Fairbanks. There have been large changes from being a quiet, little visited area, to many thousands of tourist and hunters annually.

I make my living trapping and farm the land primarily, supplementing by tour guiding. I have considerable back country experience and intricate knowledge of game in this region. I have been a member of the Kayukuk River advisory committee for 12 years and am vice-chair.

I have just returned from the Fairbank Board of Game meeting, representing our committee. The Board is continually struggling with its mandate of sustained yield harvests for these primarily low density game populations of northern Alaska.

Moose harvest by bowhunters have exceeded sustainability in the past. The Board has addressed this with a drawing hunt in the corridor. There are multiple river boats launched from the road to access adjacent river systems. There are multiple airtaxis and guides hunting northern unit 24. These current access efforts are already using the

(2)

Senate Transportation Committee

Jack Reakoff

Moose resource to sustainability. Moose population densities are generally .1 Moose per square mile in the Brooks Mountains and .3 to .4 in the main Koyukuk valley in Northern unit 24. North slope Moose are currently not adequate to harvest.

Dall Sheep are at all time lows for the past 60 years. They too are being fully utilized by multiple guides outside the corridor. The sheep population just experienced a $\frac{1}{3}$ decline during the hard winter of 02-03, up here.

The current Senate bill SB298, re-sending the ORV restriction, would throw an extremely efficient access into an already maximized harvest by traditional access means. On this tundra and relatively open terrains ORV's would wander aimlessly looking for these few Moose, making trails all over. The cost to the terrain is not worth the allocation shift to a non-traditional access means from the Dalton Highway.

In conclusion: (1) This additional access is unwarranted, as the resource cannot accommodate it. (2) The re-allocation cost to the terrain is excessive. (3) The impact would egregiously effect the existing users, Dalton Highway Bowhunters, riverboaters, aircraft users, and Guides.

Thank you for your consideration,
Jack Reakoff

NORTH SLOPE BOROUGH

Department of Wildlife Management

P.O. Box 69

Barrow, Alaska 99723

Phone: Central Office: (907) 852-2611 ext. 350

or: (907) 852-0350

Arctic Research Facility: (907) 852-0352

Fax: (907) 852-0351 or
(907) 852-8948

Charles D.N. Brower, Director



Alaskan Senate Transportation Committee

March 1, 2004

RE: Testimony in opposition to SB298

Dear Senators,

Thank you for requesting my written testimony. I have kept my statements brief and supplied the references that Senator Therriault requested. The North Slope Borough Department of Wildlife Management is in opposition to Senate Bill 298 for several reasons; but not limited to those listed below.

- (1) Removing the 5-mile corridor along the James Dalton Highway (hereafter Dalton Hwy.) will increase hunting pressure and harassment to wildlife on the North Slope of Alaska. Increased harvest by sport hunters and sport trappers could result in changes to State Fish and Game regulations that would affect the ability of subsistence hunters to harvest an adequate number of animals to support themselves and their communities. Increases in traffic along the Dalton would likely affect caribou migration patterns because caribou are sensitive to both the speed and quantity of vehicular traffic (Camcron and Whitten 1979; Lawhead et al. 1993). Finally, the Central Arctic Caribou Herd (CAH) has served as a good study herd for oil development impacts on caribou life history parameters (USGS, 2002; NRC, 2003). Increases in hunting pressure on the CAH will change our ability to investigate oil development impacts to caribou.
- (2) Presidents Nixon and later President Carter each signed Executive Orders restricting the use of off road vehicles (ORV) on federal lands because of their negative impacts (EO 11644, 1972; EO 11989, 1977, respectively). Off road vehicles cause damage to vegetation (Payne et al. 1983, Judd et al. 1989), increase erosion (Snyder et al. 1976, Edward and Burns 1986), and increases the number of interactions between humans and wildlife (Harrison 1976, 1980, Singer 1986, Yarmoloy et al. 1988, Blehr 1997). Off road vehicles have been responsible for decreasing species diversity in stream and riparian systems (Edward and Burns 1986, Peterson 1994, Zampella 1994), as well as acting as vectors for invasive plant species (Lacey et al. 1997). Management of degraded trails in sensitive environments is often cost prohibitive (USDA 2002).
- (3) Law enforcement has traditionally been lax along the Dalton Hwy. and adjoining lands. Traditionally there has only been one, if any, active State Trooper at Cold Foot. I disagree with Senator Cowdery's statement on February 24 during public testimony when he stated that removing

the 5-mile corridor will reduce the need for law enforcement in the area. Rather, opening the corridor will require an increased presence by law enforcement because there will likely be an increase in traffic violations along the Dalton Hwy. and increases in hunting violations. Similarly, at a time when the Nation is increasing its vigilance for national security reasons I find it curious that the State of Alaska is considering fostering access to the National Petroleum Reserve without careful evaluation of security issues. The two largest losses of oil in Alaska have resulted from sabotage. First the bombing of the Trans Alaskan Pipeline (TAPS) near Fairbanks in 1978, and the recent shooting of the TAPS. Together, these two instances alone caused the loss of 60% of the total crude oil spilled from the TAPS since it has begun operation (NSB, 2003).

(4) Finally I want to suggest that you talk to the oil industry about removing the 5-mile corridor along the Dalton Hwy. Originally the Dalton Hwy. was built exclusively for industry. Increased traffic along the Dalton Hwy. will be hazardous to the many truckers that provide logistical support for the oil companies. There are few pull-offs along the highway and recreation vehicles will be hazardous to the truckers using the highway. Further, delay's resulting from accidents will reduce oil profits for both industry and the State of Alaska. Truckers are often the first to encounter stranded motorists along the Dalton Hwy. Responding to stranded and injured motorists will ultimately delay the delivery of parts necessary to develop our states resources. In addition, I suspect that industry will need increased security as a result of the State encouraging access to areas under oil development.

Again, thank you for considering my testimony.



Dr. Brian Person

Cc. Charles D.N. Brower, Director, NSB Dept. of Wildlife Management

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Subject: Dalton Highway

Date: Thu, 4 Mar 2004 08:29:42 -0900

From: "Scotty Bennett" <revscotty@mosquitonet.com>

To: <mark_stopha@legis.state.ak.us>

Mr Stopha,

Thank you for your time this morning.

The Dalton Highway is a very unique area that remains undisturbed by the use of ORV's. Because of this, the game populations are readily accessible from the road to Archers who wish to enjoy a wilderness experience without having to charter an aircraft to get into a remote area.


With no gunfire nor the sounds of ATV's and Snomachines, it is not uncommon to be offered multiple stalking opportunities on several species of game during a days hunt. Since Archery is such a close range sport, this area is a one of a kind place where these types of hunts can happen. No other place in Alaska offers the solitude and untracked wilderness that the Dalton offers.

I realise that BLM may attempt to block local people from Livengood, Coldfoot, Wiseman, etc from accessing their traplines or mines, but there has got to be a better way than opening up the area for a general free for all of ORV use.

Please look for another way to keep the Feds off the locals back while maintaining the untracked wilderness that is the Dalton Highway

Attached is a story that will be published in Traditional Bowhunter Magazine. This story is the result of a fellow Archers perspective after I took him up to enjoy the Dalton.

Rev. Scotty Bennett
North Pole, Alaska

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Title: The End of North
Author: Jay Campbell
2601 W. Fountain Blvd
Tampa, FL 33609
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Telephone 813-875-2019
Subject: Bowhunting/Travel
Length: 1735 words with photographs

The End of North

The trip to the end of north today is only inconvenient, although some modern travelers still find it harsh. The journey doesn't sift through pilgrims anymore, tempering the strong and culling the weak as early treks beyond the Arctic Circle did. Still, few folks from the "Outside", that peculiar Alaskan term for the rest of America, make their way to the end of the northern road these days. That makes it rich for the outdoorsmen who finally pull the dream of northern Alaska off the shelf and go. The Alaskan tundra, that boggy twelve inches of peat lining the treeless arctic permafrost, marks a mostly unspoiled wilderness.

For the hunting archer, there is a place in northern Alaska where caribou herds, summer, and an archery-only preserve intersect: the Dalton Highway. The Dalton runs north from Fairbanks to Prudhoe Bay, above the Arctic Circle, Tracking the Alaska Pipeline's run of oil from the Arctic Ocean. The road cuts through resident Caribou herds for hundreds of miles, and for five miles to its east and west is reserved for archery hunting. There is nothing else there.

To the north of the Brooks Mountain Range, the Highway and the Pipeline follow the Sag River. Along the Sag, fishing for grayling and small game hunting for ptarmigan fill out the endless arctic summer days. Caribou, black and brown bear and muskox wander, and the dinner plate stays full if the weather will allow. But weather is an angry companion on the Dalton, with violent mood swings.

Bugs are supposed to be the problem in the Alaskan summer. Mosquitoes, no-see-ums, and black flies are all more bite than bug, and homestead every inch of biting space. Alaskans are perversely proud of these pests, and affect the same boastful manner about bugs as Kansans do of their tornadoes, and Floridians their alligators. However, if perversity is to be the measure of their pride, Alaskans should be prouder of their weather.

When the Reverend Scotty Bennett invited me to bowhunt the Dalton in August, he predicted that the climate would run the barometer ragged. He suggested that we would see sun, wind, rain, snow, and ice and that I should dress for the occasions. I heeded his good words, and packed for all extremes of weather, with heavy wool, fleece, and Gore-Tex. Most good advice goes unused, but I wrung every benefit out of that heavy gear, and all in what passes for the Alaskan summer.

They say there are two kinds of people in Alaska: those who wanted to go, and those who had to. Scotty Bennett came north twenty-two years ago, and had to. But today his hands are steady and he works with them as a carpenter and a minister, patching up homes and homeless men. He hammers nails to support a shelter for men who are too troubled to cope, who have come to the end of their road in Alaska. Fairbanks is the end of the line for many such men, and they keep Scotty busy when he is not hammering nails. At the same time, he has raised a fine and large family, and stayed out-of-doors at every chance. He is usually at peace with himself and the land around him, and is remarkably experienced in the bush with the skills and weapons that provide meat for his charges. With his full beard under thick spectacles, he looks to be a prospector more than a minister, and the look suits him best when he guides moose and caribou hunters in the fall. This trip was a busman's holiday just before his busy hunting season.

I flew from Tampa to Fairbanks in early August for our low-budget adventure north. Scotty's old Toyota truck plowed through icy rain from the Fairbanks airport to the Brooks Mountain Range, where hard-driven snow blanketed everything north of the Brooks to Prudhoe Bay. The wipers had to be pulled by hand, we lost visibility, and the Reverend's prayers to a greater power couldn't soften the storm.

