

**ANCHORAGE METROPOLITAN AREA TRANSPORTATION SOLUTIONS
TECHNICAL ADVISORY COMMITTEE MEETING**

**City Hall
Mayor's Conference Room
632 West 6th Avenue
Anchorage, Alaska**

**August 23, 2011
1:00 p.m.**

Technical Advisory Committee members present:

Name	Representing
Jennifer Witt	Alaska Dept. of Transportation & Public Facilities (DOT&PF), Central Region
Kim Rice	DOT&PF, Central Region
Cindy Heil	Alaska Dept. of Environmental Conservation
Steve Morris	MOA/Dept. of Health & Human Services
Emily Cotter	MOA/Port of Anchorage
Stephanie Mormilo	MOA/Traffic Division
Jerry Hansen	MOA/Project Management & Engineering (PM&E)
Lance Wilber	MOA/Public Transportation Department (PTD)
Lois Epstein	AMATS Air Quality Advisory Committee
Bruce Carr	Alaska Railroad Corporation

Also in attendance

Name	Representing
Craig Lyon	MOA/Community Development Department (CDD)
Vivian Underwood	MOA/CDD
Lori Schanche	MOA/ PM&E
Jody Karcz	MOA/PTD
Bart Rudolph	DOT&PF
Aaron Jongenelen	DOT&PF
Anne Brooks	Brooks and Associates
Erin Gora	DOWL HKM
Ron Jordon	Taku Campbell Community Council
Laurie Cummings	HDR
Kevin Hemenway	KABATA
Michael Foster	KABATA
Susanne DiPietro	
Ted Pease	

1. CALL TO ORDER

CHAIR MORMILO called the meeting to order at 1:00 p.m. All Technical Advisory Committee members were present. Jerry Weaver was absent. A quorum was established.

2. PUBLIC INVOLVEMENT ANNOUNCEMENT

MR. LYON encouraged public involvement in this meeting of the AMATS Technical Advisory Committee. He explained staff would first make their presentation, followed by any comments from Committee members, and the floor would then be open to public comment.

3. APPROVAL OF AGENDA

MS. HEIL moved to approve the agenda. MR. HANSEN seconded. *Hearing no objections, the agenda was approved unanimously.*

4. BUSINESS ITEMS

a. **2035 MTP UPDATE– FINAL ROADWAY, TRAILS / PEDESTRAIN / BICYCLE, TRANSIT PROJECT LISTS**

MR. KATSION provided a slide presentation. He recapped that they had gone through the roadways projects and balanced them based on the committee's suggestions to get the total project cost amounts to match funding levels.

The next step is to go through and balance the Bicycle/Pedestrian/Trails group and then the Transit group. The presentation will go through some of the projects and get into the maintenance and operations methodology, as well as the Knik Arm Crossing Financial Analysis.

MR. KATSION stated a complete package for the 2035 MTP projects consists of 80 road projects; it's not only roads, it also includes multimodal corridors. The package includes additional sidewalks, pathways and bicycle lanes that total \$2.1B worth of projects, 115 bicycle/ped/trail projects totaling \$83M and 24 Transit improvements totaling \$176M. All figures are in 2010 dollars.

MR. KATSION explained a slide showing the break down between short and long term projects and the additional illustrative projects. The 115 ped/bicycle/trail projects were split into short, long-term and illustrative projects totaling about \$83M. The TAC had a handout that has all details on the projects. He discussed a few of the 77 short term projects.

MR. KATSION started discussing the Public Transportation group where there are 24 projects. Some of them are basically continuous operations like buying the buses throughout the entire MTP. For the purposes of showing short and long-term, the project team split them between a straight percentage; 52% for short and 48% for long-term which equates to the number of years in short and long-term. He explained that's why when you add the numbers on the table they don't exactly add up; there is \$92M in the short-term and \$84M in the long-term and \$22M for illustrative.

CHAIR MORMILO asked was the goal today to get the TAC's approval for these projects or lists. MR. KATSION replied yes.

MS. EPSTEIN asked if the table that had the scoring is going to be included in the packet going out to the public. As it looks right now, there's been discussion and scoring on short, long-term and illustrative projects; if we just provided this table alone it's going to be hard to figure out where some of the approvals came from.

