

Crossroads Ahead

Why a
State Transportation Fund
Is Right for Alaska



State of the System - 2008

- Key indicators of declining conditions
 - Potholes and rutting increasing
 - Bridges and culverts in decline
 - Congestion increasing
 - High accident roads waiting for funds to improve
 - Deferred maintenance list growing
 - Important priorities shelved for lack of funds

Most Congested Roads

Location	Cost to Build	Years of Federal NHS Funds*
Anchorage, Hwy to Hwy	\$750 M	10
Tudor Rd.	\$140 M	2
Parks, Wasilla - Big Lk.	\$150 M	2
Anchorage to Girdwood	\$340 M	4
Soldotna to Sterling	\$60 M	1
Palmer-Wasilla Hwy.	\$130 M	2
Totals	\$1.6 Billion	21 Years

*If all other NHS projects delayed.

These four top bottlenecks are also four priority safety corridors.

Pavements at Risk

Robinson Loop, Kenai Pen.

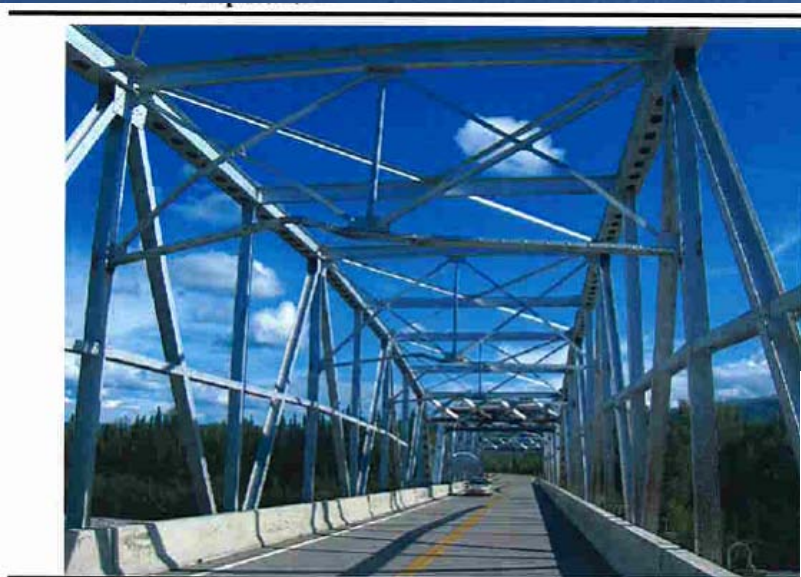


North Star Borough :
Goldstream Road



Sterling Hwy, Kenai Pen.

Bridges At Risk



Bridge No. **518** Structure **Johnson River** Date **08/7/2**
Roll/Disk **3** Inspector **Elmer Marx & Sam Sollie** Frame **72**
Bent Sway Brace

Alaska Highway Bridge after over-height strike



Anchorage interchange bridge girder buckled.

Bridge No. **0976** Structure **Hillcrest Overcrossing** Date **04/13/2006**
Roll/Disk **I** Inspector **Scarborough / Banse** Frame **10**
Buckled Stiffeners on Left Exterior Girder.

Environmental Warming Problems



Typical Settlement Problem Common Throughout the Northern Region

05. 17. 2007
mile 172 Glenn hwy

Settlement due to thawing sub-base on Glenn Highway (top and bottom).



Mile 37 Copper River Highway Continuing Erosion Damage



Pavement Distress

mile 147 Glenn hwy 05. 17. 2007

Increased rainfall intensity is causing more erosion.

