



Project Status Information Item Business Item

P&Z AGENDA ITEM E-1

TO: MOA Planning and Zoning Commission
FROM: Vivian Underwood, Sr. Transportation Planner
P&Z CASE NUMBER: 2009-148
SUBJECT: Proposed 2009 Major Amendment to Anchorage Bowl 2027 Long-Range Transportation Plan (LRTP): Recommend to the Anchorage Assembly and the AMATS Policy Committee that the Anchorage Bowl 2027 LRTP be amended, adopted and approved.
DATE: November 24, 2009, for P&Z Meeting December 7, 2009

PROJECT BACKGROUND:

A proposed Major Amendment to the Anchorage Bowl Long-Range Transportation Plan (LRTP) is being reviewed to retain the Knik Arm Crossing project in the LRTP, but to move it from the short-term phase to the long-term phase of the LRTP. The Planning & Zoning Commission held a public hearing on November 9, 2009. The public hearing was closed, and following discussion, the P&Z postponed taking action on a resolution until December 7, 2009. During the discussion, the PZC asked for a response to several matters based on questions and testimony brought forth at that meeting. Below in the Discussion section is a summary of the comment/question followed by staff response.

DISCUSSION:

P&Z Commissioners requested information pertaining to the following items:

- 1) Simple explanation, e.g., a 2-3 page spreadsheet from KABATA, of financial data (costs, debt payment, expenditures, revenue, tolls, etc.) over the next 20 years.

Staff Response:

This question was also raised during the Joint AMATS Work Session with KABATA on November 17, 2009. Kevin Hemenway, KABATA Chief Financial Officer, responded by referring to certain pages of the 2-volume “KABATA Responses to P&Z Questions”, June 5, 2009. Staff has asked KABATA to identify the specific portions of the referenced document that provide the requested summary information, and will provide the information to the Commission when it is available.

- 2) Any new information from KABATA presented at the Joint AMATS Work Session held November 17, 2009.

Staff Response:

Please see Staff Summary from Joint AMATS Work Session, attached.

- 3) AMATS traffic projections on the bridge (by AMATS staff)

Staff Response:

The most recent information developed by AMATS staff is for 2007. However, for the proposed Highway-2-Highway project, consultants HDR are developing a transportation model update with an expanded highway network that will include the Mat-Su Borough, and that is based upon the most recent assumptions and population projections by ISER. The updated model is anticipated to be available by mid-December. When the model update is available, staff will be able to provide the latest traffic projections. Preliminarily, the projections will be close, however it's likely that the new ISER data and KABATA's numbers for future growth will not match.

KABATA has used higher numbers, particularly for growth in the Mat-Su, and up to this point AMATS has accepted these numbers for the 2027 (April 2007) LRTP. As part of the more recent H2H project, the KABATA's and AMATS projections have been reviewed and as a result, latest independent projections completed by ISER will reflect more current economic and growth projects and will be used for the H2H project. It would be better to wait for the new projections to be finalized for following reasons. 1. The new ISER forecast will be available in December and will be incorporated into the H2H model. 2. The new travel forecast will be a regional model rather than a model flow based on AMATS external stations, such as the Kink Arm Crossing Bridge and the existing Knik River Bridge on the Glenn Highway north of Eklutna. As part of their modeling assumptions, ISER is now predicting some dampening factors due to the recession.

- 4) MOA review of the KAC financial analysis (by MOA personnel)

Staff Response:

Staff has approached MOA financial personnel for this request and received a response that the timing and venue for this analysis may be best served in another way, and perhaps later in the process.

- 5) Changes and trends in Mat-Su growth (by MOA staff from latest ISER projections)

Staff Response:

Please see #2, above.

- 6) Impact of KAC on the budget (by MOA staff to address liability / toll deficits), i.e.:

a. What happens if KAC project is not fiscally constrained? What does that do to the rest of the projects in the LRTP?

Staff Response:

The current adopted 2027 LRTP condition for KAC project fiscal constraint, (page 9, Chapter 12), states that, "no additional state funds and no additional federal transportation funds beyond those currently authorized, as shown in Tables 12-2 and 12-4 would be used to finance the project, including both initial construction and future expansion costs, as identified in Tables 12-1 and 12-3, and the following conditions occur: 1) funding reduces the SAFETEA-LU formula funds or other flexible funds assumed as part of project funding (shown in Tables 12-2 and 12-4) and 2) the needed funding is not available because it is planned for use on other LRTP projects...If state or federal funds are proposed to be added to the Knik Arm Crossing project, and those funds are also needed to show financial constraint for other LRTP projects, and amendment would be required to reassess and demonstrate financial constraint for all projects in the LRTP."