MR. WILBER asked Mr. Katsion to explain how you determine whether a project is in the short or long-term based on the review of the project list. MR. KATSION replied it is based on the availability of the funding. After scoring them the project team tried to get as many of the high scores into the short-term. Because of the need to balance funding, the project team had to shift things around a little bit.

CHAIR MORMILO stated Ms. Epstein's question was if that process was going to be fully described to the public so that they can understand it and see the scoring as well. MR. KATSION replied yes that will be part of the recommendations.

MS. EPSTEIN noted that the Knik Arm Bridge would be included so people could see. So do we just have a copy of that as part of what's going on? MR. KATSION replied they haven't printed it out in that form yet. MS. EPSTEIN asked if it will have the Knik Arm Bridge scoring. MR. KATSION said yes.

MR. MORRIS asked if the policy is to allocate 10-15% to trails. He knows a lot of the trails costs are hidden in the road costs but in the two groups is it 2.5% of the total allocation and he wonders how that was reconciled with that policy? MR. RUDOLPH replied 10-15% of just the AMATS allocation is just a small amount of the total funding sources, about 10% of about \$29-30M, and not of the total amount of all anticipated revenue.

MS. EPSTEIN asked if all the projects are in the maintenance plan or just selected projects in the Ped/Bike Plan? MR. SPRING replied it's a composite of the highest priority projects in the Ped/Bike Plan. It also includes the remaining projects that have been implemented from the 1997 plan. MS. EPSTEIN recommended that for projects we carry through we get an update for cost estimating the next time around. She looked at

some of them and they are a little low. She doesn't want to delve into them all right now but for the next iteration suggested AMATS look at that.

CHAIR MORMILO asked if we had already approved the list of roadway projects or is this revised. MR. KATSION replied he doesn't know if it was officially adopted but he knows we went through the process of making those changes to the roadway one. He hasn't seen the minutes or notes.

CHAIR MORMILO asked if there were any further comments from the Committee or public on the roads, ped/bike or transit.

MR. KATSION noted the PC approved the projects so he was pretty sure the TAC passed that recommendation on to them. CHAIR MORMILO stated they were just looking at the bike/ped/trails and the public transit.

MR. WILBER moved that the project list provided today, August 23, for roads, trails, pedestrian, bicycle and transit, be recommended to the PC for the draft Metropolitan Transportation Plan. MS. HEIL seconded. ***Hearing no objections, the motion was approved unanimously.***

MR. KATSION stated they will move on to the maintenance and operations for forwarding a recommendation on to the PC for their approval.

MR. RUDOLPH referred the TAC to the legal size paper that has the AMATS MTP fiscal constraint analysis on the top. For the maintenance and operations, the project team looked at the current M&O budgets for the State and the City, both ARDSA and CBERRRSA, to figure out how much we're spending now and how that equates to lane miles assuming that all entities will continue to maintain the same level of service they have today by inflating those budgets out to 2035. He discussed the information further.

MR. WILBER asked for clarification because when it comes to roadway costs in some places it shows a significant difference in the amount per lane mile for the Muni and the State. It's because the types of things included in the ARDSA one are different than the ones in the DOT. It doesn't mean they don't do it, it's just not included...if you could explain that a little bit. MR. RUDOLPH replied it doesn't mean one is providing a higher level service in maintenance and operations by the services provided. ARDSA will haul the snow whereas DOT plows. MOA (ARDSA) does some drainage improvements that DOT doesn't, including some more environmental regulations they have in their budgets. It's just different services provided.

MS. KARCZ noted the last page of this packet provides the M&O costs for Public Transportation Department. They've looked at all the planning documents that have been approved and all those plans say our transit system needs to double in the next 25 years.

They actually added growth, if you look at the spreadsheet it shows we are inflating by 2.5% every year. It shows where we would have systems growth coincides with the growth Gary was talking about. Transit gets the bulk of their funding from taxes; they also get funding from the Federal Transit Administration, capital maintenance funding, and passenger fares. Advertising on their buses also brings in some revenues. Other revenues they have are facilities revenues by leasing out some of their facilities. They also transfer some of their operating costs to grants. Under this scenario, their operating budget would grow from \$26.3M a year to \$47.6 in 2035. That includes normal inflation as well as more than doubling our transit system. They would have a lot of peak hour buses that would operate at 15 minute headways; their entire system would go to 30 minute headways; and they'd start implementing a bus rapid transit system in the out years from downtown, midtown and UMed District.

