

## **Study Group Proceedings**

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## *Summary of Infrastructure Study Group Meetings*

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### **December 8, 2008 - Planning Group Meeting**

This initial planning meeting began to frame the scope of the Infrastructure study group. Reference was made to “The Shock Doctrine” by Naomi Klein. Klein’s book describes one group’s ability to have done the research and put in place a plan that, when the situation was right, it was able to produce and implement. Commonwealth North’s infrastructure study could replicate this by developing guidelines for state infrastructure decision-making. Here, the group should define the obligations and responsibilities of the state.

A term to keep in mind, used often in the mining community, is that of social license – the need for a social contract with public/communities to allow planning to be implemented. Community buy-in can best be facilitated by identifying infrastructure projects as investments, not as an expense. Reframing Return on Investment for major projects is one way to determine the impact of infrastructure projects and is one measure for priority setting. Alaskans needs to take the discussion of investment out of philosophic debate and into an actual work plan. One of the study group’s goals, therefore, is to build a framework for developing a business plan for future infrastructure projects.

Intergenerational equity must be included in discussions of infrastructure development and younger generations involved in planning. The infrastructure seeds that Alaskans plant today and the projects that are begun tomorrow are the railroads, bridges, ports and airstrips used 50 years from now.

The Commonwealth Infrastructure study group must investigate infrastructure issues while keeping in mind that the idea infrastructure is not built just for the extraction of resources, but to connect Alaskans to each other *and* to Alaska resources. Synergies must be identified around social infrastructure that could complement structural infrastructure efforts.

Commonwealth North, when commenting on infrastructure projects, will focus on their statewide impact. The group can be the facilitator of the dialogue that takes place, building a platform for collaboration between stakeholders.

When the study group has completed its final report, it is recommended that a Commonwealth North Infrastructure Action Coalition be formed<sup>1</sup> to provide ongoing work on infrastructure issues, both projects that working on longer range issues of planning and priority setting.

### **March 18, 2009 - Initial Meeting of Infrastructure Study Group**

This first meeting of the Commonwealth North Infrastructure study group covered basic brainstorming principles and is represented here in note form.

What drives the Study?

- Ownership demands leadership

What is the main goal of the study?

- Demonstrate the Owner State's responsibility to critical infrastructure investment

What should be our plan?

- Inform Alaskans of energy and transportation infrastructure situation
- Encourage Alaskans to be more engaged in these issues, and take action when the time is right
- Call for more comprehensive planning – Alaskans need to know that there is an overarching vision, goals articulated to attain that vision and steps to reach those goals

Final product

- Presentation – to organizations and policymakers across the state
- Commonwealth North Forum
- Study (paper)

Questions that should be answered throughout

- What is the role of a cooperative?
- Who defines stability?
- So what?
- Who is the audience?
- What is an asset?
- What does ownership mean?

General Thoughts

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<sup>1</sup> Reference should be made to Commonwealth North's 2009 Public Policy Engagement and Advocacy Alignment, Approved by Board- 2/17/09

- There has been a lot of groundwork laid for supporting infrastructure in past Commonwealth North reports
- There is no one at the cabinet level who has the sign that says “The buck stops here”
- Alaska ships are maintained by groups outside of Alaska so they do not have to meet more stringent environmental rules
- Need to talk to the people responsible for infrastructure development
- What does exist; want to say what is already in place
- Defining infrastructure
  - Energy Infrastructure
  - Moving resources requires infrastructure

**April 23, 2009 - Transportation in Alaska**

**Jeff Ottesen, State of Alaska, Department of Transportation**

The Anchorage Municipal League just completed an Alaska Transportation Finance Study<sup>2</sup> and it is not a pretty picture for the state. However, it’s not just a matter of funding. Funding is not enough; Alaska is under the “tyranny of geography,” with a less mature road network. Potholes are just the start of it.