Seventy-five miles south of the Arctic Ocean, we set our tents against the blow and hunkered down, moving only to patch leaks and replace tent

stakes. The snow loaded our shelters while the gale cut off words. For most of four days we hibernated, the sky pounding away while we slept defensively. The lines and sides of our four-season shelters luffed and snapped in a forty knot blow, slapping against the wet sheeting snowfall. Temperatures never rose above the thirties. Welcome, Alaska said, to August in the Brooks Range.

At least the bugs were manageable.

The fourth morning the weather blew off, leaving us buried in snow and sporting a flat tire. That day was spent on repairs in Prudhoe bay, but we had it soft. The coast in nearby Barrow, Alaska had been evacuated, in the worst August storm in twenty years. It was not what I expected, but nothing in Alaska is. Alaska gives you just what it wants you to have, which is usually more, and sometimes very much more, than you expected.

The next day I slept until the sides of my blue and yellow tent burned hot and tight under the new sun, and pushed me out into the snowmelt for cool air. The first miserable days Scotty had tended camp in the storm, trying to make hot coffee and food, and lying, as good guides and friends do, about our chances for the weather to clear. Now his goodness was to be rewarded by the sun and three strangers, coming one after the other into our camp bearing gifts. Weather and fortunes turn quickly in the north, and Scotty deserved the blessing more than most. Despite all his years in the bush hunting and guiding archers, he had never taken a caribou with a traditional bow.

While Scotty and I dried and tied up the damage, a pair of young weatherworn bowmen drove into camp with coolers of fresh salmon and caribou steaks, and asked us to celebrate. Billy Lewis had the look of a modern Viking, red-headed and energetic, and his tall hunting partner was Benji Hill, obviously a weightlifter. They left from Montana almost a month before, filled their coolers with good luck just before the storm, and were giving away companionship, conversation, and tailgate cuisine. Benji had already put a caribou on ice. They carried wooden bows and feathered arrows, and knew a traditional refuge when they saw it.

In an hour, we warmed our faces over steaming plates of grilled pink salmon steaks, hand rubbed with ground lemon salt and pepper, stacked over fresh butter-seared caribou loins and mounds of hot fried onions and

potatoes. We sat elbow to elbow, an overturned canoe at our back. The snow-packed Brooks Range wrapped around the horizon to our front, with the Sag river running through it all to our left, and a spur of low rolling hills to our right. The whole of Alaska was our dinner theatre.

We felt grateful for the food and sun, and ate quietly, gazing along the river, the dinner plates first in our sight. Then a wobble on the horizon became a bobbing set of antlers over the tundra. We were still eating, and not interested in a supper guest, but the caribou bull continued his loping walk toward camp.

Except to raise a fork, no one moved until the bull nearly closed the distance. Scotty finally volunteered to go, but refused to change his Carharrrt overalls and sneakers. He promised that without proper clothes he would blow the opportunity soon and be back for his portion of fruit pie, and we all understood his priorities. Still, a few minutes after the bull and the Reverend crested a hill along the river out of sight, Scotty rose back up on top, the sun's rays streaming out around him and his arms lifted high, calling out the good news. He had his first caribou with the tools of the ancients. What a show.

Scotty couldn't stop talking when we reached him.

"That little bull wandered around up here like a tumbleweed in a whirlywind," he jabbered, *"but he finally parked his head under a willow bush no bigger than his antlers and he laid down with his big hind end sticking out in the open. He was just a teenager, he didn't know no better. Jay, I'm gonna hunt in these Carharrrt pants and sneakers all the time. It's Prudhoe Bay camo – I look like a pipeline man!"*

He was so excited he had forgotten his pie, which was good, since we had already eaten it.

"Those big hickory shafts will knock the hop out of a rabbit, but they're so dang slow and heavy I had to get close enough to lob one in there." He kicked at the bulky clumps of grass around our feet. *"Oh man, these tussocks are hard to stalk on – I was like a drunk trying to walk on a field of basketballs."*

He was right about the tundra. It was like a carpet of big green sponges, and hard to get any purchase. A day of slippery walking tore up my ankles, and a few times I fell into the wet holes between the big balls of sod. Scotty kept up the narrative as I watched for bears. I always watched for bears.

"Anyway, I scooted in close and squatted down behind that bush and let one fly. I could see that arrow draw in like a guided missile, spinning into his ribs, then it just disappeared right through him."

The young caribou died almost in place, and there was no tracking to do. We set down the frames, knives, and game bags, posted a guard, and worked as a pack to quarter and haul the meat out before brown bears wined the kill. It was quick work. Every muscle came off the animal before the antlers, which Scotty brought down with the hide in the last load. It was good meat that would take care of his family for months that winter. When the game bags were tied up high we were tired, full, and happy, dreaming of clear days on the Dalton.

Testimony on SB298
By Rob Sylvester
1340 Chena Ridge Rd.
Fairbanks, Alaska

SB 298 concerns opening up the Dalton Hiway corridor to ATVs. If this were to happen it would be detrimental to archery hunting within the corridor and outside the corridor.

1. The resulting traffic would push the game outside the corridor where archers hunt on foot.
2. On the south side of Atigun Pass the harvest of moose has been high enough for ADF & G to install a drawing permit system. Additional access would only increase the harvest in the general area.
3. Increased access would increase hunting pressure from all groups and will lead to decreased hunting seasons
4. Appropriate examples of the effects of ATV's on hunting occur along the Denali Hi-way and the Steese Hi-ways. Along the Denali Hiway during personal flights over the area show little to no game within the extent that ATV's travel and once you go beyond this area game becomes much more abundant. The ATV's push the game out of the area. Resulting in hunters not using ATV's any realistic access to game.
Along the Steese Hi-way the same thing occurs in the fall and winter caribou seasons. The end result are very short seasons, 2 days in the winter season as quotas are reached and non-ATV users have no realistic access to caribou and/or can not compete either safely or effectively.
5. With this said there is a role for snowmachines in the corridor on the south side of Atigun and accessing areas outside the corridor for trapping purposes only. Some form of limited access out of the corridor on the north side of Atigun for snowmachines as well could probably be accommodated without creating significant biological and social impacts to hunting. A mechanism should be in place to provide limited numbers of access in specific areas during specific time periods would be very useful. Examples would be a limited registration for specific time slots and areas for the November to April time frame for areas north of Atigun Pass.
6. Unfettered access in either the south or north side will create highly unacceptable problems associated with hunting and trapping.
7. Unfettered summer access anywhere will create significant environmental scaring which has been shown to heal at extremely slow rates within the areas of concern.
8. As it stands now summer access is appropriate on the north and south side for hunting situations and biologically the populations are barely able to sustain the current harvest of all ungulate and bear species in the south. On the north side the ungulate and bear populations are at a level to support access at its current levels without endangering the overall populations as well.

Rob Sylvester
Master Bowhunting Instructor

March 2, 2004

TO: Senator Georgiana Lincoln
Capitol Building
Juneau, AK. 99801

FAX: 907-456-2652

FROM: Mrs. June Reakoff
Wiseman Vlg.
4 Kahlabuk Ln.
Wiseman, AK. 99790

Phone and FAX: 907-678-9001

Dear Senator Lincoln:

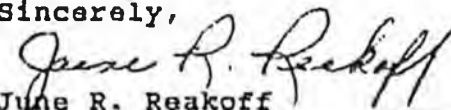
The following letter to Senator Seekins is in regard to his current Senate Bill S.B. 298, allowing the use of ORV access from the Dalton Highway into pristine Arctic lands which heretofore have been accessed by humans usually with minimal surface damage.

This is a concern to me that such severe degradation to this priceless land and various animal species will be decimated to the point that very soon this once spectacle of beauty and grandeur will be reduced to a gaunt wasteland.

The purpose of my letter to him was with intention of trying to persuade him to withdraw his course of action, to be accountable for posterities sake, and for the benefit of a few not to jeopardize or compromise this enormous endowment of trust.

If you can further speak on behalf of this worthy cause, it would be greatly appreciated. Many thanks!

Sincerely,


June R. Reakoff

SB

345

ALASKA STATE SENATE

Session:
State Capitol
Juneau, Alaska 99801-1182
(907) 465-2327
(907) 465-5241 Fax



Interim:
119 N. Cushman, Suite 201
Fairbanks, Alaska 99701
(907) 456-8161
Senator_Ralph_Seekins@legis.state.ak.us

Senator Ralph Seekins
District D

Senate Bill 345 Sponsor Statement

“An Act relating to civil liability associated with aircraft runways, airfields and landing areas.”

Senate Bill 345, and its companion House Bill 474, amends Alaska Statute 09.65.093 relating to civil liability associated with aircraft runways. The proposed legislation removes the qualifying term “natural” from language describing the type of person to whom the law applies.

The current statute dates back three years when Representative Harris shepherded through the 22nd Legislature a bill that, among other things, removed the threat of civil liability where the non-compensated performance of maintenance or repair activities to aircraft runways is concerned.

Additionally, Representative Harris’ bill shielded owners or operators of runways located on private land from civil litigation related to aircraft accidents occurring on those runways clearly indicated as being closed to air traffic. The bill enjoyed strong bi-partisan support in both the House and the Senate.

Obviously flying is a popular avocation in Alaska. But it certainly is not without risk. The ability to safely put down on a remote strip may be crucial in an emergency situation. Alaska Statute 09.65.093 recognizes the important public interest served by restricting the civil liability attached to the operation or ownership of private runways throughout the state.

The proposed legislation holds that civil liability is barred as a remedy in cases involving aircraft accidents on certain runways which are maintained, repaired, owned or operated by a person, natural or otherwise. Civil liability continues to be available where gross negligence or reckless or intentional misconduct may be a cause for an aircraft accident on such a runway.

In summary, Senate Bill 345 seeks to revise the current statute through the removal of the single word “natural”. This will allow the same degree of protection to non-natural persons. It is sensible that the same public interest is served regardless of the type of entity associated with the runway.

SB 345

Sectional Analysis

Section 1;

This is the only section. It leaves the statute intact and unchanged with the lone exception of removing the word "natural" from both paragraphs. Deleting this word broadens the protection intended by the legislation. The term "person" is defined below.

AS 01.10.060 (8): "person" includes a corporation, company, partnership, firm, association, organization, business trust, or society, as well as a natural person;

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB345-DOT-CO-3-13-04
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
Title Civil Liability Associated with Airfields RDU Administration & Support
Component Commissioner's Office
Sponsor Seekins
Requester Senate Transportation Component No. 530

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Nona Wilson Phone 465-6973
Division: Legislative Liaison Date/Time 3/13/04 4:36 PM
Approved by: John MacKinnon Date 3/13/2004
Agency: Deputy Commissioner



AIRCRAFT OWNERS AND PILOTS ASSOCIATION

March 4, 2004

Senator Ralph Seekins
State Capitol, Room 125
Juneau, AK 99801-1182

Dear Senator Seekins:

The Aircraft Owners and Pilots Association (AOPA) is a membership association consisting of over 400,000 pilots and aircraft owners nationwide, 4,600 of whom reside in the state of Alaska. AOPA is committed to ensuring the continued viability, growth, and development of aviation and airports in Alaska and the United States.