MS. WITT asked regarding the additional M&O funds needed to support the MTP, is there in the write up of the document, or is there going to be discussion of where those funds would come from or are they assumed to come from the existing sources identified here. MS. KARCZ replied they are assuming existing sources.

MR. MORRIS asked if they were assuming it is fiscally constrained and assuming additional funds will come. MR. WILBER replied the question is whether it is reasonable.

MS. WITT asked is it already parceled out in the funding sources. Like the \$2.3m in 2016 is that already shown in...MS. KARCZ replied yes.

MS. WITT asked is there going to be a recommendation in the text about which sources would be the likely ones to cover it or just the fact that we'll have to deal with it either through fare box revenues, or a combination of different things. MS. KARCZ responded the latter. MS. WITT commented the methodology looks sound.

MR. WILBER asked about the current legislation for the State-funded transportation dollars to be used - the Muni is going to be looking for that money. We could use it for operating in the future but currently we're going to use that for matching dollars, which we are allowed to do on the capital side. MS. KARCZ replied that's correct. She believes we are over – we have capital funding in this scenario we could put into capital as well.

MS. WITT moved to approve the methodology, funding sources and the assumptions for operations and maintenance of the overall roadways systems that includes the cost of operations for pedestrian and pathways, and for Public Transit. MS. HEIL seconded. ***Hearing no objections, the motion was approved unanimously.***

MR. KATSION noted the 3rd item is the Knik Arm Crossing funding and costs. He informed the Committee several people would be discussing this issue.

MR. WILBER informed the Committee they have a double-sided handout and the other is a staff memo. He will give a brief overview of what's been done and in addition, Kevin Hemenway will address our list of questions from our last meeting. He went over several of the questions. MR. KATSION noted he had some slides regarding the funding.

MS. EPSTEIN suggested when we go through each of these numbers that we have a sense from KABATA of the likelihood of each of those numbers coming through some are more likely than others and we want to be consistent. MR. WILBER agreed.

MR. WILBER went over the graphic chart and the comparison where the funding is coming from in the existing LRTP and the new proposed plan. There was a pie chart that showed where the money and the revenue will be coming from in the existing LRTP and in the Draft what will be the difference in those sources of funds. He discussed the graphic being shown.

MS. EPSTEIN commented on the chart that it had a built in assumption that the \$150M guarantee is sufficient and it might need a bar chart that shows there really is a range amount the State might have to provide depending on what the total revenue is.

MR. WILBER stated he considered the range and asked Knik Arm about the range and they decided to do that for the rest of the network. What's the best information we've got to develop the network? For KABATA, they have a Pro Forma plan that says this is the number they are targeting for but the number can go up or down; the TIFIA loan could be less or more; the State funding could be more or less so for the purposes here what we've done is shown the target for the Pro Forma.

MR. WILBER talked with KABATA last week and asked they explain the \$150M and is it going to be enough to be successful. How does it apply? MS. EPSTEIN asked where that number came from. MR. WILBER noted the numbers based on the Pro Forma and he yields to Mr. Hemenway. Based on his revenue of the Pro Forma the total cost of the job and where they want to seek the money. Whether it's through TIFIA, the State funds or through tolls they divided based on where the money would be coming from and the amounts, but for this he didn't put a range he just used the Pro Forma numbers.

MR. KATSION noted they also showed it in the pie graph. MR. WILBER noted that a graphic like this will show up in the draft. Discussion continued on the funds availability.

MR. WILBER explained about the detailed information on the Knik Arm on the handout and we keep it at a planning level. There is a lot of detail to bring up, make it simple and clear for the public. He went on to explain how he broke it down.

MR. HEMENWAY pointed out the Pro Forma that KABATA prepared for TIFIA includes past development costs at \$295M and includes approximately \$60M that has already been obligated, most of which has been expended on the NEPA process, preliminary engineering, basically project development costs and the reason is TIFIA will loan up to 33% to eligible project costs. So this number is a different number and really needs to go into the LRTP because some of that money has been expended.

