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December 1, 2006

Mr. Craig Lyons
AMATs Coordinator
Municipality of Anchorage
POB 196650
Anchorage, AK 99519

Dear Mr. Lyons:

Please accept this letter in response to your request for comments on a proposed major amendment to the Anchorage Bowl 2025 Long Range Transportation Plan to include the Knik Arm Crossing (KAC) as a regionally significant project. The LRTP currently includes the KAC only as a project to be studied through development of an Environmental Impact Statement. In order to add KAC as an actual project, AMATs must evaluate financial feasibility, consistency with the Anchorage 2020 Comprehensive Plan, and consistency with the existing LRTP. This proposed amendment fails each of those tests.

Inconsistent with Anchorage 2020

Federal law requires that projects contained in the LRTP implement land use and planning policies developed and adopted by the Assembly and the people of Anchorage in the Anchorage 2020 Land Use Plan. See Subpart C CFR §450.316(a)(4) and .322(b)(9), implementing 23 USC §134(f) and 49 USC app. 1607(f). Thus, in order to be rightfully included as a project in the LRTP, the KAC must be consistent with the growth and development policies of the Comprehensive Plan. Not only is the KAC inconsistent with the 2020 plan; it actually undermines the policies of the Anchorage 2020 plan.

Some of us recall that when the Comprehensive Plan was being developed, over 1500 citizens came together in workshops around the city, where they spent literally thousands of hours studying issues, sharing ideas and talking about the future of our city. The result, the Anchorage 2020 Comprehensive Plan was adopted by the Assembly and is a document that expresses the citizens' desires for Anchorage's brightest and best future.

The Anchorage 2020 study process examined four different growth scenarios for our city over the next 15-20 years. One of those scenarios, entitled the "Slow Growth/Satellites" scenario, envisioned Anchorage "more as a regional workplace and marketplace for fast-

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growing residential communities in Chugiak-Eagle River and the Matanuska-Susitna Borough." (Comp Plan at page 45). This scenario of intentionally slowing growth in the Anchorage Bowl was "unpopular." (Comp Plan at page 46). Rather, the community voiced "a broad consensus" in favor of other scenarios that would encourage future growth in our city.

The two most popular scenarios called for more intensive development and redevelopment of existing neighborhoods. (Comp Plan at page 46). Because this vision was the clear favorite, Anchorage 2020 rejected the "Slow Growth/Satellites" scenario, and instead recommended a strategy of infill/redevelopment, higher residential densities, and development of town centers to meet increased population growth, commercial/industrial growth, and housing demand for this area.

KABATA's own economic analyses of the likely effect of the KAC predict that it will promote growth in the Point McKenzie area at the expense of potential growth in Anchorage (in other words, it would redistribute the growth but would not create any additional growth in the region) [See Appendix G of the KAC DEIS: *Memorandum on the Economic and Demographic Impacts of a Knik Arm Bridge*, by Dr. Scott Goldsmith of ISER at pages 17 and 18]. Dr. Goldsmith's report shows that by opening up undeveloped land, the proposed KAC project induces redistribution of housing and jobs away from Anchorage and creates disincentives to new economic investment in Anchorage. It seriously dilutes Anchorage's economic base and hinders economic incentives for infill, rehabilitation, and redevelopment to meet future housing needs, reshaping major employment centers, mixed-use redevelopment areas and revitalizing older areas. The proposed KAC exacerbates and reinforces auto dependence and increases per capita vehicle miles of travel rather than promoting other transportation options. In other words, the KAC promotes a growth scenario that is the antithesis of the Anchorage 2020 plan. The scenario promoted by the KAC was specifically rejected by the people of Anchorage in their Comprehensive Plan. As such, it simply cannot be included in the LRTP.

KABATA's materials in support of this proposal on page 5 contain a misleading statement about Assembly Resolution 2005-268. The record shows that the resolution was adopted as an addendum to a consent agenda, with no public comment, no public hearing, and no without benefit of review by a single municipal official—not the Mayor, not the Planning Department, not the Traffic Department—no one. Furthermore, the Resolution is explicitly conditioned on "resolution of the required economic and environmental issues", and those issues have not been resolved. In short, this resolution adds nothing to the analysis of whether the KAC is consistent with the Comprehensive Plan.

