

**ANCHORAGE METROPOLITAN AREA TRANSPORTATION
POLICY COMMITTEE MEETING
Planning and Development Center
4700 Elmore Road
1st Floor Conference Room
Anchorage, Alaska**

**January 10, 2008
1:00 PM**

Those in attendance were:

<u>NAME</u>	<u>REPRESENTING</u>
* John Tolley	Alaska Department of Transportation and Public Facilities, Regional Director
** Rob Campbell	ADOT/PF
David Post	ADOT/PF
* Tom Chapple	Alaska Department of Environmental Conservation, Air Quality
** Cindy Heil	ADEC
* Mike Abbott	Municipal Manager
* Dan Sullivan	MOA/Assembly
** Lance Wilber	MOA/Traffic Department
Craig Lyon	MOA/TD
** Jody Karcz	MOA/Public Transportation Dept.
Alton Staff	MOA/PTD
Jerry Hanson	MOA/Project Management & Engineering
Bernadette Bradley	Old Seward/Oceanview Community Council
Betty Adkison	University Area Community Council
Aves Thompson	Alaska Trucking Association
Hallie Bissett	AEDC

- * AMATS Policy Committee members
- ** AMATS Technical Advisory Committee members

1. CALL TO ORDER

CHAIR TOLLEY called the meeting to order at 1:10 PM. All Policy Committee members were present with the exception of Chris Birch. Mr. Tolley served on behalf of Gordon Keith and Mike Abbott served on behalf of Mayor Mark Begich.

2. PUBLIC INVOLVEMENT ANNOUNCEMENT

CHAIR TOLLEY encouraged public involvement in this meeting of the AMATS Policy Committee. He explained that Staff would first make their presentation, followed by any comments from Policy Committee members, and the floor would then be open to public comment.

3. APPROVAL OF AGENDA

MR. LYON reviewed the agenda for this meeting of the AMATS Policy Committee.

4. APPROVAL OF MINUTES – None

5. BUSINESS ITEMS

a. Other Business Items

6. INFORMATIONAL REPORTS

a. Draft 2009-2012 Transportation Improvement Program (TIP)

DAVE POST reviewed a draft of the 2009-2012 based on rough projections for 2008 and 2009. This TIP will be consistent in terms of time frame with the STIP. He explained that the development of the TIP was precipitated by a desire of the Policy Committee's and Municipal Administration to identify projects that might be eliminated.

Table 3. Roadway Improvements

Project G-1, Old Seward Highway Rehabilitation, might be phased and some reduced scope strategies are also being considered. The amounts shown in 2008 and being advance constructed from 2009 should be obligated this spring.

Project G-2, Victor Road Reconstruction, was not included in the last version of the TIP. The amount of the project has been reduced by \$5 million by scope changes and it has been moved back into the Program. CHAIR TOLLEY

asked that there been an explanation why there are some new projects in this TIP. MR. POST explained that when the last working draft was reviewed, the projected allocation for 2008 was \$21 million and now it is \$26.880 million. There is also \$2.473 million in CMAQ funds, for a total increase of about \$8 million from prior projections. MR. ABBOTT asked why there is nearly \$8 million more than was previously thought. CHAIR TOLLEY indicated that would be explained in a later presentation. MR. POST explained that in 2009 the increase was approximately \$6 million.

MR. POST next reviewed Project G-3, Huffman Road Reconstruction, which is anticipated to be completed with 2011 funds. Project G-4, Eagle River Road Rehabilitation, is borrowing \$2.1 million from 2013 to fully fund that project. Project G-5, Eagle River Loop Road Rehabilitation, was fully funded last year. Project G-6, Old Glenn Highway Reconstruction, is a \$10 million project that will be obligated with 2008 funds as well. The Old Glenn was split and now Phase 2b is Project G-6, while Project G-7 is Phase 2b. O'Malley Road Reconstruction was broken into two phases into projects G-8 and G-9 at the direction of the TAC. The right-of-way phase for the segment from Lake Otis Parkway to Seward Highway can be done within the TIP timeframe.