Secondly, the federal and state funds include the \$150M project reserve. There are two bills pending, they're companion bills in the House and Senate to fund the project reserve for \$150M. It's different than a capital grant because it's not going to be expended on the capital for the project, it's actually going to be held by the Dept of Revenue within the State to back stop the utility fees in the early years when revenue is not sufficient and over time that gets paid back to the State. We think 10 years or less that we would need to draw any at \$50M with the expectation it would be sufficient to cover random periodic shortfalls and never have to go back to the State. In his view the \$150M is not a capital cost, it is a backstop.

MS. EPSTIEN commented it's not surprising to her that a number of companies are interested because the State is guarantying a payment. If the TIFIA loan doesn't come through the cost goes up that much more. One of the questions that didn't make the list was...is the price going to change depending on the Muni lawsuit; there may be some design changes and maybe a need for a new supplemental Environmental Impact Statement. It's really hard to evaluate the legitimacy of these numbers given there is a lot of unknowns. In the FHWA Certification letter they wanted us to make this as consistent as possible with what we approved for all the other projects. She doesn't see any consistency in how we developed numbers, or how we developed the numbers for the population.

MR. WILBER noted that Ms. Epstein has good points. Is it reasonable to expect that you would get a TIFIA loan? MR. HEMENWAY responded it's reasonable to expect to get a TIFIA loan but it's also reasonable to expect any of those others might be provided on those private sector proposals. MR. HEMENWAY remarked the State is not guaranteeing this, anything regarding the \$150M is subject to appropriation.

MR. HEMENWAY noted on the next slide, \$150M should come off this because it's project reserve that's held as revenue. It's not transferred to the project and it's not expended on the capital costs and it gets repaid over the concession. We need to go back through the rest of the Federal and State funds because a lot of that has already been spent on development costs, preliminary, etc...that will give us the real numbers in the MTP.

MR. CARR asked is this the life cycle cost or what is this? MR. HEMENWAY replied yes and no, the availability graph from the last meeting is in there and it shows effective annual available payments vs toll revenue and that does include the life cycle costs. We're showing it this way is to making it more consistent with the MTP display.

MR. HEMENWAY addressed the other questions and concerns from the Committee.

MS. WITT stated she sees why it's in the best interest of the SOA to provide the \$150M but her question is what happens if the bills don't pass? MR. HEMENWAY replied the bids we receive will be higher and if it is higher the State and the Board of Directors will have to make a decision on whether or not they want to enter into the contract. Remember none of this is obligated until the deal is closed.

MS. WITT mentioned that the Committee would have to make adjustments if indeed the availability payment doesn't get approved because the legislature ends in April and this document must be final by June. In the meantime, we'll have to go through one by one these assumptions and assume that the bills pass. That's what we have documented here. MR. HEMENWAY went over the State's risk again and noted the last question is actually a Wilbur Smith question. He does know Wilbur Smith met with various officials' when they were updating the study. He went over tolls, revenue and time in other locations.

MR. HEMENWAY addressed the question of who controls the extra dollars from the extra surplus generated. The first thing is it will payback any draws from the reserves. The second thing is KABATA's board's control. We have project obligations outside of the concession. The concessionaire will be responsible for improvements within the concession piece. We have Ingra-Gambell and Point McKenzie Road on the west side within the KABATA's scope of authority. Anything beyond that would have to be a Governor and a legislature action to appropriate the funds. It's related to the next question, which is we modeled 2.5% increases. The reason why is Anchorage CPI going back to 1984-2011 averages 2.6%.

The private partner will like to see some coverage but once the project matures and it's not needed future boards of KABATA will establishes the policy whether or not to keep tolls escalating at that rate. He went over who made up the KABATA Board.

MS. EPSTEIN asked what the cost that has been estimated. Is KABATA looking to settle the Muni's lawsuit will there be additional costs, design costs? MR. FOSTER replied he is working with the Mayor's office, Governor Sheffield and the issue with the Muni lawsuit is the dry berth area and right-of-way and currently we're working on an engineer solution that would allow the Port to operate a dry berth and allow us to get our right-of-way or project through there. He did not see any additional costs to get to this engineering solution.

MR. FOSTER noted they are in the RFQ process and the RFP will be on the street in April. There are various variables and by the time the RFP comes out all the variables should be defined. He stated that they are not obligated to accept any of the proposals.