Incompatible with Current LRTP

Federal law requires that regionally significant projects be consistent with the long-range transportation plan. 23 USC §134(h)(3)(C). Soon after Anchorage 2020 was adopted, the city spent almost \$2 million to create the current Long- Range Transportation Plan. The foundation for that plan is based on predictions of the future land use, population density, and traffic patterns that will be created by the preferred growth scenario in the Anchorage 2020 Comprehensive Plan. Proposals for projects to be included in the LRTP were ranked and scored using 10-12 criteria developed by the AMATS Policy Committee, to ensure that each project responded to likely future transportation needs. Additionally, computer-generated traffic models were used.

The KAC would spur a different growth pattern than the one anticipated by the current LRTP. Among other things, the KAC would redistribute housing and jobs away from Anchorage, thus hampering the LRTP's emphasis on more compact, pedestrian friendly development, and causing people to rely more on cars. The KAC growth pattern thus would cause land use, population, and traffic to behave differently than we have been planning for in our current LRTP. As a specific example, the traffic using the KAC (estimated to include as many as 4,000 additional commuters) would be forced onto the AC couplet and through downtown, where it would be seriously hinder if not completely destroy the city's efforts to create a high-quality pedestrian environment in downtown. [Municipality of Anchorage Comments re: KAC DEIS dated November 17, 2006 at pages 2-3, available online at <http://www.knikbridgefacts.org/>] This is just one out of many possible examples of how the KAC is inconsistent with the current goals and priorities of the LRTP, and shows why the proposed amendment cannot legally be accepted.

In the unfortunate event that the amendment were accepted, significant expenses likely would be necessary to rework the existing plan. The MOA would need to re-examine, remodel, and perhaps completely revise its current LRTP projects and timelines. We agree with the Municipality of Anchorage that KAC project merits should be considered and prioritized for investment just as other STIP and regional TIP projects are evaluated. If KAC were evaluated for consistency with 2020, consistency with the current LRTP, and were ranked according to the normal criteria, it would qualify for inclusion in the LRTP. The simple fact that KABATA wishes to build this project is not a legal reason to include it in the LRTP.

Federal law further requires that the metropolitan transportation planning process "shall provide for consideration of projects and strategies that will support the economic vitality of the metropolitan area." 23 USC §(f)(1)(A). As shown by KABATA's own economic predictions and by the MOA's own analysis, the KAC will have the effect of redistributing wage and salary employment population away from Anchorage and into the Mat-Su, **without creating any net regional gain in economic activity.** [See Appendix G of the KAC DEIS: *Memorandum on the Economic and Demographic Impacts of a Knik Arm*

Bridge, by Dr. Scott Goldsmith of ISER at pages 17 and 18, and Municipality of Anchorage Comments re: KAC DEIS dated November 17, 2006 at pages 2-3, available online at <http://www.knikbridgefacts.org/>. Thus, the KAC is a project that would undermine the economic vitality of Anchorage. What possible justification could there be for including it in the LRTP?

Financially Not Feasible/Funds Not Realistically Available

Before adding projects to the LRTP, the MOA must have a good idea of how much they will cost and what funding will be used during the planning horizon. See 23 USC § 134(g)(2)(B); Subpart C CFR §450.322(b)(11). We agree with the Municipality of Anchorage's that KABATA's financial plan is "a recipe for financial failure, not a reliable transportation asset." [MOA Comments re: KAC DEIS dated November 17, 2006 at page 5, available online at <http://www.knikbridgefacts.org/>]. Clearly, this kind of financial speculation cannot be used to satisfy the federal requirement of a true financial plan.

In its Knik Arm Crossing Project Financial Plan dated March 2006, KABATA advances essentially three assertions about the financial plan. Careful scrutiny shows each of these assertions to be misleading or too speculative to rely on.