The Administration wanted to consider bond funding of Project 1, Spenard Road Rehabilitation Phase 1, the segment north of Benson, so no additional federal AMATS funds would be going to that. Project 2, Spenard Road Rehabilitation Phase 2, is the 36th Couplet south of Benson; it will stay on the books. Another design hit of \$2 million will occur 2010, but right-of-way and construction funding are beyond the TIP time frame. Project 3, Dowling Road Extension West/Reconstruction Phase 1 and Project 4, Dowling Road Extension West/Reconstruction Phase 2, are shown because there is federal funding underway to complete environmental work. Those projects are likely to be completed with State funds. There is a \$20 million shortage on Project 4 based on the assumption that the Governor's proposed capital budget will move forward. Project 5, Safety Improvement Program (Traffic Count support) will receive \$200,000 each year.

MR. CHAPPLE asked what is meant by the notation "close project" for Projects G-8 and G-9. MR. POST explained that is the Administration's recommendation and it may be dated. Because of recent increases in funding,

these projects may remain in the TIP. There was a desire to not reach 2013 and 2014 and have nothing upon which to spend federal funding. In 2013 and 2014 there are four projects remaining to be constructed.

MR. POST reviewed projects being dropped from the TIP. Project 3, Lake Otis Parkway Reconstruction, has a \$24 million estimate, which is dated. This project involves reconstruction and widening from Northern Lights Boulevard to DeBarr. This project lends itself to non-federal funding. Project 6, Fireweed Lane Rehabilitation, will be modified into a smaller HSIP project. It was originally conceived as a safety project and had expanded from that. Project 7, Right Turn Lane Program, remains unfunded. Project 8, Abbott Road Rehabilitation, may be closed. With the Elmore Road and Dowling Road extensions it would be best to understand new traffic patterns that may emerge before proceeding with this project. Project 10, C Street Construction Phase IV, involves a Railroad grade separation; there was an insufficient amount of funding for this project, so it may be removed. Project 11, Eagle River CBD Study, has \$150,000 obligated in 2007. It was hoped that additional funding might be found. Project 12, Eklutna River Bridge Rehabilitation/Replacement at Old Glenn Highway, may also be eliminated.

Completed projects include Hillside District Plan, Arctic Boulevard Surface Rehab and Safety Project, Lake Otis Surface Rehab and Safety Project, Glenn Highway (Gambell to McCarrey), Glenn Highway and Bragaw Street Interchange, and Glenn Highway to Seward Highway EIS.

CHAIR TOLLEY asked for comment on Spenard Road, Project 1, because the segment from Spenard to Westchester is now State-owned. MR. POST stated he would look to the city Administration for guidance.

Table 4. Transportation Enhancements

<p>MR. POST stated Ship Creek trail Phase IV is under construction. Project G-1, Potter Marsh Trailhead and Access Improvements, was fully funded in 2007 with a contribution from Conoco Phillips. Project G-2, Chester Creek Trail Connection, and Project G-3, Muldoon Road Landscaping and Pedestrian Improvements, are each \$5 million. Because there are CMAQ funds that must be expended on CMAQ projects, there is the option to utilize the \$2.473 million in CMAQ funding toward Project G-2 in 2008. That would</p>
--

also remove any need to do multiple years of advance construction on Project G-2 and Project G-3. In 2009, that same amount would go to Project G-3 with a small advance construct of \$768,000 from 2010. CHAIR TOLLEY explained that part of the increase in the AMATS allocation results from the fact that part of the CMAQ allocation was going to be spent in rural areas and now is coming to AMATS and FMATS.

MR. POST explained that Project G-4, Glenn Highway Trail Rehabilitation, would see funding in 2010 with an advance construct from 2011. The Anchorage Areawide Trails Rehabilitation will begin to see additional funding in 2012.

Projects dropped from Table 4 include Project 1, Coastal Trail, Project 2, Eagle River Greenbelt Access and Pathway, which has a \$22 million estimate that is outdated, and Project 3, Campbell Creek Trail Grade Separation, which had an \$8 million estimate.

Table 5. Congestion Mitigation Air Quality

MR. POST stated this program is largely unchanged from what has been presented in the past with the exception of the two additional trail projects: Chester Creek Trail Connection and Muldoon Road Landscaping and Pedestrian Improvements. It was previously not necessary to balance the outer years in the TIP, so in 2010, 2011 and 2012 the total had to be reduced to the \$18 million that was available every year. To do so, funding reductions were considered for the Transit Fleet Expansion or Replacement. In an effort to provide full funding for the ITS system, there was an original allocation of \$1 million and the balance split between 2010 and 2011.