The Aircraft Owners and Pilots Association strongly supports Senate Bill 345, regarding civil liability relating to runways, airfields, and landing areas. This bill will help protect airport owner and operators that devote their time and resources to operate and maintain airstrips and landing areas in Alaska.

We anticipate that this bill will help protect the operation of these vital components of our transportation infrastructure.

On behalf of the 4,600 AOPA members in Alaska, thank you for sponsoring this bill.

Sincerely,

Tom George
Alaska Regional Representative

TOM GEORGE
ALASKA REGIONAL REPRESENTATIVE
PERSONAL ADDRESS: P.O. Box 83750 FAIRBANKS, AK 99708
907-388-9955 (PHONE) 907-455-9001 (FAX)
E-MAIL: tom.george@aopa.org

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Montana and the Sky

MDT - Department of Transportation

Aeronautics Division

Vol. 54 No. 8 August 2003

Rock Creek Airport Re-Opens

By: Jim Greil, Chief, Airports/Airways Bureau

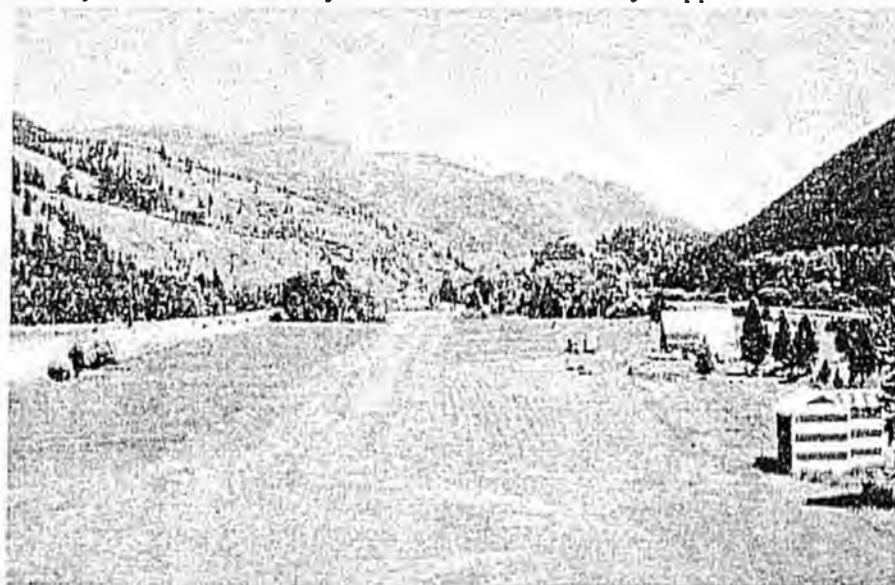
For all of you who always wondered just what happened to that great little landing strip just outside of Clinton, MT, located at the junction of the Rock Creek and Clark Fork Rivers, The Montana Aeronautics Division is proud to announce the reopening of the Rock Creek Airstrip.

The Rock Creek airstrip, also formally known as Elliott field, was built several years ago through a joint venture of the then Montana Aeronautics Commission and several local public and private landowners. The airstrip is located just East of the Rock Creek exit on Interstate 90, about 5 miles East of Clinton Montana. Actually, the airstrip was built just prior to the construction of the interstate, and a few years after construction, the airstrip had to be moved in order to accommodate the interstate construction and the adjoining Rock Creek exit. After many years of lease agreements with various owners of a large portion of privately owned land on which much of the runway was situated, the land was purchased by Mr. Gary Lundberg. Gary tried with the support of the Montana Aeronautics Division to develop an airpark with the runway similar to many others where individuals could purchase lots to accommodate hangar homes and enjoy this unique airstrip, however, much of the effort was denied by the Missoula County commissioners who felt for some reason that the airstrip might be a threat to the local wildlife and nearby residences. This move by the Missoula County commissioners effectively stopped

the airpark plans. As a direct result of this, Gary was forced to re-evaluate his options for the airstrip and look for alternate ideas for his property and in the end, the airstrip was closed to the general public and the Aeronautics Division withdrew from the operation.

A few years later, the idea of reopening the airstrip was brought forth once again by Gary and some other interested pilots within the local community which sought refuge from the hassles associated with flying small general aviation aircraft out of the Missoula airport. Of course, the Montana Aeronautics Division welcomed the chance to see the Rock Creek airport reopened and after a long period of initial logistics, leases, engineering, right of way issues and some other minor problems were sorted out, the big day finally came on July 14, when Mike Rogan and myself met at the airport with representatives from the Missoula Department of Transportation, Gary Lundberg and Bob Brunson in order to "re-open" the airport by surveying, mowing and coning the new runway.

The airstrip is now open once again, although it's total length has been shortened slightly to 3600' due to a still unresolved lease for the farthest East end with the Bureau of Land Management, however, we hope to have a full 4000' runway in the near future. Many thanks are in order to Mr. Gary Lundberg for his renewed interest in seeing the airport open to the flying public. Thanks also to Mr. Bob Brunson of East Missoula. Bob has been a firecracker of support for this project and was the catalyst in bringing all of the parties together to get this accomplished.



See page 7 of the Newsletter for a Directory Page of the Rock Creek Airport.

Administrator's Column

Senator Burns and Congressman Rehberg appointed to FAA committee: Montana's Congressman Denny Rehberg and Senator Conrad Burns will both sit on a joint House-Senate conference committee to oversee the reauthorization of important programs related to the FAA that impact Montana transportation and commerce. Both representatives look forward to working together to make sure Montana's interests are protected and the important programs such as EAS and AIP are maintained. Montana is very fortunate and proud to have these gentlemen play such a key role in looking out for Montana aviation interests.†

Small airport service losses continue: Demand for air travel remains weak, regional jets and low-cost airlines continue to grow and smaller airports show the biggest losses in service according to a recent report issued by DOT Inspector General Kenneth Mead. Even larger airports recorded traffic losses in June 2003, compared with June 2000. Montana continues to enjoy excellent air service and is fairing very well compared to the information contained in this "doom and gloom" report. Through June 2003, Montana carried just 1.9% less passengers compared to June 2002. Fourteen airports report statistics for passengers on and off each month to the Aeronautics Division for compilation. Of these 14 airports, eight airports are proudly reporting increases over 2002 traffic with six airports slightly below last years numbers. Thanks to the airports for providing the facilities to attract and retain the airline companies and to all who support these efforts. †

Support for AOPA Airport Watch Program: Senior U.S. Senator Fritz Hollings has offered praise and funds for AOPA's Airport Watch program and its toll-free security hotline. Sen. Hollings successfully offered an amendment directing the Department of Homeland Security to continue funding the 1-866-GA-SECURE hotline to report suspicious activities at an airport. Sen. Hollings said, "Airport Watch is a common-sense and effective approach

to securing our nation's general aviation airports. AOPA and TSA have got it right on this one." Airport Watch is modeled after the popular neighborhood watch program and asks general aviation pilots and others on GA airports to watch for and report any possible criminal or terrorist activity.†

Airmen Email Address Registry: The FAA Airmen Certification Branch has developed a system for on-line services whereby airmen may register an email address and setup an on-line account for communicating with Airmen Records in Oklahoma City. The first feature that this service provides is the ability to change a permanent address on-line. Additional features and functionality are currently being developed. To learn more, visit <http://registry.faa.gov/amsvcs.asp>.†

Contract let to demolish Meigs Field: A \$1.5 million contract for the final destruction of Meigs Field to tear up the runway and remove electrical infrastructure could see work beginning within 30 days. AOPA will continue to pursue its formal FAA complaint against the city for improperly closing the airport. A Chicago City alderman has called for public hearings to question Mayor Daley's secret midnight destruction of the airfield. Alderman Joe Moore has suggested the city reconsider a plan proposed by AOPA that would have the city buy the airport from the park district using federal funds. Moore is not likely to get the hearings. Many organizations have partnered in the fight and supporters have tried everything from public, legislative, and congressional pressure to lawsuits to get Mayor Daley to see reason. How the mayor closed the airport may have been illegal, but the courts so far have affirmed that he had the legal right to do so. †



Montana and the Sky
Department of Transportation
Judy Martz, Governor
David A. Galt, Director

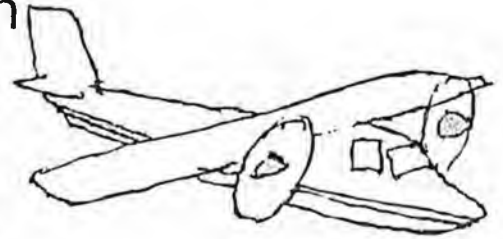
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Lonnie Leslie, Member
Chuck Manning, Member
Will Metz, Member
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George Warner, Member

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Editor: Patty Kautz

Schafer Meadows Work Session Another Big Success!



Pictured are (l-r) Deb Mucklow & Al Koss, USFS; Loren Smith, Prairie Kraft Specialties, Great Falls & Debbie Alke. Loren outdoes himself each year by providing a great meal for the volunteers on Saturday night and this year was no exception, thanks again Loren! Al Koss announced that he will be transferring with USFS to another area; we will miss him and appreciate his assistance throughout the years.



Lanny Hanson, Aeronautics Board member from Glasgow; Bob Brown, Secretary of State; and Joe Roberts and Jeff Morrison of Helena took some time out after a busy day to relax in the shade – with the sweltering temperatures we've been having shade has become a valuable commodity.