To briefly illustrate the problem, a demonstration of the current climate of underinvestment – Alaska has \$750 million in need (pavement that needs to fixed/replaced and other maintenance costs). The state budgets \$50 million a year. It was noted that new road construction consistently runs into environmental roadblocks, even if there is funding. The Alaska Marine Highways System (AMHS) is very costly compared to the amount of traffic; it has a budget bigger than the highway system with 1% of the traffic. Federal funding is formula driven – half or 1% of the total package goes to Alaska though this is 6x what the state contributes and Alaska ends up being the highest net winner in the nation.

Federal funding is at risk, the trust fund was recently bailed out by the US government with \$8 billion, but even that is running out and many of the states that participate do not want to continue to buy in because it is not economically reasonable.

Even if Alaska implemented a .5% local sales tax, a .5% sales tax on vehicles, a fuel tax increase, vehicle registration fees, and a \$1 billion Alaska Transportation Fund the state would not be able to address the magnitude of the problem.

In Alaska the state funds ALL roads, including local roads, ports, and parking garages. Most states do not do this and it has drained the Department of Transportation resources. The state

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<sup>2</sup> <http://www.akml.org/documents/2009TransportationStudy.pdf>

should begin re-thinking how it supports transport/transit routes – local needs, arterials, major connectors, etc. It is interesting to note that less than one half of one penny of gas tax goes to roads.

The recent focus on the gas pipeline has added weight to the need for critical infrastructure improvement - \$500 million is needed for bare bones, \$2 billion for total improvements necessary. However, the more the state directs funds to pipeline readiness, the less there is to support existing needs.

Two bills are going through Congress right now dealing with emissions, which if passed the DOT would have to enforce, further depleting an over-stretched budget. This could mean turning civil engineers into social engineers – \*this reinforces the need for the state to develop a comprehensive strategy. Rather than reacting to outside pressures the state must be strategic in the development of its transportation infrastructure.

It doesn't help that the research arm of the DOT funds University research if implementers don't follow the advice given because of cost concerns.

People from a wide variety of like experiences are seeing things green. This means that the state needs to look at possibly upgrading the bus system. At the same time, a lot of people are riding more bikes; young Alaskans do not look at cars the same way as past generations.

Alaska needs to look at national/state/global trends to build infrastructure for the future, not infrastructure for now. What will Alaska look like in 2050, where will the jobs be? We need to build for tomorrow and not today. At some point soon Alaskans need to take ownership and start investing in what we have and what we want.

#### Possible Solutions

- Use harder aggregate to build our roads, but it would have to be imported – it costs 30% more for three times the life
- Electric cars will probably not work; summer maybe, not winter
- Safe routes to schools, kids cannot walk or bike to school any more
- Satellite work stations
- Government has to have rules to make decisions projecting into the future
- Bus-rapid Transport is better than light rail because there is no track, thus no new infrastructure, and it can start and stop in multiple locations; 900 people are on waiting list to get in car pool vans
- Natural gas vehicles, 40% less BTUs
  - Move to natural gas transport as a bridge to hydrogen

For these we have to make distinction between being an owner and being a renter.

1. We may have to do it in our back yard.
2. We may have to pay for it.

A Regional Transportation Authority is something the state needs. A group such as this would have to have a clear mission and goals. It would be separate from the state and railroad but be able to direct policy for both.

We have to reward our legislators for their *courage to make hard decisions*. The State does not have a vision for energy/transportation, but desperately needs one.

**May 6, 2009 - Rural Electric Needs & Port of Anchorage**  
**Meera Kohler, Alaska Village Electric Cooperative - Gov. Bill Sheffield, Port of Anchorage**

*Discussion with Alaska Village Electric Cooperative (AVEC): Meera Kohler<sup>3</sup>*

The Alaska Village Electric Cooperative (AVEC) is a non-profit electric utility owned by the people they serve in 53 villages throughout interior and western Alaska. AVEC comprises 48 power plants, five wind systems covering eight villages, and other energy groups throughout rural Alaska.

