

June 25, 2013

Mr. David Miller  
Division Administrator  
Alaska Division Federal Highway Administration  
P.O. Box 21648  
709 West 9th Street, Room 851  
Juneau, AK 99802-1648

Dear Mr. Miller:

This message is to ask FHWA to examine its consistency between its 4/8/11 letter on AMATS transportation planning certification review and its implicit approval of federal funds for KABATA's attached RFP to re-examine socio-economic and demographic data.

The 2011 certification letter and report was clear that AMATS as a Metropolitan Planning Organization (MPO) needed to improve "in regards to the project scope, timing, and finance" the "federally required '3C' planning – continuous, comprehensive, cooperative – process in regard to the Knik Arm Crossing (KAC) project."

The attached KABATA RFP asks KABATA's contractor to develop demographic data for population, household, and employment numbers at the Traffic Analysis Zone (TAZ) data for 2015-2060 (p. 14) while the contractor is not being tasked to:

- Coordinate in any way with AMATS including comparing TAZ data in the recently approved 2035 Metropolitan Transportation Plan (MTP) or the work the Mat Su Borough (MSB) and HDR are doing on the ongoing Wasilla bypass study. The KABATA contractor is to consult with the Municipality of Anchorage and the Mat Su Borough (MSB) to "update baseline 2012 data" for others, but is not required to go beyond that initial consultation.
- Produce TAZ data that is consistent with existing land use plans. A major finding of the state's recent Legislative Budget and Audit report was the lack of consistency between the Mat Su Borough's existing land use plans and the projections by KABATA's consultants for more intense land use that would produce higher population, employment, and KAC traffic in two critical areas:

1) Point MacKenzie area where the adopted Borough plan for the area is primarily industrial and light manufacturing, while KABATA's consultant projected 1.7 million square feet of retail and commercial office space in the area by 2035.

2) The significant amount of agricultural land west of Knik Goose Bay Road. There is a significant difference between the higher population projected by KABATA's previous consultant Wilbur Smith in the western KGB area than the numbers used by AMATS. Unless the Alaska Legislature makes a change to the deed and state restrictions on the agricultural land and facilitates the extension of water and sewer service along KGB Road, it is

highly unlikely that the higher population numbers can be achieved. Without a requirement that the contractor's projected TAZ data needs to be consistent with adopted local land use plans, including agricultural restrictions and water/sewer extension plans, the contractor's projections are likely to continue the separate planning and different assumptions used by KABATA for the KAC project from the system-wide land use assumptions used to create the existing AMATS and MSB plans.

The KABATA scope of services asks the contractor to provide "*an independent updated forecast for the larger Anchorage MSA and its subdivisions- the Municipality of Anchorage and the Mat-Su Borough*" and so, in effect to update and potentially revise the prevailing State, Region, and MPO system-wide demographic projections used by AMATS and the MSB. While your 2011 letter asks AMATS to actually function as the MPO and take a stronger role on the KAC project, the process financed at least partially by federal funds by this RFP, sanctions a solo socio-economic forecast planning process completely divorced from AMATS, the state, the Muni and the MSB. This separate socio-economic forecasting project scoped by KABATA is incredulous in light of the 10 year history of failed collaboration, cooperation and continuity required by US DOT Metropolitan Planning Organization CFRs and the 2013 rebuke from the Alaska legislature and independent agency audit of KABATA's project.

How is it that FHWA is permitting MPO planning activities and processes not in conformance with MPO CFRs; without the contractor being required to consult, collaborate and obtain public review and vetting of the results by the public, the designated MPO and other interested parties which are responsible for land use decisions?

For FHWA to permit this use of federally sourced funds to pay for the scope of services in the attached RFP is sanctioning the use of federal transportation monies for two isolated planning activities with what I believe will result in the continuing (and entirely predictable) "train wreck" of contrasting demographic forecasts before the end of this year. This disconnected process means that the ability of the region - including AMATS, the Municipality of Anchorage, the Mat Su Borough the State of Alaska, and KABATA -- to plan around a common set of standardized inputs, assumptions and projected activity allocation data, will be blocked for yet another year.

If after examining the KABATA RFP the FHWA still believes that such a separate exercise represents a wise and warranted use of federal planning monies then, at a minimum, I think the scope of services needs to be modified to:

- Require the contractor to adequately document existing land use plans, deed restrictions, likely infrastructure projects and their possible timing, and existing zoning where applicable; and make projections that are in

- accordance with those projections, fully noting and documenting the justifying reasons for departures from those restrictions.
- In making TAZ projections, the ISER demographic data report done in preparation for the AMATS MTP noted critical economic assumptions, i.e. when a Pebble mine might be on line or a natural gas pipeline might be built, whether a recession would occur before 2030, etc. In projecting future job and population numbers, the KABATA contractor needs to be similarly explicit about economic assumptions and other exogenous events (regional, state, national and international) that lie behind the TAZ forecast so their work can be better understood and reviewed.
  - Require the contractor to work with AMATS, the Municipality of Anchorage, the Mat Su Borough, and the state DOTPF. Also require that project documents, methodology and results be posted regularly in a timely schedule for public review and comment. The contractor TAZ forecast is still the responsibility of the contractor but assumptions different from existing plans should be documented by the contractor both as a matter of standard professional practice, as well as to avoid repeating the unrealistic amplification of demographic data used to produce overly optimistic traffic projections which was found by the LB&A audit of the Wilbur Smith and Associates and Insight Research Corporation work done for KABATA.

Your 2011 letter reminded AMATS that *“In order to make a complete determination that the updated LRTP is financially constrained, AMATS must determine that the sources and levels of funds for all projects are reasonable. Due to the size of the KAC project relative to a typical AMATS project, it is particularly important that the best available cost and revenue estimates by source from the KAC project be included in the next plan revision.”*

Without revisions to the attached RFP Scope of Work, you are guaranteeing continued disputes about demographic data which will yield significantly different Bridge revenue forecasts that will only add to the legislative and public confusion and lack of confidence about these conflicting planning data and financial projections. In the present financial climate, the AMATS MTP financial plan is entirely invalid if the State of Alaska guarantees the KABATA bonds, with a possible outlay of billions from the State to the P3 consortium. As demonstrated by the 2013 AK LB&A audit findings and decisions of the Legislature, the existing KABATA Financial Plan documented in the EIS is also invalid. The KABATA KAC cannot be built and financed without a Bond Guarantee by the State and very sizeable outlays that clearly affect AMATS projects and the fiscal constraint of the entire MTP-2035. The proposed P3 structure is also demonstrably more costly than funding as a conventional capital project.

It might make more sense for FHWA and DOTPF to take a stronger role in helping the region conform to FHWA’s MPO regulations. That could require the KABATA Scope of Work to be modified for active involvement of AMATS to fulfill its role and responsibility as MPO and that coordination with other agencies-at-interest and public transparency be demanded. KABATA and its contractors must work with

AMATS, the Municipality of Anchorage and Mat Su Borough to sort out the socio-economic and travel forecast data this year, rather than to undertake separate planning projections which again results in passing uncoordinated and unresolved data and financial projections to the next legislature to sort out.

Thank you for your continued attention to the guiding regulations for good transportation planning and appropriate use of federal funds.

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