AMHS Needs Unmet



Rusted structural steel



Outdated technology



Corroded power cables

Harbor Needs Unmet



Timber Float at
Funter Bay

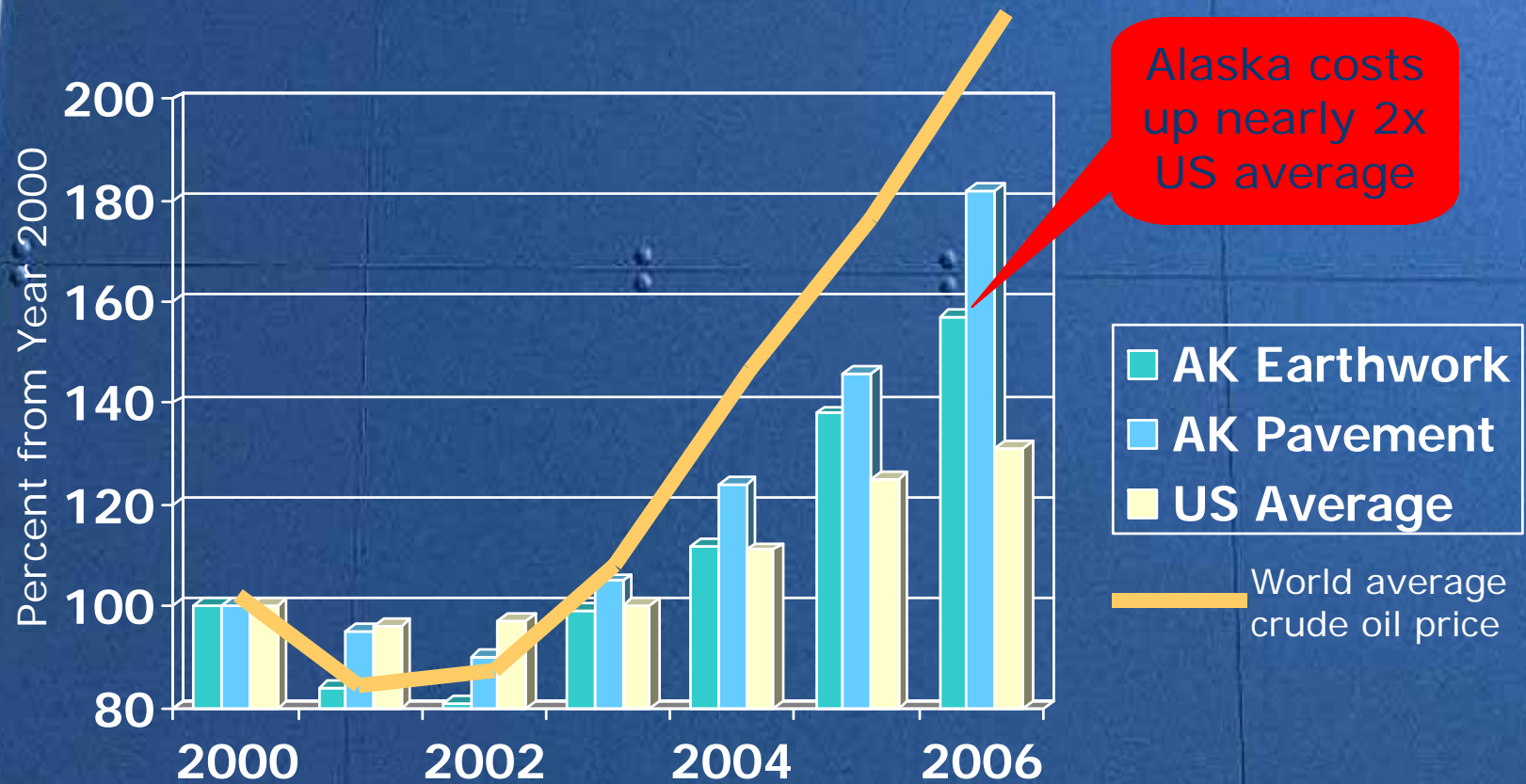


Bent piles at
Kodiak



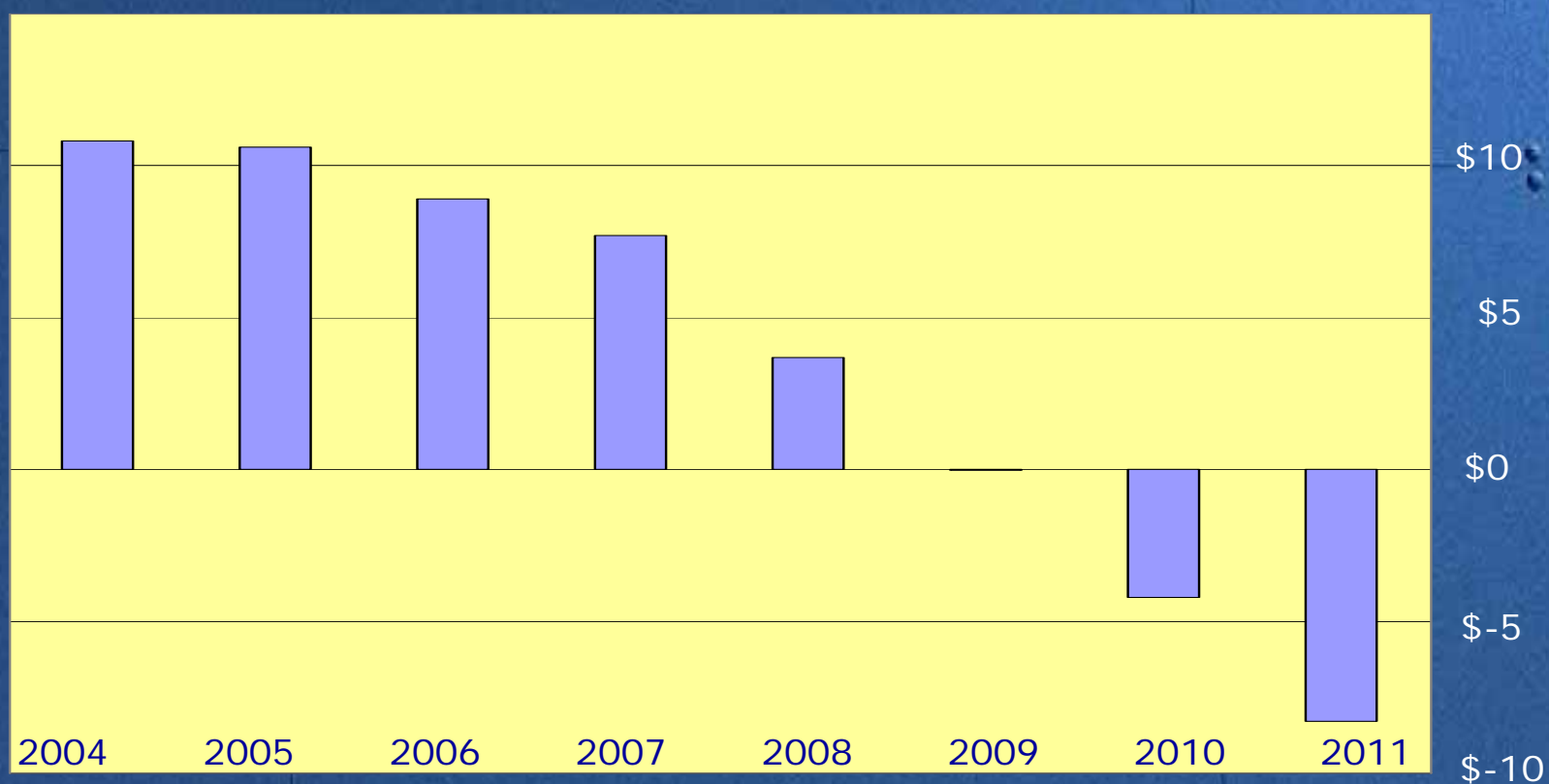
Corroded pile
At Ketchikan

Inflation is an Issue



Federal Funds Face a Shortfall

Highway Trust Fund Balance (Billions \$)