The average fuel cost in rural Alaska is \$4.73/gal. AVEC goals are to help rural Alaska reduce diesel fuels by 25%, shut down ½ of the individual power plants and connect villages, and reduce all other cost by 10%.

With much of America's wind energy potential, AVEC has explored wind technology – wind turbines cost \$350,000 to purchase from company in Vermont, and \$1 million total including installation and shipping.

*Discussion with Governor Sheffield*

To address critical infrastructure in Alaska (Air/Rail/Road/Marine/Highway) Alaskans must create a whole picture mentality instead of breaking up transportation into modes. Clearly, in certain areas, one or two modes are more important than others but if Alaska is to address critical infrastructure, it must do so while thinking of a systems-model or network approach.

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<sup>3</sup> Please see the chapter on Rural Alaska's Electricity Landscape. Much of this chapter was submitted by Ms. Kohler for inclusion in this report and describes well the situation in rural Alaska.

Infrastructure like an airport, rail or port should be thought of as economic drivers and invested in, in the same way that other economic development initiatives are.

Alaskans need to remind the legislature that they need to serve the state as a whole and not just focus on transportation projects in their districts. One example of how this could be thought of is that all the wealth of Alaska in the rural areas is in the form of minerals; there are 3 trillion tons of coal that would be enough to heat all of America for 400 years. There must be ways in which that wealth can be extracted and transported to a market.

The Port of Anchorage gets most of its money from earmarks; there is no money assigned to ports in the national budget. The European shipping industry has controlled main American ports for many years. However, there has been a new focus since 9/11 – realization that 90% of freight comes through ports in the United States. The same holds true, roughly, for Alaska. It is interesting to note that highways tend to have the most sway with the Legislature and get the most money. Recent stimulus funding has broken the mold – though less than 4% is to be used for infrastructure, \$1.5 billion of that is allocated to ports through grants, which is a breakthrough in policy. A lot of military personnel are coming back to America soil in the coming years under the new administration and so the Port of Anchorage is important to the military.

There used to be a plan on the table, a “Rails to Resources” that would connect Fairbanks to Canada. What if Alaska could match a rail line to the gas line project or align with defense projects?

More than anything, Alaska needs a transportation plan! The system works, for now, but all segments must work at same time and must know where they are headed. Additionally, Alaska is going to have to do more on its own; Alaska has gotten more than its fair share in the past from the federal government.

Alaska should consider creating a Transportation Commission. This has been suggested before but not implemented, or not implemented correctly. Much of the discord stems from the fact that a Commission would take power away from the Governor and the Legislature. Such a Commission, however, would direct funds, provide long term vision and follow through and be the ultimate decision maker when determining infrastructure investments, thereby circumventing short term political decision-making. Of course, the appointment of such a commission would be a challenge. Planning takes leadership, and an Alaska Transportation Commission would provide that at the same time it alleviates the distrust between the Department of Transportation and Legislature.

#### Suggested Priorities:

- Improve the Alaska Marine Highway System – better schedule and design it so that it could support itself financially, run it like railroad
  - Build roads between communities so ferries are doing short routes
- Road to Juneau
- Port Authority – design a model to tie all ports into one system
  - Where's the advantage if only Anchorage makes money?
  - Transferring goods between ports, integrating systems
- Maybe everything should be directed through Anchorage, and then out in small barges
  - Port will soon have a barge dock in Anchorage

The consistent theme that emerged throughout this presentation was that Alaska needs to take a systems approach to its transportation needs and cannot continue to allocate resources intermittently, but instead needs to create an ongoing plan to better serve the State.

#### **May 21, 2009 - Alaska's Energy Needs**

**Joe Griffith, General Manager Matanuska Electric Association**

Alaska, as a state, is lacking in necessary infrastructure. We are the largest state in the nation with over 13,000 miles of roads that require annual maintenance. The majority of our airports are gravel runways not suitable for jet traffic. The state does not have a well-developed port system. Commonwealth North, in a 1991 study, suggested that Fire Island could accommodate a world-class, self-scouring port. There are 800 miles of pipeline in the Cook Inlet region alone.