MR. CHAPPLE asked what is planned for a TIP amendment this year. MR. POST replied that the TIP is ahead of the STIP in terms of development. The final allocations for 2010, 2011, and 2012 are not yet known. The TIP may continue to change. He indicated that he intends to take the TIP back to the TAC, find out from State Headquarters whether or not the projections in the TIP are reasonable, and perhaps release the TIP for public review subsequent to the next TAC meeting.

CHAIR TOLLEY understood there is an approved 2007-2009 TIP. MR. LYON replied that there is an approved 2006-2009 TIP. CHAIR TOLLEY noted that, given this, a change to 2009 would be a simple amendment. MR. POST hoped that no major amendment or new TIP would be required in 2008. There is the option to use the existing TIP or create a new four-year TIP in 2009. MR. ABBOTT understood that if there is additional funding available, ADOT is recommending funding of some of the CMAQ projects that are already in the TIP so an amendment process is not necessary. The two projects identified are Chester Creek Trail and Muldoon Trail. MR. POST stated this is correct. CHAIR TOLLEY added that there is also funding allocated to Roadway projects that are ready to go but that will not trigger an amendment. MR. ABBOTT asked for identification of those projects. MR. POST replied that the increased funding allows maintenance of what is in the TIP; specific projects include Eagle River Road Rehabilitation where \$5 million had been allocated in 2007 and it was pushed to 2009. CHAIR TOLLEY explained that the \$5 million in 2007 was spent on something else.

MR. SULLIVAN commented that the Fireweed Lane Rehabilitation project began as a safety project and the scope grew. Now, because of resistance from business owners, the City has suggested reducing or dropping the project. He asked what would be the scope if this project returns to a safety project. MR. POST replied that it is preliminary, but potentially it would involve the intersection of Arctic and Fireweed and perhaps cutting off accesses or installing a median. MR. ABBOTT said he has also heard discussions of Denali and Fireweed and restrict access onto Fireweed to right-in and right-out only at one of the side streets near Denali by installing a median. MR. POST stated the accident clusters appear to be from Arctic east to the Seward Highway and primarily involve left turns.

MR. CHAPPLE remarked regarding the use of CMAQ funding that, now that the Assembly has passed an ordinance to eliminate the I/M Program, there is an accelerated schedule to get the SIP developed and the Municipality has historically been challenged in terms of resources to develop the SIP. He asked whether there should be more contract assistance to the Municipality to help process the SIP. MR. LYON stated the amount of PL funds allocated to that group has been increased. There has not been examination of using TIP funds. MR. CHAPPLE encouraged that this be

examined. MS. HEIL explained the worry is putting a new project in the TIP when an amendment is not desired. Furthermore, CMAQ funding is intended to be put toward projects that continue maintenance, not to assist in elimination of a project. MR. WILBER understood the request is to use TIP funds to accelerate the SIP not to address the I/M Program. MR. ABBOTT stated he has not heard there is a funding constraint at the Municipal level that will affect the ability to produce the SIP in the time frame that has been discussed. He believed the SIP is due in the near term. MR. CHAPPLE commented that when the decision was made to sunset the I/M Program, there was an awareness of the challenge to complete the SIP in time.

MS. KARCZ pointed out that the Transit Fleet Expansion or Replacement had funding in 2008 and 2009 and those monies were eliminated. She stated if there is CMAQ funding available, there is still a need for buses. The State Legislature is being asked for an earmark, but if that does not come to fruition, CMAQ money would be appreciated. MR. ABBOTT believed the Administration would support this request.

MS. BRADLEY thanked the TAC for keeping the Old Seward Highway expansion intact. She stated she has been working with property owners and they are ready for this project to be done and they desire that it be coordinated with AWWU putting sewer and water between Klatt and Huffman. She stated she met last night with the Community Council and warned them changes were coming. She thought Huffman was scheduled for 2009 and she believed she would be asked why it has been pushed back to 2011. MR. POST explained that the most recent iteration of the TIP showed funding in 2009 and 2010. The ranked order of projects is considered when funding allocations are made.

