

Governor Dunleavy Seeking to Revive Unaffordable Knik Arm Bridge While Cutting Programs, Administration Spends Up to \$200,000 on Cancelled Bridge

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July 16, 2019 (Anchorage, AK) – The attached documents being released today, were obtained through a Public Records Act Request from the Alaska Department of Transportation and Public Facilities (AK DOT). The documents show that former Knik Arm Bridge and Toll Authority (KABATA) Chief Financial Officer Kevin Hemenway received a 3.5 month, \$125 per hour, \$100,000 “single source” contract to revive the Knik Arm Bridge ending July 31, 2019. Former AK DOT manager Jeff Ottesen had his \$150 per hour, not to exceed \$100,000 contract modified to also oversee Hemenway's work.

The Knik Arm Bridge has been turned down for an approximately \$350 million federal loan seven times. KABATA's numerous revisions of population, traffic, and toll projections have been found "unreasonably optimistic" by a 2013 legislative audit and were deemed not credible by federal loan officials. Over \$100 million has been spent to date on salaries and consultants since 2003. In June 2016, Governor Bill Walker recognized that the Knik Arm Bridge was unaffordable and completely shut down the project.

Under any foreseeable future budget scenario, the state will lack the full funding necessary for a \$9 Federal, to \$1 State matching funds. Thus any dollar wasted on further study of the Bridge means that \$9 cannot be spent on projects that could fix existing, real transportation problems.

The Knik Arm Bridge will not be eligible for Federal Funding, unless it is included in both the Anchorage Metropolitan Area Transportation Solutions (AMATS) Transportation Improvement Plan (TIP), and DOT/PF's Statewide Transportation Improvement Plan (STIP). Refer to the following link for more information: <http://dot.alaska.gov/stwdplng/cip/stip/stipplans/1821/1821stipintro.pdf>

Statements by Scott Goldsmith, Economics Professor Emeritus, Economics, Institute of Social and Economics Research (ISER); Anchorage Assemblyman John Weddleton; and Stephanie Kesler and Bob French former Presidents of the Government Hill Community Council, are below:

Scott Goldsmith: "It is the height of folly for an administration dedicated to fiscal conservatism to resurrect a project, the Knik Arm Bridge, that could saddle our children with debt estimated at \$2 billion, for little benefit."

John Weddleton: "As an Assembly member on AMATS' Policy Committee, I joined the unanimous vote to put the Knik Arm Bridge to bed by not including it in Anchorage's short-term transportation plan or the long range plan under development. The high cost of the bridge wreaked havoc on the financing of all our other projects. I am shocked to learn the Dunleavy

administration has spent as much as \$200,000 studying this unaffordable project at the same time that the governor is vetoing necessary spending."

Stephanie Kesler: "Governor Dunleavy talks about spending within our means. How does spending a penny more than the \$100-plus million already wasted on this doomed project make any sense? Spending on the bridge continues to block needed infrastructure improvements."

Bob French: "Even in 2005, during "Boom" times in Alaska, KABATA created population forecasts that were 60 percent higher than the State Demographer to try to convince Alaskans that this was a "free bridge" that would be paid for by tolls. With Alaska's population now falling, it will be many decades before we need, or can afford a \$2 billion dollar "Bridge to Nowhere."