Not only is the state lacking in critical infrastructure, but Gail Phillips, while Speaker of the House, released a study indicating that the caliber of our infrastructure was poor, with a backlog of improvements and maintenance in the billions of dollars. The state has skimmed for too long on the maintenance of Alaska's infrastructure. This significantly impacts the quality and standard of living in Alaska.

Ultimately, these are challenges that are up to Alaskans to solve. Unfortunately, we are waiting for someone else to do it. Some would point to the fact that it's difficult to find the money or capital to invest in infrastructure because oil and gas revenue is declining. The state does not have many options for producing revenue even as many point to a gas pipeline to have an impact. The gas pipeline does not save Alaska from a revenue decline.

Where are the job's going to be? Alaska is not like Topeka, Kansas. Alaska is an island away from the rest of the nation and therefore needs to be self-sufficient. Currently, jobs are broken into thirds: a third of jobs in the oil and gas sector, a third for the federal and military, and

everything else lumped into the remaining third. Yet, the “miscellaneous” category is what supports our current quality/standard of living.

The Trans-Alaska Pipeline System has seen declining oil production since the 1990s. Many predict it having to be shut down when it reaches 300k-500k barrels/day; projections show this happening in 18 months. There is some hope in Exxon’s drilling at Point Thompson.

From an energy transmission perspective, we have a very minimal system. The Nikiski project has not panned out as hoped. When the utilities fought over Bradley Lake the state walked in and said, “We’ll give you \$265 million if you do the rest.” Now it’s the least expensive power source in the state. The Alaska Energy Authority (AEA) brought it and Healy Lake on line, but now has no authority. Alaska’s generation supply is old except for Soldotna 1, ML&P’s Unit 8 which was built in 1985, and GVEA’s recent venture. Most plants do not last this long. You cannot buy replacement parts for them anymore; utilities have to keep a machine shop to manufacture the replacement parts themselves.

Putting in a new source is costly, and rates would go up for consumers. If the gas transmission line runs out, ML&P goes down. It is worth nothing that it also costs \$300/foot to replace or lay underwater transmission cables.

As far as transmission is concerned, Golden Valley Electric Association, Valdez and Glennallen have the newest lines. Most utilities realize they cannot build *anything* new because rates will go up, and consumers aren’t willing to pay. This holds true despite sitting on huge, trillion cubic feet gas fields. In this case, holes in the ground can cost \$10-25 million per site. Nikiski is the oldest and first liquid natural gas plant in the world. For Alaskans, everything that exists is old because nothing has been replaced.

No one is trucking propane to or from Fairbanks. Fairbanks needs a propane separation facility. In this case, it would end up having 30-40 trucks out at one time. Doyon is going to build in the Nenana basin. There is also the possibility of putting a generator on top of the North Slope gas fields and running a transmission line to Fairbanks or a rail line to the North Slope to bring LNG and other material down.

If there is not a LNG plant, it is incumbent on the energy and utility industry to find new sources. Shale gas exploration is depressing the price of natural gas to \$4/MCF (million cubic feet). The large gas pipeline is looking less feasible with the continuation of shale gas exploration and market development. Given this set of circumstances, there is one, lone solution: an LNG pipeline from Prudhoe Bay to Valdez. Even this, though, could be a fleeting solution, since production is increasing in Qatar and Abu Dhabi.

Sole reliance on private sector is a futile and non-existent solution. It is time to look to a state corporation model. Considering the “scrappy” nature of the current energy grid, it is impressive that Anchorage’s last blackout was in 1989.

Susitna Dam, Four Dam Pool went beyond the imagination of most people; could this be an alternative? Anchorage could use the existing system as a back-up if new plants go down.