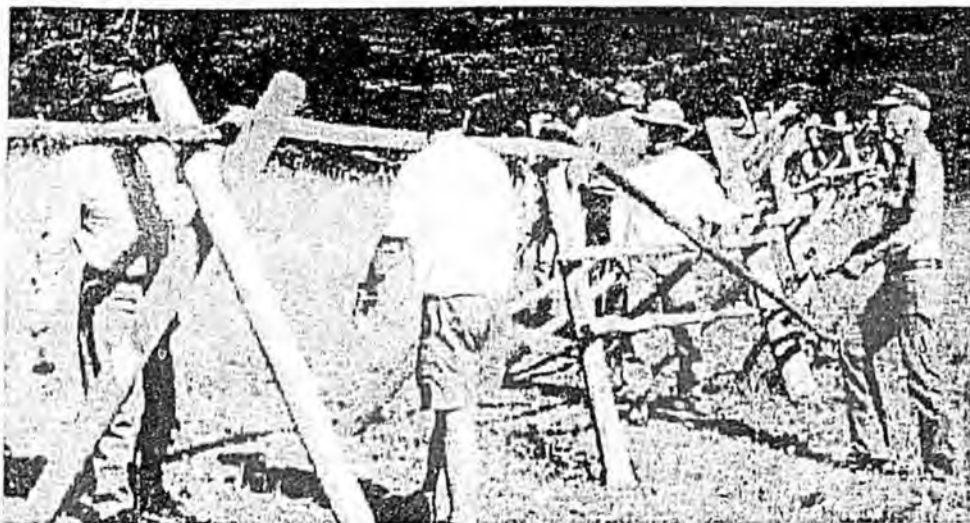
A Schweizer 269C Helicopter flew into the work session and behind the controls was Representative Denny Rehberg along with his instructor Kent Potter of Laurel. Pictured are Kent, Denny's son A.J., Denny and John Giacometto of Stevensville. We certainly appreciate all of the assistance we receive from Representative Rehberg and thank him for his outstanding support.



Wade Cehulski of Seeley Lake and Guy Willson of Moore hung new windsocks during the work session. Windsocks are a very important reference for pilots when flying into these backcountry strips.



We are always happy to see our international visitor Bram Tilroe of Leduc Alberta Canada show up to lend a helping hand; he and Bill Gallean of Helena take time out for a much needed water break.



These hardworking fencing volunteers did a first-rate repair job!!

Volunteers gathered at Schafer to repair fence, pick up rocks, fill gopher holes, replace the windssocks and clear brush on the airfield. The Schafer airstrip is maintained through a cooperative effort between the US Forest Service and the Montana Aeronautics Division. The Division coordinates with the Montana Pilots Association and the US Forest Service to organize this annual volunteer work session.



The runway maintenance crew had quite a job ahead of them 3,200' to be exact!



Chuck Manning, Aeronautics Board Member, Kalispell and Secretary of State Bob Brown are just the kind of volunteers you like to see, always a smile no matter how big the task.



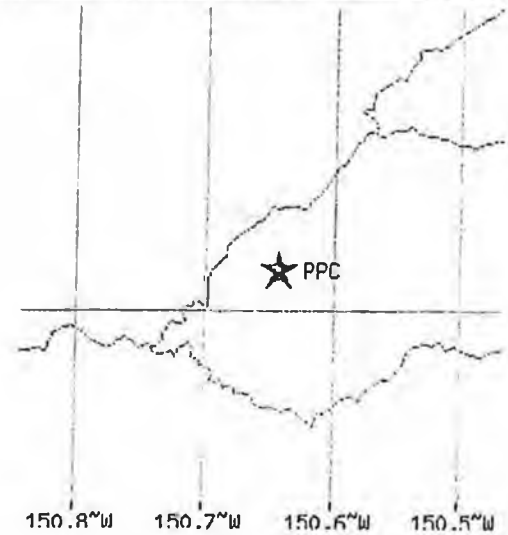
After a hard day's work volunteers finally get a chance to kick back and visit with friends old and new. Thank you to all of the people that work so hard to make this backcountry strip a safe place for pilots to enjoy, you couldn't ask for more beautiful surroundings.



**Dog Days
of
Summer**

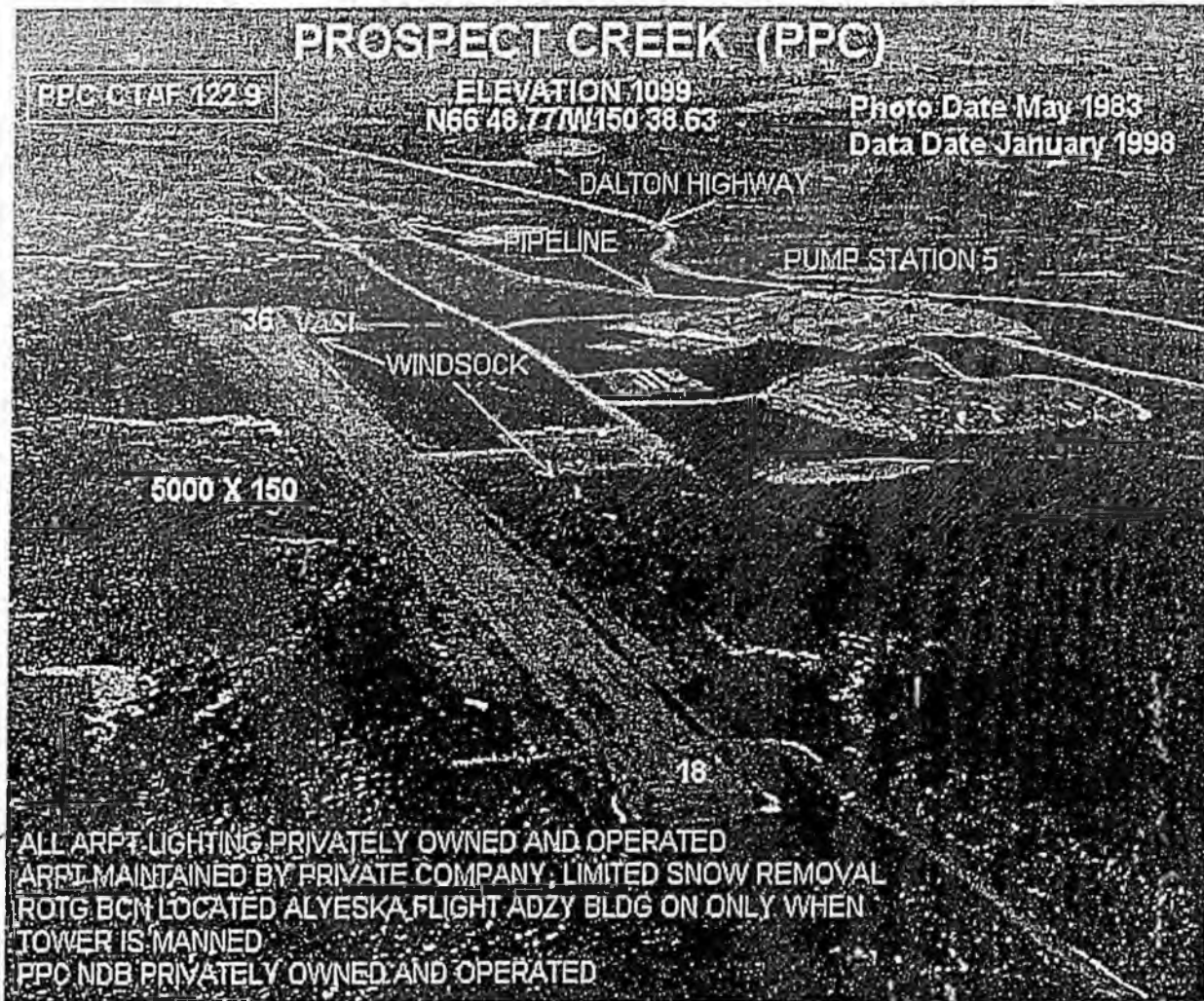
General Info. | Services & Facilities | Based Aircraft & Operations | Runway Info. | Remarks | 

CBD to Airport(NM): 03 NE
 County: UPPER YUKON
 REG/ADO: AAL NONE
 SECT AERO CHT: FAIRBANKS
 Ownership: PUBLIC
 Owner: STATE OF AK DOTPF
 Address: 2301 PEGER RD
 FAIRBANKS, AK 99701
 Phone No: 907-451-2200
 Manager: ALYESKA PIPELINE CO
 Address: 1835 S BRAGAW ST, MILTON CROS
 FAIRBANKS, AK 99701
 Phone No.: 907-4512207
 Attendance UNATNDD
 Schedule:
 Airport Use: PUBLIC
 Airport Lat: 66-48-46.373N ESTIMATED
 Airport Long: 150-38-37.653W
 Airport Elev.: 1099 SURVEYED
 Acreage: 0
 Right Traffic: NO
 Non-Comm Landing NO
 Fee:
 NASP/Federal N
 Agreement:
 FAR 139 Index: LU 12/1974



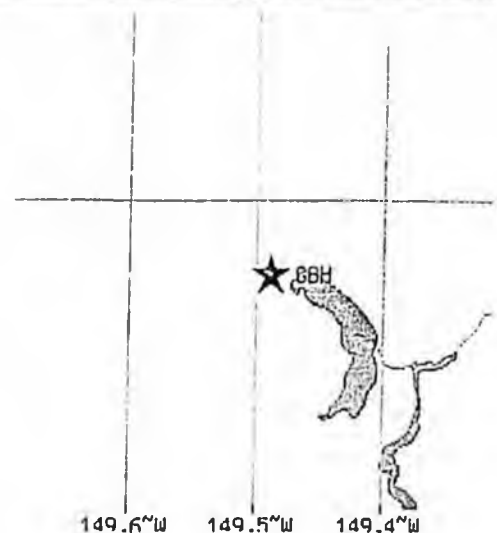
Airport Name: PROSPECT CREEK
 FAA Site Number: 50620.2*A
 Data Effective Date: 02/19/2004

Associated City: PROSPECT CREEK
 Location Identifier: PPC
 provided by g.c.r. & associates, inc.