MR. ABBOTT asked whether this draft of the TIP would come back to the AMATS Policy Committee before it is released for public review. CHAIR TOLLEY replied in the affirmative.

c. 2009-2012 STIP and Federal Funding

RON KING stated there are approximately 13 categories in the ADOT formula funds. In the Transportation Bill Congress promises an apportionment, then a different committee in Congress appropriates an

allocation limit, and seldom are the two the same. In the latest analysis based on the Omnibus Bill recently signed into law and the Energy Bill, and considering the rescissions, the estimate is that AMATS funds are increased approximately \$2.5 to \$3 million in federal formula dollars and \$2.5 million in CMAQ; added to match, there is a nearly \$8 million increase in funding. This additional money is a function of the obligation limit and the rescission. Rescission is the funding difference between the allocation in bill and that from the Congressional committee that cannot be spent. Congress can take that difference in funding and balance their budget by moving the money elsewhere. In the last two years, Congress has rescinded \$60 million. In SAFETEA-LU a \$55 million rescission is mandated by law in 2009. The increase in funding to AMATS could have been larger, if rescissions had not occurred.

CHAIR TOLLEY noted that the rescissions are occurring nationwide and he expected that in 2009 there would be enormous pressure in Congress to fix that situation. MR. KING explained that the rescission is equal across categories as well.

There was brief discussion of the possible impacts of a new president and a new project on the finalization of the 2009 program. MR. KING noted that the National Transportation Advisory Committee has agreed to recommend an increase to the federal gas tax.

b. Statewide Long Range Transportation Plan (LRTP)

MR. KING explained that the State LRTP must be adopted before the STIP can be amended. Funding to a project cannot be increased by over 20% without going out for public comment.

CHAIR TOLLEY asked when the 2009-2012 STIP might be issued. MR. KING replied that an amendment to 2006-2009 STIP would be released as soon as this LRTP is approved. Then the 2009-2012 STIP will be prepared. MR. ABBOTT asked when that would occur. MR. KING projected that it would occur in March, but he could not pinpoint a date because it will depend when the LRTP is approved and the STIP amendment is approved.

The State LRTP is a policy document that utilizes all of the transportation plans statewide, as well as those of MPOs. It sets policy direction, is system level, addresses all modes of transportation, looks at responsibilities, and communicates the issues. It will not be a comprehensive list, it will not be unrealistic, and will not be too general. The components in the LRTP include highways and bridges, the Alaska Marine Highway System (AMHS), transit, and aviation. The plan has been looking at population growth, growth in vehicle registration, and growth in vehicle miles traveled (VMT). Growth in the latter two is faster than population.

MR. KING reviewed a graphic representation of cost escalation for items related to asphalt, concrete, and excavation. He then reviewed revenue streams that fund projects. The LRTP estimates costs for highway and bridges at \$1 billion, for the AMHS at \$154 million, and for aviation at \$223 million.

The funding needs for the priorities identified in the State LRTP are: demand driven urban capacity at \$1.6 billion, the NHS at \$1.5 billion, ferry, rail and transit at \$.7 billion, new roads and links at \$.7 billion, special needs like gas line, truck weight restrictions at \$.7 billion, and other needs at \$.3 billion. ERIC TAYLOR explained that these totals address strategic priorities for system development. MR. KING explained that Alaska relies nearly solely on the federal program. The prognosis for General Fund revenues is not good and there are no dedicated transportation user fees. The State would have deficits in 2015, thus there is emphasis on reserving funds. The State has limited abilities to finance its needs; nationally there is a trend toward increasing revenue bonds and tolls and other states have dedicated highway user fees.

MR. KING reviewed the relationship between annual revenues and needs, noting that needs are double that of revenues. To bridge the gaps, additional revenue sources are needed. It might be advisable to prioritize among categories. MR. ABBOTT asked if FAA capital is included in the revenue figures. MR. KING replied that it is shown as "aviation revenue." He stated that other ideas are to constrain needs, revisit where funds are spent, and target the NHS and Alaska Highway System (AHS). There is also the option

to increase revenues, but a \$.12 increase in fuel tax would generate only \$50 million.