Utilities use 80 BCF of natural gas annually and 100-110 BCF of LNG annually. There are only five years left in existing Cook Inlet gas fields, yet there are still several large fields that have not been explored that could be developed.

Our window of opportunity is closing quickly. There is only 37 TCF of gas on North Slope; earned revenue from this field does not match cost of pipeline.

A couple other options – a simple, mobile solution might be turnkey LNG plants that can be self-contained on a barge; and Susitna is a 10-year project, once initiated by the administration. For anything to happen, the state needs leadership that has the intestinal fortitude to step up and get something running. There are no risk takers currently.

The best thing Alaska can do to stimulate economic activity is public works projects in the vein of WPA and CCC. If it is built (plant, generator, energy exploration), they will come; like in Wyoming, public-initiated project, private-sector buy-in. The state can set parameters to stimulate innovation: California, for example, has led the nation in fuel efficiency through their Resource Board. Alaska needs to re-empower the Alaska Energy Authority<sup>4</sup>. An energy czar in the state of Alaska must interact with the Governor on a daily basis.

Coal takes 10-15 years to permit. Despite it being a clean operation, no one wants it in their backyard. Homer backed out of the last clean coal initiative.

Alaska needs large scale capital financing to handle large scale infrastructure projects, which comes from the State.

A lesson learned from running a utility might be worth remembering: “If you don’t have the perfect system, you better have the perfect team to keep it running.” Does Alaska have the perfect team in place?

**June 4, 2009 - The Role of Planning in Infrastructure Development**  
**Pat Gamble, President Alaska Railroad Corporation**

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<sup>4</sup> The most significant change for AEA was in the transfer of management for the Authority to the Alaska Industrial Development and Export Authority (AIDEA) effective at the beginning of State Fiscal Year 1995.

With a background in logistics coming from the Air Force, one learns quickly that if you get behind on day one, you will not be able to catch up. Logisticians need to understand and practice the system that they are building. Logistics in Alaska have a generally simple model: there are so many ways to get in and out of this state. Policymakers do not have to reinvent the wheel, but adopt the fundamentals.

One example of a group who has grasped the fundamentals is the Central Puget Sound Region in their creation of the Prosperity Partnership. For the CPSR, sustaining and growing new jobs was a key priority. They used it as the criteria to keep irrelevant projects off the table. They also spent time developing new ways to effect change. One of the key aspects of this group is in their ability to make sure that local and state leadership is on board. The plan they sketched out was then utilized to ensure that transportation investment supports regional economic strategies. The group was able to include social infrastructure, education in this case, in the plan, maintaining that education must be strengthened to support job growth.

What is at the root of Scott Goldsmith's concerns? The bottom line: What is going to pay for new infrastructure? A few more tons, barrels, or fish aren't going to fix Alaska's economic futures. A gas pipeline needs to be in addition to existing revenue, not the economic fix-all.

The Department of Transportation plan for transportation projects is not fundable. What is moving forward, how is it being funded, and are these properties enduring? Alaska needs a list of what is working and what is not. If it's not working, Alaskans need to know why. The state does not have money to pay for the new things it would like to build.

The state needs money, and right now, oil is it. In this state there is a big appetite for development, with little-to-no follow-through. Alaskans deserve more long-term thinking instead of plans guided by a quarterly payout. Creation of wealth has to get the economic motor running.

The Alaska Railroad is unique in that it is supposed to have the flexibility of a corporation but is restricted by government procurement practices. Who is going to subsidize the commuter rail? It has to be subsidized because fares (user fees) will not pay the bills. Everything is in place from a physical perspective, now someone must take the first political step.

What about Skagway's public transportation as a financial model? A contract pays the city, instead of the city subsidizing fares. What if instead of the Alaska Railroad running passenger rail, it was contracted out to a separate entity? The Alaska Railroad would be the contractor. There would need to be a regional transit authority that is in charge of the management of a passenger service. To do this, Alaska needs a capital investment arm of the State that is

responsible for spending money, or encouraging other entities to invest, and not necessarily funding projects.