It is difficult to predict exactly what the effect would be on AMATS projects should a State guarantee be made for the KAC project. A State guarantee in and of itself does not automatically mean that the KAC project is not fiscally constrained. The effect on AMATS would depend on 1) the viability of the toll revenue to service KAC project debt, and 2) the impact to the state due to the type of agreement and guarantees to be written into the agreement between KABATA, FHWA, and the selected Concessionaire, that have not yet been developed. Kevin Hemenway

stated during the public testimony period at the PZC Public hearing on November 9, 2009, that the KAC project “is likely to require some credit enhancement” such as a State guarantee of bonds, the State retaining toll revenues, etc. Mr. Hemenway also stated at the AMATS Joint Work Session that if you had poor enough performance [KAC toll revenues] the payment schedule would be in jeopardy. In that case, the state *could* be required to use funds for debt service that *could* otherwise be available for other National Highway System projects throughout the State. Those projects may not necessarily be in Anchorage, but they *could* be; in any case, the entire pot of NSH funds available for other projects *would* be reduced. Following is a current illustration of how projects *could* be affected in that case:

During the AMATS Work Session held on November 17 to hear a presentation on the Knik Arm Crossing, Jeff Ottesen stated that the FHWA was taking particular interest and has approached ADOT&PF with a concern of the financial constraint of the STIP.

Mr. Wilber followed-up with Mr. Ottesen on this matter, in an effort to address the request made by Dr Selkregg on any details or plans the State has to address this financial constraint concerns raised by FHWA.

It is evident that financial constraint has taken a front seat in FHWA’s review and concurrence of STIP’s; but has not directed a particular course of action to the State, which is a positive, in that it allows the State to address the concern as they see most appropriate. Our current situation is that the FHWA has challenged the State to take a hard and difficult look at the financial feasibility of the proposed 2010-13 STIP. FHWA has not taken a position or stated that the proposed STIP is not fiscally unconstrained. The essence of FHWA’s concerns is looking ahead at the cost of active projects in the years beyond 2013 when the challenge of financial constraint is more obvious; so starting, continuing or increasing the scope and scale of the projects and programs needs the immediate attention of the State

As characterized by Mr. Ottesen, the key concern to FHWA is that in the proposed 2010-2013 STIP, includes a significant amount of active National Highway System (NHS) projects that are more than \$20M, located across the state, which is more projects than can be afforded in the next decade under current funding schemes. The ability to complete most or all of these NHS projects are dependent on several unknowns, (no decline in funding after reauthorization, and no prohibition on new capacity due to climate change legislation, among others).

There needs to be a careful review of financial constraint, and under the current spending and revenue streams; projects / programs will most likely have to be (delayed, cancelled, scaled back...) There is no list of projects that would be delayed / cancelled, no Plan B for the STIP, at this point. Assuming the recent trends of project costs and federal participation remain the same, something has to change in the STIP; however that plan will get created as the State has conversations with the Legislature, this session.

The result of the States’ action in addressing FHWA’s concern will certainly affect the decisions of AMATS Allocations, the AMATS LRTP and its future. However, currently there is no change in direction of the STIP or the AMATS allocations.

b. How do we determine if the KAC financial constraint condition on page 9, Chapter 12, is not met?

Staff Response:

*Proposed 2009 Major Amendment to Anchorage Bowl 2027 LRTP
Staff Response to PZC Questions following Public Hearing November 9, 2009*

Please see response to a., above. Unfortunately, at this point, it may be too early to assess because the terms of the agreement have not yet been developed.

- 7) Provide copy of Out-of-Court Settlement Agreement in suit by Cities of Wasilla and Houston, joined by KABATA.

Staff Response:

The Settlement Agreement was provided to Commissioners by e-mail on November 12, 2009, and the Project Web page where the link to the document may be found is provided at the end of this Memo.

SCHEDULE:

Following action by the PZC, public review will include a public hearing by the MOA Assembly anticipated for January, 2010, with final approval anticipated by the AMATS Policy Committee in January, 2010.

STATUS:

The Planning and Zoning Commission held a public hearing on November 9, 2009, and the public hearing was closed after public testimony. The PZC postponed taking action on a resolution until December 7, 2009, pending receipt of additional information requested from staff.

DECISION DESIRED:

The Planning and Zoning Commission is asked to review the proposed 2009 Major Amendment to the Anchorage Bowl 2027 LRTP (Public Review Draft Chapter 13), and the additional information provided by staff in this memorandum, and in its capacity as Planning and Zoning Commission, to forward a recommendation to the Assembly for adoption of an amended Anchorage Bowl LRTP as an element of the Comprehensive Plan; and in its capacity as the Citizen Advisory Committee to AMATS, to forward a recommendation to the AMATS Policy Committee for approval of an amended Anchorage Bowl LRTP.

The Commission is asked to take the following action:

1. Concur with the delay of the Knik Arm Crossing project from the short-term to long-term phase of the LRTP (pages 1-4 of the Public Review Draft Major Amendment)
2. Review and approve revised Chapter 13 to include the financial Plan, and new federal transportation planning requirements (pages 4-35 of the Public Review Draft)
3. Review and approve the updated financial funding tables revised and presented on November 9, 2009, for the Anchorage Bowl LRTP.

PROJECT WEB SITE:

<http://www.muni.org/Departments/traffic/AMATS/Pages/currentprojects.aspx>

ATTACHMENT: Staff Summary from Joint AMATS Work Session held 11-17-09