Maintaining O&M and life cycle maintenance (LCM) funding levels would result in continued deterioration of the system and increasing the life cycle backlog, and it would take until 2041 to complete the strategic projects in the LRTP. The scenario to fund O&M at an optimal level would result in slower deterioration of the system and slower increase in the life cycle backlog, but it would take to 2064 to complete the strategic projects. A third scenario is LCM at optimal, which would result in another \$93 million needed to fund routine maintenance and operate the ferry system, no life cycle backlog, but no funds for strategic projects.

Transportation investment policies vary widely around the globe. In Europe there is expansion of rail systems to reduce reliance on air travel. Projects include a 10-mile bridge and tunnel between Denmark and Sweden, adding 4,900 km of high speed rail, and spending 3.5% of GDP. China is building 53,000 miles of expressway, Japan is adding to high speed rail. China is spending 9% of its GDP and India is spending 3.5% of GDP. The US spends less than 1% of GDP on transportation and Alaska spends less than .5% (ranking 44th in the 50 states for use of non-federal funds for transportation). The AAA estimates a cost of \$.50 to \$.75 per mile for people to operate vehicles. Alaska's fuel tax collects \$.05 per mile. The Dallas Toll Authority is looking at \$.11 per mile to fund the large transportation infrastructure needs.

A "fix it first" suggestion has been made during the comment period. There is a question whether this is the right policy for Alaska as it would result in transportation remaining under developed, there would never be use of resources in some areas, and it would leave the state with large regions underserved. The State believes balance is the key with most of the spending is toward fixing things. Public input remains a strong component. New demands require new investment. There have also been comments on needs outside of the major cities of Juneau, Fairbanks, and Anchorage.

The most viable scenario appears to be O&M and LCM, which would result in a better pavement management system, use of funds on the NHS, followed by

the AHS, and then addressing local roads. The remaining dollars would be spent on capital projects. This also ensures a link to communities.

To meet the \$5.5 billion need without infusion of additional funds, completion of the strategic projects would occur in 2041. With an additional \$100 million a year, completion would occur in 2028, and if there were an additional \$300 million additional, needs could be completed by 2019. International airports, Port of Anchorage, Alaska Railroad, and KABATA are potential sources of funds to meet transportation needs.

Risks include federal re-authorization of funds, continued dependence on State General Funds, revenue growth that is less than construction inflation, and an inability to adequately follow through on State priorities.

MR. KING noted that SAFETEA-LU ends in 2009. Some drastic changes could occur to the formulas to make them performance based. Greenhouse gas is becoming part of the discussion. For Alaska, this might mean fewer earmarks, reduced regular funds, and more attention to reduced travel demand and mode shifts to reduce greenhouse gases. The Congressional Budget Office projects that in 2009 the Highway Trust Fund will have less money coming in than is going out. When this happens, expenditures from the fund must be slowed. If this occurs, expenditures in 2009 must be reduced by an additional \$16 billion above the rescission nationally, which would result in a reduction of 37% to Alaska's funds.

The first strategy in development of the State LRTP is to prioritize needs between and within categories. The second is to manage for results to align programs and budgets within policy goals, establish core performance measures, apply LCM best practices to PMS, implement PMS analytical capabilities, and evaluate future spending/business practices on AMHS, establish a level-of-service-based approach to M&O planning and budgeting, implement new technologies to improve productivity, and establish a coordinated transportation task force to ensure efficient use of public transportation resources. The third is to constrain needs by revisiting and prioritizing the system plans, address context and affordability in design, target State surface responsibilities on the NHS, AHS and other high functional class routes, reclassify and privatize industrial and resource roads,

preserve transportation corridors through planning, right-of-way acquisition, and transportation/land use coordination, and to pursue demand management and multimodal solutions. The fourth strategy is to increase revenues by pursuing State funding mechanisms, evaluating the AMHS for increasing revenue, establishing a rural transportation infrastructure bank, pursuing local funding mechanisms, evaluating mechanisms for ADOT to levy traffic impact fees, evaluating tolling/HOV for Anchorage-Mat-Su, and reinstating local service roads and trails program.

There are local service roads and trails that must be funded. State formula funding is apportioned to cities and boroughs with road powers for transportation projects. Projects are submitted to ADOT for review, evaluation, and approval, and there is potential for tribal participation.