Any plan that is developed should be using effects-based thinking. First, develop a coherent problem statement. Then, define the effect you want to have. Otherwise, we will continue jumping to conclusions or solutions that are not solving the underlying problem. Decision makers and policy experts have to develop problem statements around smaller infrastructure issues and then create a blueprint based on these statements.

What if we had bid documents ready to go to the street? What if we had a PERT plan with tasks assigned to key actors (e.g. officials, agencies, private entities)? What if we included a set of specifications (e.g. this type of legislation, project, improvements by this date)?

Any kind of plan needs to include the mechanisms by which it is financed. The problem is how to generate wealth. Rather than confronting the legislature, we need to identify, develop and collaborate with legislators and show them how they can be winners. Prosperity Partnership's plan is in motion now, because of the critical mass of stakeholders and the legislature's early buy-in. Alaska can do that as well.

**June 18, 2009 - Heavy Aviation in State Infrastructure Development**  
**Rich Wilson, John Parrott, Ted Stevens Anchorage International Airport**

If statewide aviation were considered outside of transportation it would be the fifth largest industry in the state. There are over 250 airports throughout Alaska.

All infrastructure projects start from ground zero. Most metropolitan airports (including ANC) are now surrounded by new urban growth areas that were not originally there. Denver, for instance, which was built 40 miles out of the city, is now beginning to receive noise complaints.

Anchorage is arguably the largest float plane base in the world, due to Lake Hood's heavy traffic. International cargo operations carry the bulk of traffic and revenue for the airport. Anchorage is strategically situated to increase cargo carriers' revenue by decreasing the amount of onboard fuel necessary for trans-Pacific runs. This allows carriers to increase revenue from cargo, and makes Anchorage a "profit center" for carriers. In-state passenger and cargo activity serves in many areas of the state as the only way to move people and goods much of the year due to lack of roads and winter weather.

There are a number of infrastructure improvements that could be made, depending on willing investment. A new runway (which would decrease taxi time) is a costly and lengthy process but would reduce costs and contribute to Anchorage's image as Air Crossroads of the World. There

are also airport road improvements that would benefit Anchorage, i.e. shifting Postmark Road would allow logistics suppliers to increase their lot size and growth capacity. The strategic bottom-line for the Ted Stevens Anchorage International Airport is the need to look at reducing the cost of doing business. If the state is not able to do this, carriers, ultimately, will go elsewhere (fly-over), if they find it in their economic interest.

A number of other questions remain for Anchorage, and the state.

- Kulis: How do you convert a military facility for civilian usage?
- How can supply-chain infrastructure create a value-added profit center?
- Could Anchorage be marketed as a cloud computing capital, based on climate and geography? "Cloud computing or "working in the clouds" refers to doing most or all of your work online. That means saving your files online, collaborating with your team online, and saving very little of your work on your computer's hard drive."<sup>5</sup>
- Could Anchorage partner with the Kodiak Launch Complex to improve its leadership position in the *aerospace* industry?
- Rather than duplicating what other regions are already doing well, can we look at what niches are out there to be filled?
- Could Anchorage create a hub for demonstration projects: deicing in innovative/cost-effective ways (e.g. infrared)?
- Where does Alaska and Anchorage fit into models of sustainable airports? How do we work toward this? Certainly one component of this would be looking at the lifecycle of an airport and not the near-term ambitions.

### **August 13, 2009 - Washington Transportation Commission Reema Griffith**

The Washington Transportation Commission was enacted in the 1950s. It used to be a Department of Transportation that, in essence, was a highway administration. The foresight at this point was that Washington could not afford to have politics make investment decisions.

Washington created a legislative transportation committee that was bi-partisan and bi-cameral. The committee functioned independent of the legislature and governor. What was once a department of highways changed to a Department of Transportation that was multi-modal. It included freight and passenger rail, a ferry system, local roads, federal projects and the highway system. Ultimately, this broader viewpoint elevated the role of the other modes vis-à-vis the highway.