General Info. | Services & Facilities | Based Aircraft & Operations | Runway Info. | Remarks | **NE SEA**

CBD to Airport(NM): 02 N
 County: NOME
 REG/ADO: AAL NONE
 SECT AERO CHT: POINT BARROW
 Ownership: PUBLIC
 Owner: STATE OF ALASKA DOTPF
 Address: 2301 PEGER RD
 FAIRBANKS, AK 99701
 Phone No: 907-451-2207
 Manager: MILTON CROSS
 Address: FAIRBANKS, AK 99507
 Phone No.: 907-451-2207
 Attendance UNATNDD
 Schedule:
 Airport Use: PUBLIC
 Airport Lat: 68-28-44.627N ESTIMATED
 Airport Long: 149-29-24.077W
 Airport Elev.: 2670 ESTIMATED
 Acreage: 0
 Right Traffic: NO
 Non-Comm Landing NO
 Fee:
 NASP/Federal N
 Agreement:
 FAR 139 Index: LU 12/1974

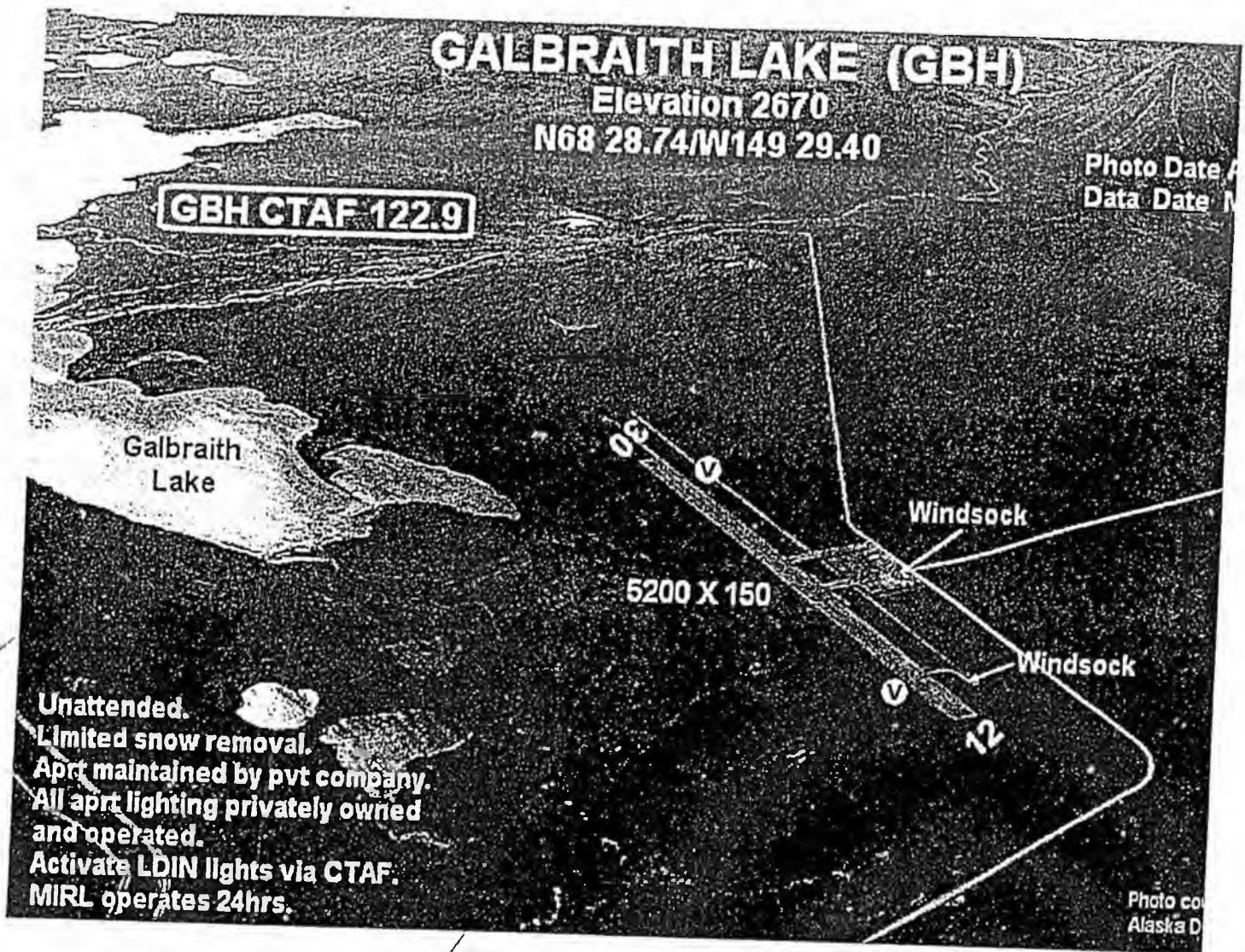


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Page 1 of 1

Airport Name: GALBRAITH LAKE
 FAA Site Number: 50257.5*A
 Data Effective Date: 02/19/2004

Associated City: GALBRAITH LAKE
 Location Identifier: GBH
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SB

358

SENATOR
JOHN J. COWDERY
Anchorage



Senate

January - May:
State Capitol, Suite 101
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

May - December:
716 W. 4th Avenue
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Senator_John_Cowdery@legis.state.ak.us

Committees
Chair: Rules
Chair: Transportation
Chair: World Trade &
State/Federal Relations
Legislative Council
State Affairs

SPONSOR STATEMENT FOR SB 358

"An Act relating to performance of railroad track construction work for the Department of Transportation ... by the Alaska Railroad ..."

Senate Bill 358 amends the procurement code so that the Department of Transportation and Public Facilities (ADOT/PF) can work directly with the Alaska Railroad Corporation (ARRC) on track work through a reimbursable service agreement similar to other utilities (i.e. power and water lines).

Prior to 1996, ARRC could conduct track work for DOT projects under utility agreements. After 1996, the procurement code was amended requiring DOT/PF to contract for track work under the competitive bid process. For a time, contractors bid – and won – such work. Recently, however, contractors have shown less interest in bidding such work. They don't have the specialized, expensive equipment to conduct the work, and they experience high costs trying to meet the specifications required.

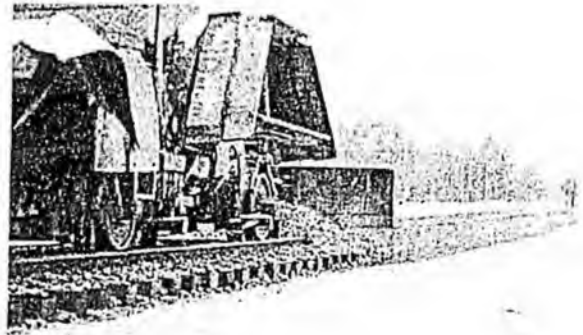
To remedy this situation and ensure DOT/PF projects move forward, SB 358 will allow DOT/PF the flexibility to use either the competitive bid process or to work directly with the Alaska Railroad.

The advantage of this arrangement for DOT/PF is possible lower costs and a savings of time. The advantage for the Alaska Railroad will be enhanced quality and assurance that industry standards met.

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An ARRC employee at the controls of a \$400,000 track tamper, which automatically adjusts track to tight tolerances.



A ballast regulator spreads ballast over new track construction.



ARRC employees are Alaskans, trained to work safely in the federally regulated railroad environment.

ALASKA RAILROAD CORPORATION
Senate Bill 358, House Bill 529
Allows Railroad to Perform Track Work on ADOT/PF Projects

BACKGROUND: Prior to 1996, the Alaska Railroad Corporation (ARRC) was treated like other utilities performing relocation work required by Alaska Department of Transportation and Public Facilities (ADOT/PF) projects. When utilities such as power lines and waterlines need to be relocated, ADOT/PF issues a separate agreement with the utility for such work rather than using a third party contractor. The advantage of this arrangement for ADOT/PF is possible lower costs, and the utility is responsible for quality and warrantee. The advantage for the utility is often enhanced quality, assurance that industry standards are met, and a streamlined project.

After the procurement code was amended in 1996, ADOT/PF was required to contract for track work under the competitive bid process. While ARRC had the option to bid on track work, ARRC does not operate as a contractor and our labor contracts do not currently support payment as defined in the "Prevailing Wage Act".

PROPOSAL: Amend the procurement code allowing ADOT/PF to use either the competitive bid process or work directly with ARRC on track work through a reimbursable service agreement similar to other utilities.

BENEFITS:

- DOT will save money
 - DOT must fully develop bid specifications if it contracts for railroad work. This usually is not required when ARRC performs the work to its own standard specifications.
 - Inspection and other railroad specialty items are inclusive in the ARRC crew. With a railroad contractor, the ARRC must still provide federally required inspection and coordination with railroad operations.
 - DOT can deal directly with the ARRC on a reimbursable or lump sum basis. Expensive contractor mobilization is avoided. Excessive contractor premiums will be avoided for this small specialty market.
 - The ARRC buys railroad materials in quantity and is able to pass along this savings.
- DOT will save time
 - It takes time to develop specifications required for contractor bidding.
 - The ARRC is "on site" 365 days a year and ready to respond.
 - ARRC is responsible for the coordination of work with train operations, with contractor; DOT is interface to ARRC and contractor.
- ARRC's core business is operating and maintaining the railroad.
- ARRC has the specialized equipment required for railroad work. Contractors must mobilize this equipment from the Lower 48. This equipment includes large machines that cost several hundred thousand dollars.
- ARRC has skilled manpower on hand to perform the work. These are Alaskans ready and able to do the work. All funds stay in Alaska, no outside specialized contractor or labor.

SPONSOR STATEMENT FOR SB 358

"An Act relating to performance of railroad track construction work for the Department of Transportation ... by the Alaska Railroad"

This legislation deals with situations where railroad construction work must be done at places where the railroad tracks cross state roadways.

Traditionally, the Department of Transportation (DOT) would treat the railroad as if it were a utility, such as a power company. For example, should a power line have to be moved to accommodate road construction or maintenance, DOT would simply reach an agreement with the utility to accommodate the construction work needed. The same case applied with the Alaska Railroad.

When the procurement code was amended in 1996, the Railroad was instead treated as if it were a contractor, and it was required to bid on any track work that needed to be done. For a time, other Alaska contractors bid – and won – such work. That, however, is no longer the case, leaving the Alaska Railroad as the only qualified bidder.

Trouble is, the railroad, business-wise, does not operate as a contractor for a few different reasons. Mainly, the Railroad does not manage and estimate work because union agreements do not allow payment as defined in the "Prevailing Wage Act."

SB 358 amends the procurement code to allow DOT to work with the Alaska Railroad as it did prior to 1996. With SB 258 in place, DOT will again work with the railroad as if it is a utility.

MEMORANDUM OF UNDERSTANDING

This Memorandum Of Understanding ("MOU"), is entered into this fourteenth day of April, 2004, by and between the Alaska Department of Transportation and Public Facilities, hereinafter referred to as "Department", the Alaska Railroad Corporation, hereinafter referred to as "ARRC", Laborer's International Union of North America, Alaska District Council of Laborers hereinafter referred to as "Alaska District Council of Laborers" and the Associated General Contractors of Alaska, hereinafter referred to as "AGC".