The public comment period on the State LRTP was slated to close today, but it is being extended approximately 10 days. The LRTP is an opportunity to review statewide needs and ways to approach to those needs.

MR. CHAPPLE presumed the LRTP speaks to specific projects. MR. KING replied that it does not, although it may reference some in general terms, such as the Highway-to-Highway project. MR. TAYLOR explained that key projects were listed in the \$5.5 billion list in order to defend the figure. The projects shown are not all inclusive.

MR. KING noted that the Governor would be introducing the concept of a highway fund with the goal of setting aside \$1 billion for transportation projects. The goal is to allow that money to earn interest and invest that interest in transportation needs statewide. MR. ABBOTT noted that amount would be \$50 million. CHAIR TOLLEY stated the hope is that the fund would continue to receive allocations. MR. KING noted that this fund would be a consistent source of funding for transportation needs in the future.

MR. ABBOTT asked if there is a list or are there examples of strategic projects referred to in Mr. King's presentation. MR. KING replied that these projects would include the Highway-to-Highway project and the Dalton Highway. MR. TAYLOR explained that a discussion of projects begins on page 16 of the Draft State LRTP. Modernization of the NHS includes the

Sterling Highway in the Cooper Landing area, the Glenn Highway from Long Lake to ____, Seward Highway from Snow River to Trail River, and various segments of the Richardson Highway, between Delta Junction and ____.

Demand driven urban capacity projects include the Highway-to-Highway connection, widening of the Seward Highway, widening the Parks Highway in the Mat-Su area, widening of several Mat-Su roads, and developing alternatives to driving in Anchorage. There is also a category to replace ferries and transit vehicles. MR. ABBOTT asked whether Juneau access is included. MR. TAYLOR replied that it is included as a strategic new system link, as is the Knik Arm Crossing and a railroad connection into Port McKenzie.

CHAIR TOLLEY referenced a trip report that was issued recently and noted it includes these same categories. It showed the top 20 congested roads and intersections in the state. MR. KING had not seen that report. He noted that there are tremendous needs throughout the State. The Central Region alone needs \$170 million just to resurface roads. MR. TAYLOR noted that those needs are factored into the LRTP under LCM.

AVES THOMPSON noted that the Governor's budget includes bond proposals for a number of projects and a transportation fund. He asked if that was considered to be new money in this plan or would additional funding be needed to reach the funding level required to achieve the strategic projects. MR. KING replied that the fund would only bridge the gap of the \$55 million loss in federal funds in 2009. The General Obligation bonds and the capital budget are attempting to take care of some of the deficiencies between this and the start up of a transportation fund. MR. THOMPSON recalled that the bond proposal was approximately \$100 million and the transportation fund would provide another \$50 million. He understood that this \$150 million would be used to address system needs, as opposed to being new money. MR. KING stated that the \$50 million would be used for all transportation systems. CHAIR TOLLEY stated that if Congress fixes the problem with the Highway Trust Fund, this could be additional funding.

MR. ABBOTT asked whether there had been modeling of the impact on the strategic project list of spending \$1 billion rather than creating a fund and using only the interest. MR. KING replied that the intent of the

transportation fund is to set a consistent revenue stream for the future. He explained that part of the increased costs is associated with higher bids by contractors. MR. ABBOTT stated that if there are additional allocations in subsequent years, there is the potential of reaching billions of dollars toward transportation projects in the short-term. MR. KING stated there is national discontent among states that are not receiving back the level of funding they are putting into the Fund. There are discussions of eliminating FHWA or states getting back what they contribute. If that occurs, there would not be a consistent revenue stream. He felt that establishing a fund of \$1 billion to fund future transportation needs is advisable. CHAIR TOLLEY stated he has heard discussions of using the interest from the fund to leverage revenue bonds to accomplish a number of projects up front. If this were done, however, the earnings for the first five to ten years of the fund would then be used to pay back bonds.

d. Other Informational Reports – None

7. SCHEDULED AMATS MEETINGS

Technical Advisory Committee, January 24, 2008

Policy Committee, February 14, 2008

8. ADJOURNMENT

The meeting adjourned at 2:38 PM.