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<sup>5</sup> Aliza Sherman, <http://digitalmarketer.quickanddirtytips.com/cloud-computing-telecommuting.aspx>

In 2005 the legislature moved the Department of Transportation to the cabinet but kept the Commission independent. This had the effect of polarizing decisions and politicizing messaging.

The Commission was tasked with authoring and creating Washington's 20 year transportation plan. This plan is updated every four years, but not necessarily used by the legislature. The plan however, communicated to the public a vision. Citizens want to know what the vision is if they are to pay for it. There was an increased push for transparency and performance measures.

Washington has a gas tax that is dedicated to transportation. Transportation, then, is reliant on this tax - \$6 billion annual budget. The tax has increased twice in the last few years.

The Commission acts as a **buffer between politicians and public** by conducting a lot of public outreach and education. Commissioners are appointed every six years by the governor, but well-respected experts are chosen. A Commission must have effective Commissioners who are the right kind of people. Partisanship is left at the door and Commissioners, chosen from across the state, only serve two terms. At the same time, they need enough authority to implement essential planning.

One of the actions of the Washington State Transportation Commission is policy setting and the setting of fares and tolls. Some commissions allocate money though that depends on the legislature being willing to give up that authority.

The Commission has the time it needs to focus on long term thinking at a systems level. Because of this, planning is both seamless and multimodal. The Commission has four staff and a budget of under \$2 million that essentially buys the brain power of seven commissioners. The state comes out ahead. The Commission allows legislators and the governor to get out of sticky situations by making new and creative, sometimes edgy, recommendations that politicians could not say.

The Commission, and Commissioners, must have thick skin. They are beat up by the public, but actually are able to move things forward. People appreciate that someone's stimulating the conversation and see the Commission as an honest broker.

Washington's most recent transportation plan is being worked on, through the Commission, by a multi-stakeholder advisory group. Projects within the plan have evolved – at one point it contained a huge price tag and laundry list of projects. The Commission has concentrated on moving from a project list to policy/direction focus that includes short-, medium-, and long-term solutions. It contains a serious conversation about paying for things.

**August 27, 2009 - Road to Nome**  
**Thomas Middendorf**

The Western Alaska Access Planning Study, conducted by DOWL Engineers at the request of the Department of Transportation, is tasked with evaluating the four most feasible transportation corridors from Fairbanks to Nome; Northern Economics will complete a cost analysis of the proposed project, once identified. The purpose of this project will be to connect the contiguous national highway system with the isolated Seward Peninsula system.

Phase 1 of the project reviewed prior studies and inventoried resources. The need to develop mineral resources was identified as a primary motivator (an economic analysis identified an estimated worth of un-mined minerals as \$22 billion). Phase 2 defined the evaluation criteria:

- Community access
- Mineral deposits
- Landownership
- Environmental constraints
- Engineering Cost

Possible corridors that were evaluated:

- Dalton Highway access passing near the Ambler Mining District
  - 440 Miles/\$3.1Billion
- Yukon River access with the most direct route East to West
  - A) 510miles/\$5.3Billion
  - B) 450miles/\$4.6 Billion
- Nenana Access to major communities in the south part of the region
  - 620 Miles/\$5Billion

This project is not envisioned as an intermodal infrastructure project. Instead, planning thus far has been done with a 26 foot road surface designed after the Dalton Highway.

It is important to note that phased construction options are also being considered, but that DOT tasked this study with focusing on the entire project initially. Phased implementations of infrastructure projects are included in this report as an ideal way to justify returns on investment by creating economic hubs or anchors.<sup>6</sup>

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<sup>6</sup> DOWL's final report was released soon after their report to the study group. A brief summary and the final route are included in this report as an appendix. For more information visit [www.westernAKaccess.com](http://www.westernAKaccess.com)