RECITALS

- A. Certain Department highway construction projects necessitate relocation, removal, adjustment, protection or construction of railroad facilities.
- B. Prior to 1998, when it was necessary to relocate railroad facilities because of a proposed Department project, the Department had authority pursuant to 17 AAC 15.511 to enter into a utility relocation agreement with ARRC in accordance with 17 AAC 15.521 authorizing ARRC to perform the relocation work.
- C. In 1998, the State Procurement Code, AS 36.30, was amended to require that the services required to perform railroad facility relocation work, other than signalization and flagging, on a Department project be obtained through the use of a competitive sealed bid or proposal process.
- D. Since 1998 such railroad facility relocation work has been performed by contractors obtained by the Department through a competitive bid process.
- E. Today, there are a minimal number of contractors in Alaska who possess the specialized equipment and skill necessary to construct critical track work in conformance with contract specifications. In order to ensure that track construction conforms to performance specifications and to ensure that service interruptions are minimized for railroad and highway operations, ARRC and the Department are supporting SB 358/HB 529 which proposes to amend the State Procurement Code to give the Department the option to enter into an agreement with ARRC to perform certain railroad facility relocation work as opposed to having to put such work out to bid.
- F. AGC and Alaska District Council of Laborers are willing to support said amendment to the State Procurement Code so long as there are reasonable limitations on the type of work the Department contracts with ARRC to perform and the utility relocation agreement between the parties contains provisions to assure that such railroad facility work is performed in an economical manner and without delay to a contractor's schedule.
- G. It is the purpose of this MOU to establish the type of railroad facility relocation work that the Department may authorize ARRC to perform under a utility relocation

agreement and the terms and conditions under which such work shall be performed in the event that the State Procurement Code is amended to allow the Department to enter into an agreement with ARRC to perform railroad facility relocation work.

THEREFORE, the parties hereby agree as follows:

AGREEMENT

1. When a Department project involves the construction of rail, ties or ballast for railroad tracks used by ARRC, the Department may enter into a utility relocation agreement with ARRC to perform critical relocation work that could impair, endanger or unreasonably delay ARRC's ability to operate its trains in a safe and timely manner if not performed properly. The scope of such critical work shall be limited to performing the following categories of work: (1) cutovers to a new alignment of ARRC's mainline; (2) the installation or removal of switches on ARRC's mainline; and (3) any other construction work involving rail, ties or ballast, in situations where the Department's contractor is unable to perform railroad facility work in accordance with the Department's contract terms and construction schedule (hereinafter collectively referred to as "critical rail work").

2. The agreement between ARRC and the Department to perform critical rail work shall set out the terms of the work along with the terms of the reimbursement for the costs of the work. The agreement may, in the Department's discretion, provide for a lump-sum payment for the work. The agreement must contain a cost estimate, plans, and a scope-of-work statement as provided in 17 AAC 15.351, 17 AAC 15.361, and 17 AAC 15.371 respectively. Billing and audit of the costs of the critical rail work shall be made in accordance with the provisions of 17 AAC 15.431.

3. The agreement between ARRC and the Department to perform critical rail work shall include a provision requiring ARRC and the Department or its contractor to make every possible attempt to insure the smooth operation/coordination of both the rail traffic and construction schedule and not to interfere with the other. The agreement shall require the parties and the contractor to meet and confer at reasonable intervals to coordinate the work schedules of ARRC's personnel with the work schedule of the Department's contractor in a manner that does not unreasonably delay the performance of each party's work. Pursuant to 17 AAC 15.421(b), ARRC will also be responsible for extra costs resulting from delays to the Department contractor's operations if the railroad facilities are not relocated in accordance with the relocation agreement, except when the delays are beyond the control of ARRC.

4. Nothing in this MOU affects ARRC's right to perform signalization and flagging on Department projects as authorized by AS 36.30.015(i).

5. Unless otherwise provided herein, all notices and communications concerning this MOU shall be addressed as follows:

Alaska Department of Transportation and Public Facilities:

Contact Name: Commissioner Mike Barton
Mailing Address: 3132 Channel Drive
Juneau, AK 99801-7898
Telephone: (907) 465-3901
Fax: (907) 586-8365

Alaska Railroad Corporation:

Contact Name: Patrick Gamble
Mailing Address: P.O. Box 107500
Anchorage, AK 99510-7500
Delivery Address: 327 W. Ship Creek Avenue
Anchorage, AK 99501
Telephone: (907) 265-2414
Fax: (907) 265-2312

Associated General Contractors of Alaska:

Contact Name: Richard Cattanach
Mailing Address: 8005 Schoon Street
Anchorage, AK 99518
Telephone: (907) 561-5354
Fax: (907) 562-6118

Laborer's International Union of North America, Alaska District Council of Laborers:

Contact Name: Blake Johnson
Mailing Address: 2501 Commercial Drive
Anchorage, AK 99501
Telephone: (907) 272-4571
Fax: (907) 274-0570

or at such other address as may be designated in writing from time to time to a party by another party.

6. The parties agree to meet and attempt in good faith to resolve any problems or disputes that may arise in the performance of this agreement by negotiation between representatives of the respective parties.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding as of the dates written below.

Alaska Railroad Corporation

By: *PK Gable*
Its: PROSICBO
Date: 4/15/04

Alaska Department of Transportation
and Public Facilities

By: *Mike Bunker*
Its: Commissioner
Date: 4-13-04

Associated General Contractors of Alaska

By: *Kevin Egan*
Its: Executive Director
Date: 4/14/04

Laborer's International Union of North
America, Alaska District Council of
Laborers

By: *Pat B. Jr*
Its: President
Date: 4-14-04

SENATOR
JOHN J. COWDERY

Anchorage

Committees

Chair: Rules
Chair: Transportation
Chair: World Trade &
State/Federal Relations
Legislative Council
State Affairs



January - May:
State Capitol, Suite 101
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

May - December:
716 W. 4th Avenue
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Senator_John_Cowdery@legis.state.ak.us

SPONSOR STATEMENT FOR SB 358

"An Act relating to performance of railroad track construction work for the Department of Transportation ... by the Alaska Railroad ..."

Senate Bill 358 amends the procurement code so that the Department of Transportation and Public Facilities (ADOT/PF) can work directly with the Alaska Railroad Corporation (ARRC) on track work through a reimbursable service agreement similar to other utilities (i.e. power and water lines).

Prior to 1996, ARRC could conduct track work for DOT projects under utility agreements. After 1996, the procurement code was amended requiring DOT/PF to contract for track work under the competitive bid process. For a time, contractors bid – and won – such work. Recently, however, contractors have shown less interest in bidding such work. They don't have the specialized, expensive equipment to conduct the work, and they experience high costs trying to meet the specifications required.

To remedy this situation and ensure DOT/PF projects move forward, SB 358 will allow DOT/PF the flexibility to use either the competitive bid process or to work directly with the Alaska Railroad.

The advantage of this arrangement for DOT/PF is possible lower costs and a savings of time. The advantage for the Alaska Railroad will be enhanced quality and assurance that industry standards met.

ALASKA STATE LEGISLATURE
SENATE DISTRICT 0

Interim:
716 West 4th Ave.
Anchorage, AK 99501
Phone: 907-269-0222
Fax: 907-269-0223
Toll Free: 1-888-269-3879



Session:
State Capitol Building
Juneau, AK 99801
Phone: 907-465-3879
Fax: 907-465-2069
Toll Free: 1-888-269-3879

John J. Cowdery

Senate Rules, Chair
Senate Transportation Committee, Chair
World Trade State & Federal Relations, Chair
State Affairs, Legislative Council

TALKING POINTS FOR SB 358:

- Relates to certain DOT projects that include construction of railroad facilities.
- Applies to construction of rails, ties and ballast.
- Amends state procurement code so DOT can work directly with Alaska Railroad on track construction using contract agreements similar to those made with utilities.
- A 1998 amendment to the state procurement code required DOT to competitively bid most railroad construction work. Today, there are only a few contractors in Alaska who own the specialized equipment and have skilled personnel necessary to construct critical track work that conforms to contract specifications.

- To make sure that track construction conforms to performance specifications, and to minimize service interruptions for railroad and highway operations, Senate Bill 358 allows DOT to use either the competitive bid process, or work directly with the Railroad for critical track work under a utility agreement.

- A Memorandum of Understanding ("MOU") was developed by DOT, the Railroad, the Laborers Union and the AGC to provide reasonable limitations on the type of work DOT contracts with the railroad to perform.

- The MOU allows DOT to use the railroad for construction of critical track work involving railroad switches, cutovers from new track to mainline track, and construction of rail facilities where the Department's contractor is unable to perform in accordance with DOT contract terms and construction schedule.

- In addition, the utility relocation agreement between DOT and the Railroad contains provisions to assure that railroad facility work is performed in an economical manner and without delay to a contractor's schedule.

Subject: draft TP's for SB358

Date: Sun, 18 Apr 2004 18:58:55 -0800

From: "Wendy Lindskoog" <lindskoogw@akrr.com>

To: <richard_schmitz@legis.state.ak.us>, <senator_john_cowdery@legis.state.ak.us>

Richard: attached and pasted below are draft talking points for SB 358.

I developed them from the MOU, which provides more background if you feel it is needed. I will try to get a flight into Juneau on Monday so I can be there Tuesday morning. Thank you for all of your help on this issue.

Wendy

Talking points for SB 358:

Senate Bill 358 pertains to certain Department of Transportation projects that include construction of railroad facilities.

In 1998, the state procurement code was amended to require that railroad facility work on a DOT project, other than signalization and flagging, be obtained through the use of a competitive bid process. Prior to 1998, DOT worked directly with the Railroad under a utility agreement.

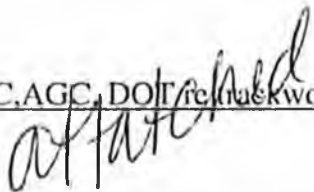
Today, there are a minimal number of contractors in Alaska who possess the specialized equipment and skill necessary to construct critical track work in conformance with contract specifications.

In order to ensure that track construction conforms to performance specifications and to minimize service interruptions for railroad and highway operations, Senate Bill 358 will allow DOT to use either the competitive bid process, or work directly with the Railroad for critical track work under a utility agreement.

A Memorandum of Understanding ("MOU") was developed by DOT, the Railroad, the Alaska District Council of Laborers and the Associated General Contractors to provide reasonable limitations on the type of work DOT contracts with ARRC to perform. The MOU allows DOT to use the railroad for construction of critical track work involving railroad switches, cutovers from new track to mainline track, and construction of rail facilities where the Department's contractor is unable to perform in accordance with DOT's contract terms and construction schedule.

In addition, the utility relocation agreement between DOT and the Railroad contains provisions to assure that railroad facility work is performed in an economical manner and without delay to a contractor's schedule.

Wendy Lindskoog
Director External Affairs
907-265-2498
lindskoogw@akrr.com

 <input type="checkbox"/> MOU-ARRC,AGC, DOT re trackwork-A[1].doc	<p>Name: MOU-ARRC,AGC, DOT re trackwork-A[1].doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message</p>
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Talking points for SB 358:

Senate Bill 358 pertains to certain Department of Transportation projects that include construction of railroad facilities.

In 1998, the state procurement code was amended to require that railroad facility work on a DOT project, other than signalization and flagging, be obtained through the use of a competitive bid process. Prior to 1998, DOT worked directly with the Railroad under a utility agreement.

Today, there are a minimal number of contractors in Alaska who possess the specialized equipment and skill necessary to construct **critical** track work in conformance with contract specifications.