Prediction by FHWA, 2007.

Other States Moving On

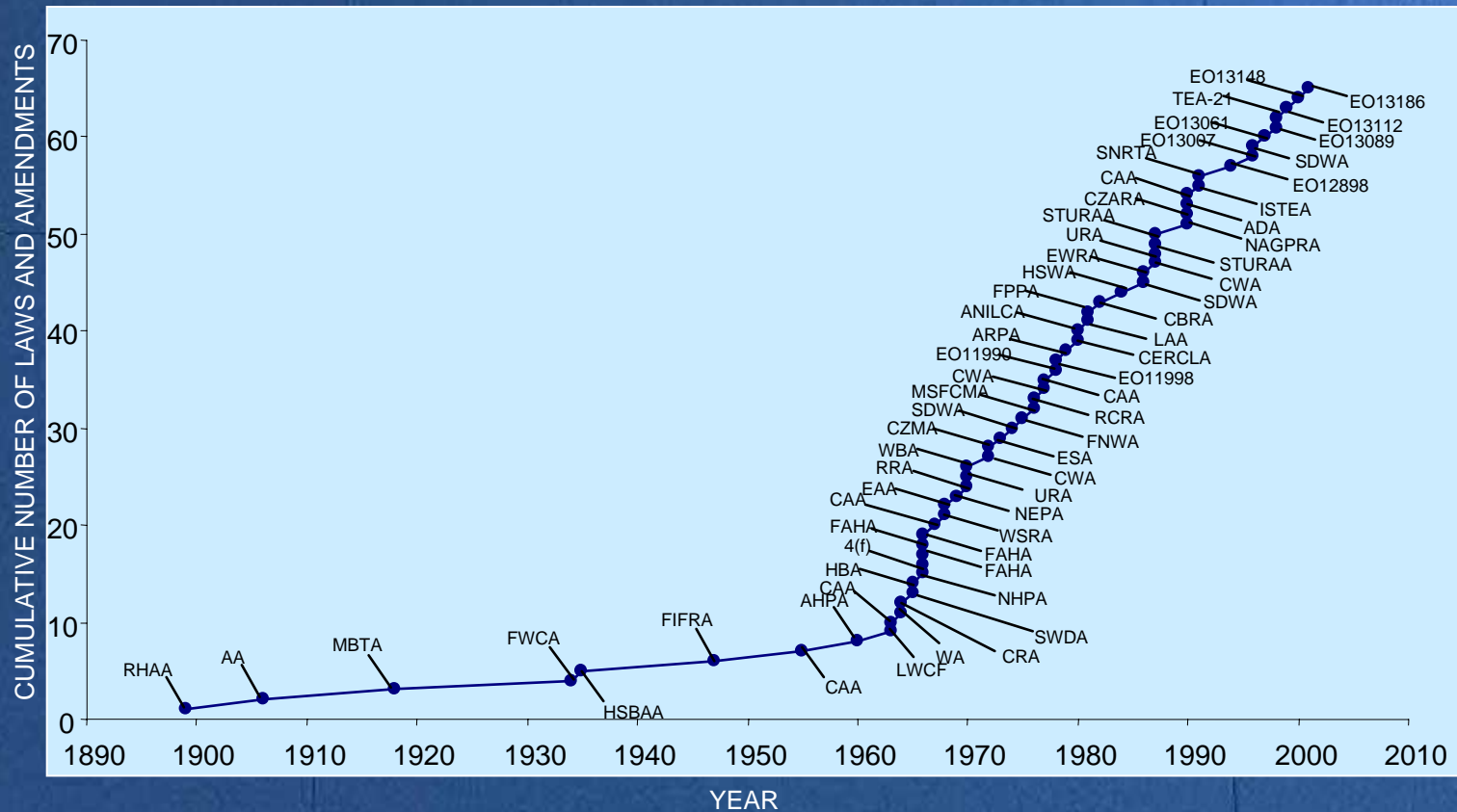
- Federal program shrinking in importance to other states
- Mostly adopting user fee approaches:
 - Tolls
 - Lease roads and bridges to private concessions (PPP)
 - County level bonds for state roads
 - Tax on miles driven
 - Some adopting tax increases too