MR. KENWORTHY noted the sources and uses showed about a billion dollar cost and that doesn't show the financing costs, so the Pro Forma that Mr. Wilber and Mr. Hemenway refer to show the Pro Forma at about \$4.8B in tolls over the life of the project until 2051 and \$3.2B in availability payments and it's their estimate of the size of the contract that the state would guarantee subject to annual appropriation. That is the real financial risk. With KABATA's numbers if the State signs a contract based on current estimates which includes the TIFIA loan of \$3.2B, he thinks it's very important that you understand the degree of risk to the toll projections that would represent that guaranty of the annual appropriations because that is going to impact the fiscal constraint of the MTP.

MR. KENWORTHY constructed graphs of sensitivity analysis of different levels of population toll to the degree that guaranty would cost the State, which would impact the revenue available.

MR. KENWORTHY formally requested 30 minutes from the Committee so he and Scott Goldsmith could go over the sensitivity analysis and numbers so the TAC might have a better feel what short falls and toll revenue projections would do to the size of the hit to the State if subject to annual appropriation they made good on their guaranty of the State contract. The 17,700 number was a CH2MHill number though ISER modified it. The KABATA number is 36,000 to 2035. That 50% difference makes a huge difference in toll revenue.

MS. WITT stated the 17,000 number Mr. Kenworthy is using was actually a model run that the AMATS Technical Team working on the MTP ran and shared under a FOIA request. It was never accepted or adopted as an AMATS number recognizing that our model is not setup to run tolls on projects such as the Knik Arm Crossing. She believes there was a response that Mr. Lyon had sent Mr. Kenworthy. MR. KENWORTHY responded he understands and he hasn't said that AMATS has adopted it. He talked further on the numbers and noted that he doesn't believe that AMATS has adopted the 36,000 number that is the foundation of the Wilbur Smith report. They are assuming a population of 203,000, and the ISER number is 161,000. He felt that none of those numbers have been accepted by the TAC.

MS. DIPIETRO asked about Mr. Wilber's table. Was it prepared for the Committee's use or something that might go out to the public? MR. WILBER replied it would go out to the public. MS. DIPIETRO noted as a member of the public it's a bit confusing and went on to explain.

MR. MORRIS noted that the TAC made assumptions in the MTP as well about funding sources, like the State Transportation Fund, which is a key assumption to our funding sources, he doesn't have problem with how it's presented. He asked one thing that seems to be missing is the lifecycle costs because in the AMATS MTP, we looked at lifecycle costs, there are maintenance costs, operation costs and these should be reflected and we should show a source of funding for the lifecycle costs and he doesn't think we're doing that here.

MR. WILBER noted it needs to be done and he doesn't disagree. Further discussion went on between the Committee and Mr. Kenworthy.

MR. PEASE noted he was there for the Wilbur Smith presentation. The typical factor here is accuracy of the traffic, vehicle and population projections. When it came out the Wilbur Smith projects were much higher than ISER. Sharing data is critical and he hopes that was resolved and if the calculations are off the whole thing is a disaster. MR. KENWORTHY read a quote from the draft Wilbur Smith plan regarding the ISER data and provided analyses of KABATA's financing and state guaranty.

MR. PEASE responded no one knows if the ISER data was used other than Wilbur Smith and KABATA. The question is why their results are different and he hasn't heard an explanation.

CHAIR MORMILO noted that that KABATA will share the TAZ information with us so we can take a look and see where those differences are. It will have to be done soon and is a major concern of all of us.

MS. EPSTEIN noted she would still like to figure out a way to resolve whether putting the TIFIA loan up there or not makes sense because she happens to disagree. She knows it was listed on KABATA's Pro Forma and we were charged by FHWA to come up with some kind of a consensus. She's not comfortable with that number there.

MR. HEMENWAY responded that it is time to dispel the rumor that Wilbur Smith didn't use the 2009 data. He cited the draft report in his response.

MR. MORRIS noted he was curious about the sensitivity analysis to see if the KABATA projects are over or under and how it affects the financing and thinks it would be very helpful.

MS. WITT commented what the TAC needs to do and do it quickly is get something to the PC in terms of assumptions and we really do need to get this plan out in September. What we need to do is go through the funding assumptions and see if they are reasonable for public review.