In order to ensure that track construction conforms to performance specifications and to minimize service interruptions for railroad and highway operations, Senate Bill 358 will allow DOT to use either the competitive bid process, or work directly with the Railroad for critical track work under a utility agreement.

A Memorandum of Understanding ("MOU") was developed by DOT, the Railroad, the Alaska District Council of Laborers and the Associated General Contractors to provide reasonable limitations on the type of work DOT contracts with ARRC to perform. The MOU allows DOT to use the railroad for construction of critical track work involving railroad switches, cutovers from new track to mainline track, and construction of rail facilities where the Department's contractor is unable to perform in accordance with DOT's contract terms and construction schedule.

In addition, the utility relocation agreement between DOT and the Railroad contains provisions to assure that railroad facility work is performed in an economical manner and without delay to a contractor's schedule.



Alaska Railroad Corporation

Legislative Proposal

Allows ARRC to Perform Track Work on ADOT/PF projects

BACKGROUND: Prior to 1996, the Alaska Railroad Corporation (ARRC) was treated like other utilities performing relocation work required by Alaska Department of Transportation and Public Facilities (ADOT/PF) projects. When utilities such as power lines and waterlines need to be relocated, ADOT/PF issues a separate agreement with the utility for such work rather than using a third party contractor. The advantage of this arrangement for ADOT/PF is possible lower costs, and the utility is responsible for quality and warranty. The advantage for the utility is often enhanced quality, assurance that industry standards are met, and a streamlined project.

After the procurement code was amended in 1996, ARRC has been treated like a contractor that can bid on track work. The problem is, ARRC does not operate as a contractor that can estimate and manage work, and our labor contracts do not currently support payment as defined in the "Prevailing Wage Act". If ARRC did bid on such work as a contractor, our additional overhead costs would result in an increase to ADOT/PF project costs as well.

PROPOSAL: Amend the procurement code allowing ADOT/PF to work directly with ARRC on track work through a reimbursable service agreement similar to other utilities.

BENEFITS:

- DOT will save money
 - DOT must fully develop bid specifications if it contracts for railroad work. This usually is not required when ARRC performs the work to its own standard specifications.
 - Inspection and other railroad specialty items are inclusive in the ARRC crew. With a railroad contractor, the ARRC must still provide federally required inspection and coordination with railroad operations.
 - DOT can deal directly with the ARRC on a reimbursable or lump sum basis. Expensive contractor mobilization is avoided. Excessive contractor premiums will be avoided for this small specialty market.
 - The ARRC buys railroad materials in quantity and is able to pass along this savings.
- DOT will save time
 - It takes time to develop specifications required for contractor bidding.
 - The ARRC is "on site" 365 days a year and ready to respond.
 - ARRC is responsible for the coordination of work with train operations, with contractor; DOT is interface to ARRC and contractor.
- ARRC's core business is operating and maintaining the railroad.
- ARRC has the specialized equipment required for railroad work. Contractors must mobilize this equipment from the Lower 48. This equipment includes large machines that cost several hundred thousand dollars.
- ARRC has skilled manpower on hand to perform the work. These are Alaskans ready and able to do the work. All funds stay in Alaska, no outside specialized contractor or labor.



Railway Support Services, LLC
8838 Rosewood
Anchorage, Alaska 99518
(505) 225-8889 Cell

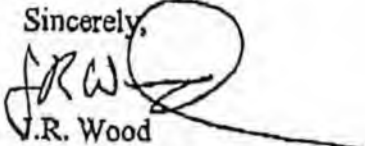
March 18, 2004

Honorable Senator Con Bunde
Chairman of Labor and Commerce Committee

Dear Sir,

Railway Support Services is a small construction company performing railroad construction and professional railroad services within the U.S. We have bid work and plan to continue bidding future work in Alaska. We currently have small equipment used for maintenance and construction purposes in Anchorage where it can be utilized as the need arises. While performing under the contracts offered by the Alaska Railroad we hire personnel within the local Unions and have jointly trained laborers at the Alaska Laborer's Training Center. In the interest of preserving our future position within Alaska we would appreciate your support in rejecting S.B.358, which was presented by the Alaska Railroad Corp..

Sincerely,


J.R. Wood
Pres. RSSLLC

MECHANICAL INSULATION SERVICES, INC.

6130 NELSON
ANCHORAGE, ALASKA 99518
(907) 561-3385 ♦ FAX 561-3396

Honorable Senator Con Bunde
Chairman Labor and Commerce Committee

March 19, 2004

Dear Sir,

Our company is a small construction company that has diversified into various contracting businesses including railroad construction. We have bid work in the past and plan to continue bidding future work in Alaska. At this time we have a contract under performance. While performing under the contracts offered by the Alaska Railroad we hire personnel within the local Unions. In the interest of preserving our future position within this industry we would appreciate your support in rejecting S.B. 358; which was presented by the Alaska Railroad Corp..

Sincerely,

Ed Biescocker



Contract Manager

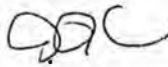
Mechanical Insulation Services, Inc

From the office of . . . Senator John J. Cowdery
State Capitol Building, Rm # 101
Juneau, AK 99801
907-465-3879 phone
907-465-2069 fax

MEMORANDUM

DATE: March 5, 2003

TO: SENATOR CON BUNDE,
Chair, Senate Labor and Commerce Committee

FROM: SENATOR JOHN J. COWDERY 
Co-chair Senate Transportation Committee

RE: SB 358

Please schedule, at your earliest convenience, a hearing for **SB 358**, "an act relating to the performance of railroad track construction work for the Department of Transportation and Public Facilities by the Alaska Railroad Corporation."

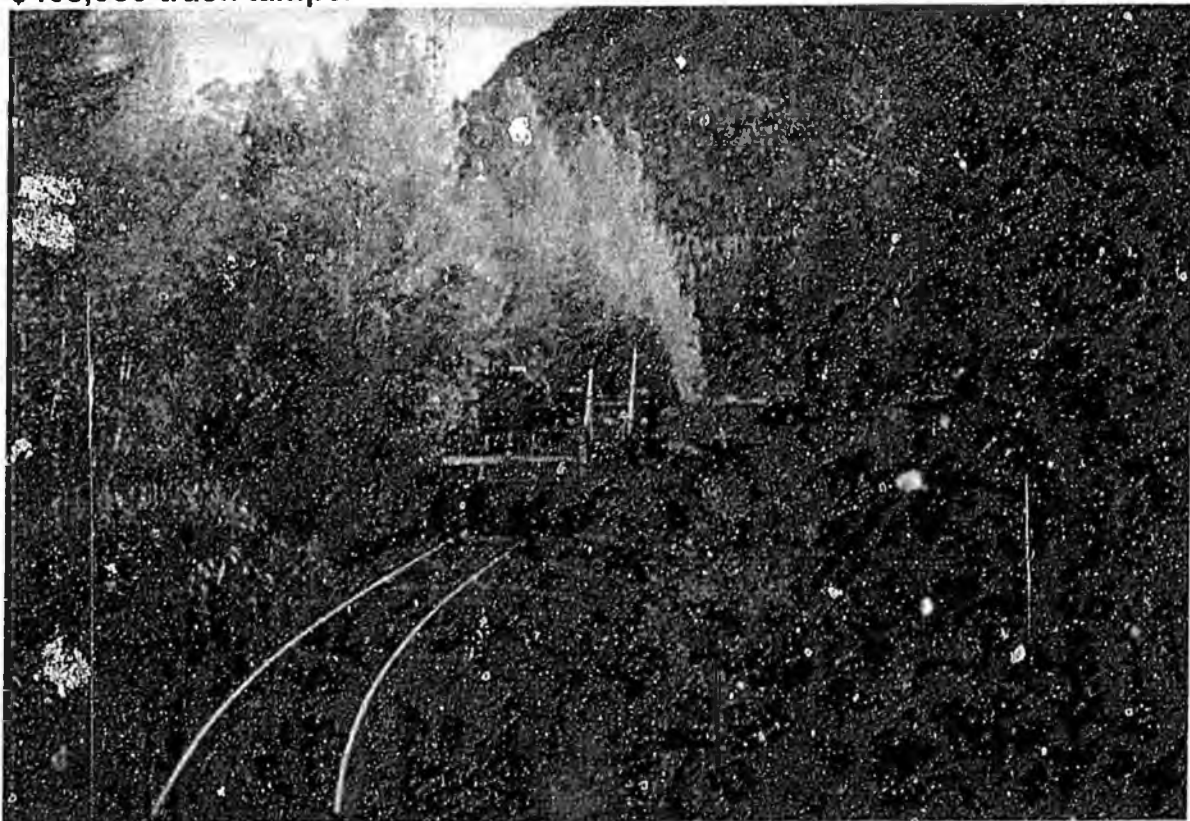
A copy of the bill, a sponsor statement and background information is attached.

Thank you for your kind attention to this matter.

SPECIALIZED EQUIPMENT:



\$400,000 track tamper



... track tamper and ballast regulator follow a work train near Chulitna.



- Ballast regulators (above) perform several functions. First, they can reclaim ballast disturbed by tie renewals prior to track surfacing operations. Secondly, they perform precision ballast dressing and final brooming of the track. The 10-foot wide hydraulically-articulated, directional front plow can plow out, pull in, or transfer material in a single pass while traveling in either direction. Side-mounted ballast boxes reclaim excess material from the shoulder and distribute it uniformly, as needed, for track surfacing. The ballast regulator leaves a properly shaped, smoothly broomed ballast section with tie tops clean and cribs fully filled to assure stability, make inspection easier, and enhance track appearance. The rear-mounted ballast broom features 18" long-life sweeps that give a clean sweep of the ballast across the entire broom width. Rotation of the hydraulically-driven broom can be easily reversed for brooming in either travel direction or to move excess material away from road crossings, switches, etc
- The basic purpose of an electro-graphic tamper is to align the track both in elevation and curvature. Travel speed is a 15 mph on a 2% grade, 28 mph on a 1% grade and a maximum speed of 40 mph.

Sen. Olson + I have
agreed to work on a
CS after Transit
by the time Finance hears
the bill

Ralph



Sen. John J. Cowdery, Chair

Senate Transportation Committee

Call: 465-4921 Fax: 465-2069

What does
a field station
miles & miles from
the place we are
talking about
have to do with
anything here?