Toll Revenues and Toll-Revenue-Backed Financing. KABATA asserts that tolls will pay for debt service, operation and maintenance expenses. First, KABATA's traffic and toll revenue estimates are simply not realistic. The estimates are based on a travel demand model that lacks the ability to forecast inter-regional traffic flows. Among other problems, the model projects a single regional population and jobs growth allocation with no sensitivity or risk analysis to assess implications of forecasting uncertainty or other unknowns. Indeed, the Municipality's own evaluation, which must be given deference in this process, concludes that the entire project financial feasibility hinges on uncertain development projections, faulty travel forecasting, and transportation connections that cannot be funded. [MOA Comments re: KAC DEIS dated November 17, 2006 at page 5, available online at <http://www.knikbridgefacts.org/>].

Second, the idea of toll-revenue-backed financing is equally speculative. Please note that the Wilbur Smith study used financial data and assumptions supplied by KABATA, and was input into KABATA's own "financial model." Although Wilbur Smith is a respected company, its conclusions are only as good as the data and assumptions it is given.

Liability for Repayment of Bonds and Loans. KABATA asserts that toll-revenue-backed financing arrangements would be on "a non-recourse basis to the State of Alaska, the Municipality of Anchorage and the Mat-Su Borough."

This assertion must be critically examined. Even if KABATA could convince the capital markets to lend so much money, the terms of that lending cannot be predicted. This is a uniquely risky financial venture, never before attempted in Alaska, and KABATA has not shown any facts supporting its promise to obtain private financing. Even if it could obtain the financing, it seems highly unlikely that sophisticated capital market players would lend without any guarantee except the specter of toll revenues. How could KABATA possibly convince the markets to lend without any recourse to the state of Alaska, the MOA or AMATS? This is a critical issue for AMATS, because it has no ability to control the terms of financing arrangements entered into by KABATA.

Agreement with DOT to Fund Improvements. KABATA asserts that it will pay DOT for future connection and capacity improvements. Again, the “plan” is to borrow money based on tolls. This idea suffers from the same infirmity as the idea to fund Phase I with tolls and revenue bonds. The problem here is that once Phase I has been completed, Phase II improvements will become necessary whether KABATA can afford it or not. If KABATA cannot afford it, the State of Alaska and MOA will have to fund the projects, and that will be true no matter what promises were made in the September 2006 agreement.

As the Municipality of Anchorage stated in its comment on the KAC draft environmental impact statement: “[T]he proposed KAC project directly competes for Alaska transportation funds with other high priority Municipality projects. The bridge project is clearly diverting federal and state funding from other high priority transportation improvements. Federal and State monies devoted to bridge planning, environmental impact analyses, future engineering design, and construction costs preempt funds for these other projects.” Information currently available indicates that the KAC is not a viable undertaking at this time. At the very least, we do not have a good enough idea about how much the bridge will cost or the realistic funding sources to include it in the LRTP.

Conclusion

The Corps of Engineers has commented on the Preliminary Draft EIS that “We believe the PDEIS contains insufficient information on alternatives with respect to both the NEPA and the Guidelines.” And “We do not believe slight variations in location and design of similar structures encompass a reasonable range of alternatives.” Since the Corps of Engineers must issue a permit for the Knik Arm Crossing, it is quite telling that their comments conclude that “the PDEIS contains insufficient information for us to determine Guidelines compliance and is inadequate with respect to our permit action.” We believe, as does the Corps of Engineers, that KABATA has not sufficiently studied all reasonable and feasible alternatives, and that those missing alternatives would need to be included in another future amendment to the LRTP. It is far too premature in the

NEPA review process for the AMATS board to amend the LRTP because the cost, routes, design, and most importantly feasibility, of the KAC are not yet resolved.

Inclusion of the Knik Arm Crossing in the LRTP is completely at odds with Anchorage's Comprehensive Plan. The many unknowns about the bridge put the rest of the LRTP at risk of irrelevance. For those reasons, we strongly object to including the Knik Arm Crossing as a project in the LRTP.

Thank you for the opportunity to comment.
Sincerely,

Stephanie Kesler, President
Government Hill Community Council

John Weddleton, President
Anchorage Citizens' Coalition