MS. EPSTEIN commented if we did have the sensitivity analysis presentation because we could be providing the PC with additional information and they are the decision makers as well as the legislature. It would give them an increased sense of what the risks are as we are taking on the toll revenue risks. MS. WITT asked if “we” meant AMATS. MS. EPSTEIN replied no, Alaska would be taking on that risk.

MS. EPSTEIN replied we’re the Advisory Committee to the PC. They carry some weight with the legislature but she doesn’t think we can just say it’s not our job to present that information. MS. Witt responded conversely she has a hard time saying that really is our job to say it should or shouldn’t be approved. She would have to disagree that it’s one of our responsibilities to weigh in on that.

MS. EPSTEIN commented but FHWA said we needed consistent sets of assumptions and understanding that this is one pool of money and if we have an assumption that says their funding is completely separate from ours, she would go back and look but that is one of the bullet points and she won’t agree and we need to have that decision as a committee.

MS. WITT replied then we need to decide to take action or to continue the meeting. She doesn’t see us having the ability to provide anything different than what KABATA has already provided and to put it out there as these are the assumptions we don’t have to say we are excited about or promote them. We just need to say what they are and put it out there for public review.

MS. EPSTEIN noted this is from the Certification letter that agencies must cooperatively develop estimates of funds. If we put it out as KABATA’s estimates we’re not doing what FHWA asked us what to do. MS. WITT asked what you would do differently. MS. EPSTEIN guessed she’d have Mr. Spring look at the TAZs and try to understand and present to us what those differences are and we can decide if they are reasonable.

MS. WITT noted and if they’re different only on the Anchorage side. What do you assume on the Mat-Su side that really is not our jurisdiction? MS. EPSTEIN replied but its part of a project that AMATS has within its jurisdiction. We can’t say we’ll only use our data and not use their data. She’s surprised we’d just accept whatever data they have without us looking at it.

MR. MORRIS asked don’t we need to make some refinements? Didn’t we do that with KABATA’s already expended funds and that needs to be refined -very true and we do need to reflect M&O costs at a very minimum. We need to be consistent with the financing because we’re not estimating the financing costs for the bonds.

CHAIR MORMILO noted it doesn’t seem like we reached a consensus when it comes to the KABATA financial Plan so the question is should we continue this meeting or should we have this at the next meeting? She knows this is timely as the PC meeting is on

Thursday. MS. WITT stated it can't wait another month; it would have to be in another week and if we don't pass this the PC would have to continue their meeting. It's that tight.

MS. EPSTEIN referred to the FHWA/FTA Certification Report requiring conversation between KABATA and AMATS on the KABATA assumptions. That is, that AMATS should be evaluating that. She has spent a lot of time evaluating the TIFIA loan. She thought that was an unreasonable assumption. She wanted to hear that on the record.

MS. HEIL left at 2:25pm.

MR. CARR stated if you took a vote to move forward he would not vote; he doesn't think we have adequate information. He thinks KABATA could do a better job-we can do a better job on our on Plan. We've always said we don't have enough time; maybe some time we need to figure out how much time we have to do something and do it properly.

CHAIR MORMILO asked for the KABATA financial plan whether the TAC needed to take a vote. MR. WILBER stated for the purposes of taking a vote, he would make a motion.

MR. WILBER moved that the AMATS TAC forward this sheet that shows just the revenue assumptions with the sheet provided for the toll revenue- backed financing and show the dollars numbers but clarify that these dollar numbers are not set to get the PC to vote for just the revenue sources as for the Knik Arm Crossing as proposed today.

MS. RICE seconded.

CHAIR MORMILO called for a vote of the members.

Hansen	Yes
Morris	No
Epstein	No
Carr	No
Wilber	Yes
Rice	Yes
Witt	Yes
Mormilo	Yes

Ms. Heil was not present for the vote.

The motion passed by a vote of 5-ayes, 3-nayes.

MR. WILBER stated the assumptions are fair. He does have a lot of concern about them, as a TAC we are not ready to act on them. There are things we need to take in pieces.

CHAIR MORMILO asked if the TAC needed to continue this meeting. Several Committee members replied yes. The date will be set at the beginning of next week.

5. **AMATS SCHEDULED MEETINGS**
AMATS Policy Committee, August 25, 2011
AMATS Technical Advisory Committee, pending

6. **ADJOURNMENT**

The meeting was continued at 3:24 p.m.

DRAFT