State Funds are Advantageous

- Faster by several years
- Less costly too
- Avoid many complex federal laws
- Easier for local agencies to administer

- The public will see quick and responsive action to their vital transportation needs!

Growth of Federal Laws



Per FHWA Presentation, 2003

How Do We Stack Up?

- Transportation investment policies vary widely around the world. We all compete today for commerce is more global than ever before.
 - Goods
 - Services
 - Resources
 - Tourism

Europe

- Expanding rail, highway networks to reduce reliance on air system
- Proceeding with massive projects:
 - 10 mile long Oresund bridge/tunnel between DNK-SWE
 - Sea-level ship tunnel in NOR
 - 4,900 Km high-speed rail
- Investing about 3.5% GDP



Asia

- Major expansion of both rail and road in Russia, China and India
- China building 53,000 miles of expressway
- Japan: 2,300 Km high-speed rail
- China: 2,500 Km high-speed rail

- China invests 9% of GDP
- India invests 3.5% of GDP



US & Alaska

- US investing < 1% of GDP
- Alaska investing < 0.5% of GDP
- Rank 44th among 50 states in use of non-federal funds for transportation

Individual cost to driver is 50¢ to 75¢ per mile (AAA)

Alaska fuel tax: collects about 1/2¢ per mile

Dallas toll authority: charges 11¢ per mile = \$2.20 per gallon @ 20mpg

Investment Indicators 2007

- *Infrastructure 2007* report card:

“America is more of a follower and no longer a world leader when it comes to infrastructure...Other countries marshal vanguard strategies... In the United States, there is a tendency to invest in the infrastructure we have instead of the infrastructure we will need.

Premise Behind State Program

- The Federal Highway Program is no longer adequate to meet the expectations of Alaska citizens.
 - The effectiveness of the state's transportation system is at-risk.
 - The benefits of a supplemental state funded program are significant.

Basics: Alaska Transportation Fund Proposal

- Two-year investment of \$1 Billion
- Fund managed to produce annual dividend for transportation needs
- All modes eligible for the funding (no firewalls)
- Intention is fund would be expanded if future revenue permits
- Alaska is a state of geography and resources, not population. User fees are not generally practical.

What's Happens If We Don't?

- The quality and sufficiency of the transportation system impacts the lives of all citizens



- Safer roads delayed, thus more tragedies
- Congestion worsens, thus everyone loses quality time
- Public satisfaction reduced by adverse driving conditions
- Economy burdened with delay and poor road condition costs
- Gas line preparation delayed
- Major work force sector declines including contractors, consultants and engineers
- Ferry system cost savings delayed

What's The Reward?

Continued Improvement and Sustaining the Current System Will be Accomplished



Crossroads Ahead



With a State Funded Program –
Gas-Line Readiness, Safety Improvements, Congestion Relief, Public Satisfaction



Under Investment –
Stagnation, Congestion, Repairs Needed



Safety Message – 1 Minute

- Alaska's 2007 Strategic Highway Safety Plan
 - Absent *vigorous intervention*, in just 10 years Alaska will suffer:
 - 750 – 1,000 more fatalities
 - 5-6 x major injuries
 - \$5 Billion in societal costs
 - Status quo is unacceptable, yet
 - No one agency has jurisdiction or focus
 - No public uproar despite bad outcomes
 - July 2007 example
 - In ten years, your risk of a fatal accident in AK is greater than 1:1,000