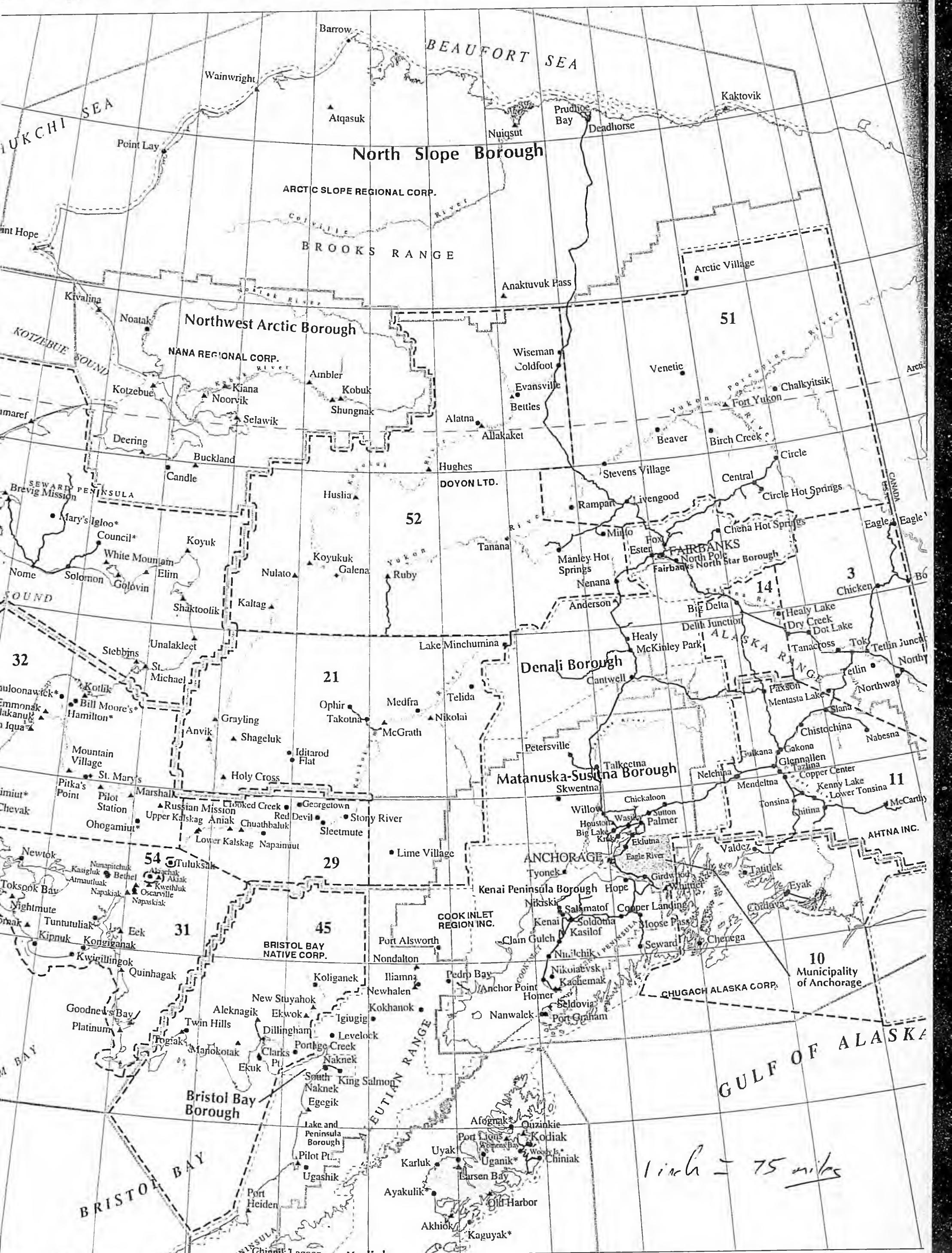
Sen. Pres. THERRIAULT

Sen. WAGONER

Sen. LINCOLN

Sen. OLSON

Y-9	Fort Yukon	R-3	Hydaburg	Y-9	King Salmon	M-7	Livengood	-	Napaimute	L-6	Ohogamiute	A-0	Port Moller	K-8
L-6	Fox	S-5	Hyder	Z-9	Kipnuk	J-7	Lower Kalskag	S-6	Napaskiak	K-6	Old Harbor	O-8	Port Protection	M-5
Q-1	Gakona	M-4	Iditarod	L-5	Kivalina	I-3	Lower Tonsina	L-7	Nelchina	R-5	Ophir	M-5	Portage Creek	Y-8
J-3	Galena	F-5	Igiugig	N-7	Klawock	Y-9	Manokotak	P-4	Nelson Lagoon	K-8	Oscarville	K-6	Prudhoe Bay	M-7
S-4	Gambell	M-6	Iliamna	N-7	Klukwan	X-7	Manley Hot Springs	J-6	Nenana	Q-4	Ouzinkie	O-8	Quinhagak	Q-7
L-7	Georgetown	Q-6	Ivanof Bay	L-9	Knik	Q-6	Marshall	I-4	New Stuyahok	M-7	Paimiut	I-6	Rampart	Q-4
G-4	Girdwood	S-5	Juneau	X-7	Kobuk	M-3	Mary's Igloo	T-6	Newhalen	N-7	Palmer	Q-6	Red Devil	M-4
S-5	Glennallen	J-4	Kachemak	P-7	Kodiak	O-8	McCarthy	J-5	Newtok	I-6	Pauloff Harbor	J-9		
U-4	Golovin	K-7	Kaguyak	O-8	Kokhanok	N-7	McGrath							



STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL DEVELOPMENT

SB

371

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

Subject of meeting and/or Bills on agenda

SB 371

Sites - LIOs	Sites - Offnets	Phone #
Anchorage		
Barrow		
Bethel		
Cordova		
Delta Junction		
Dillingham		
Fairbanks		
Glennallen		
Homer		
Juneau		
Kenai		
Ketchikan		
Kodiak		
Kotzebue		
Matsu		
Nome		
Petersburg		
Seward		
Sitka		
Tok		
Valdez		
Wrangell		

Notes

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THE LAW OFFICE OF
GEOFFREY Y. PARKER

Phone: (907) 222-6859
Fax: (907) 258-7304

E-mail: gparker@gcl.net

730 I Street, Suite 226
Anchorage, Alaska 99501

March 31, 2004

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

Via Fax: 907-465-2069

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

Dear Committee Members:

I am attaching documents that corroborate my written testimony that –

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

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

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

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

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

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

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

March 31, 2004

Page 2

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

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

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

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

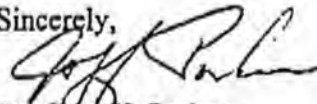
If you read the court order, you will see that ADOT is enjoined from completing final design and putting out to bid, as well as construction – until after the costs and benefits are considered by mid-July 2004. The project still has to go through final design, be approved for federal funds, be put to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

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

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

Thank you.

Sincerely,



Geoffrey Y. Parker
Counsel for Bob Gillam and Trout
Unlimited

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

JESSIE

Attn: Jessie Dodson

DATE: April 10, 1978

W. D. Scovajl
Acting Commissioner
Department of HighwaysSUBJECT: 00-205
3-4214(1)
Nondum-Donalton

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

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

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

CC: Rep. Neil Anderson
Central District Highway Engineer

HLS/mjs

Attachment A
P. 83

MEMORANDUM

State of Alaska

RECEIVED

To H.D. Scougal
Acting Commissioner
Department of Highways

DATE April 6, 1974

FILE NO.

TELEPHONE NO.

FROM Lee McAnerney
Commissioner
Department of Community and
Regional Affairs

SUBJECT Project A-0214(1)
Newhalen to Nondalton



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

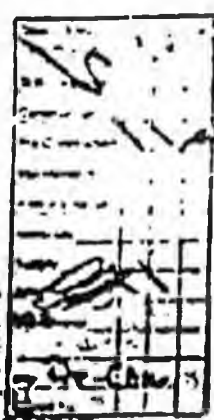
Population within the immediate area to be served does not exceed 325. Population figures from 1960 to present day vary only slightly with one village (Nondalton) having decreased in number while the remaining two (Newhalen and Ilizama) gained slightly. At best population of the area is stable with no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

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

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

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

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



Attachment A p 2 of 3

W.D. Scougal
April 6, 1976
Page 2

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

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

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

Thankyou for the opportunity to comment.

LM/LHK/ajr

Attachment A
p. 3 of 3

WANDALTON-NEWHALEN/ILIAMNA PIONEER ROAD

ECONOMIC FEASIBILITY STUDY

DIVISION OF PLANNING

CENTRAL REGION

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

MARCH 1986

EXHIBIT
1
Page 31 of 42

Attachment B
P. 1712



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On-going Activities and Future Outlook	15
Population Trends and Forecasts	18
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BENEFIT/COST ANALYSIS

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

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

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

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

- I. Expenditures of the highway agency.
 - A. Capital outlay, including rights-of-way, final design, construction and field engineering.
 - B. Annual expense for maintenance, operation, etc.
- II. Consequence to highway users.
 - A. Market consequences (i.e., those where the market provides money valuations). These include:
 1. Motor vehicle operating costs.
 2. Time costs to commercial vehicles.
 3. Direct costs of motor vehicle accidents (including the overhead costs of insurance that can be demonstrated as influenced by highway improvement).

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

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

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

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

- (a) Sightseeing and driving for pleasure.

III. Consequences to other than highway users.

A. Market consequences

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

B. Extra-market consequences

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

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

Analysis of Nondalton/Newhalen Road

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

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

Benefit/Cost Analysis

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

Costs

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

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

1. Cost of Completion of the Road

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

2. Average Annual User Cost

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

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

3. Maintenance Costs

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

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

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

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

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

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

Benefits

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

1) Annual User Savings With Proposed Road

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

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TABLE 5

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

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

Source: Department of Transportation and Public Facilities, 1986

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

² Total user costs are \$5,152,984*

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

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

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

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

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

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

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

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

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

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

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

2. Annual Savings in Cost of Consumer Goods

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

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

3. Local Employment Benefits

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

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

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

Benefit/Cost Ratio

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

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

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

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

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CONCLUSION

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

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

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

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

DATE: April 9, 1986

FILE NO:

TELEPHONE NO:

266-1410

FROM: William R. Snell
Deputy Commissioner
Central Region

APR 08 1986

SUBJECT:

Nondalton-Newhalen/
Iliamna Pioneer Road
Economic Feasibility
Study

DOT/IF
COMMISSIONER'S OFFICE

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

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

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

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

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

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

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

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R. J. Knapp

-2-


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

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

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

JG/cn

Attachment



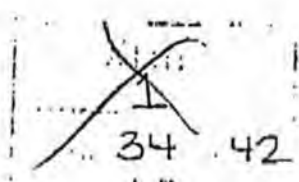
 Concur R. J. Knapp

4/29/86

 Date

 Do Not Concur R. J. Knapp

 Date


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

Final Plan

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

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

Source: BCONorthwest, Southeast Alaska Transportation Plan.

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

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

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