



Alaska Long Range Transportation Plan Freight Advisory Committee Meeting #1

March 6, 2014
10:00 AM–12:00 PM

HDR Alaska
2525 C Street
Fourth Floor Conference Room
Anchorage

Staff Attendees:

Michael Crabb (DOT&PF)
Eric Taylor (DOT&PF)
Mike Lukshin (DOT&PF)

Alan Meyers (Parsons Brinckerhoff)
David Rose (Parsons Brinckerhoff)
Keyur Shah (Parsons Brinckerhoff)

Tom Brigham (HDR)
Jessica Conquest (HDR)
Julie Jessen (HDR)

FAC Attendees:

Richard Wilson, Port of Anchorage
Aves Thompson, ATA
Judy Chapman, DOT&PF
Brian Lindamood, ARRCs
Andy Hughes, DOT&PF
Teresa Brewer, AMATS
Ryan Ruble, FedEx
Jennifer Witt, DOT&PF
Bruce Harland, Crowley
Clarence Daniel, AVCP
Mike Catsi, AIDEA
Loran Baxter, USACE

FAC Attendees on the Phone:

Lt. Colonel Crowley, DOD

Meeting Overview

The reason for the first Freight Advisor Committee (FAC) meeting was to introduce the purpose and role of the Alaska Long Range Transportation Plan (LRTP) and to identify current and emerging performance concerns that the long range plan should address specific to freight transportation. Eric Taylor, DOT&PF Project Manager, explained the policy framework and Federal requirement for a statewide long range transportation plan. A presentation was given by David Rose (Parsons Brinckerhoff), to introduce the purpose of the plan, provide an overview of the planning process, and to describe the role of the FAC. Alan Meyers (Parsons Brinckerhoff) provided a brief presentation on the freight element approach for addressing goods movement in the long-range plan. The central component of the meeting was discussion. The meeting's discussion and activities were facilitated by Julie Jessen (HDR Alaska), and focused on five main themes:

- what the FAC members currently value,
- current conditions, current problems,
- what does not need to be changed,
- what FAC members foresee in the future for Alaska's transportation system, and
- potential solutions.

Following the group discussion, David provided another short presentation of historical revenues, the state general fund forecast, and the highway trust fund forecast. The meeting adjourned at approximately 12:30 PM.

Note: Questions and comments from the FAC and the planning team in this summary are a synopsis of the meeting's dialogue. When appropriate, planning team responses have been supplemented to supply complete responses.

Meeting Materials

- Handouts
 - Agenda
 - 11x17 Diagram of Public Participation Schedule
- PowerPoint presentation

Meeting Summary

Introductions

Julie Jessen, HDR Alaska, Project Facilitator opened the meeting by welcoming everyone and thanking them for taking part in this important process. Julie explained that this discussion is important because it will shape the State's multi-modal transportation plan. The project team wants to make the plan a living document. Julie explained that input from FAC members, because of their thorough understanding of the challenges that face Alaskan freight carriers and communities, will be valuable to the project team.

Julie (HDR Alaska) started introductions by asking that each person state their name, the organization they are representing, and what they hope to achieve as a result of attending the meeting.

This information is provided below:

Richard Wilson (Port of Anchorage) mentioned that his main objective is to create more balance among modes. He said that currently the maritime side of our state receives less attention than its importance to the state deserves.

Aves Thompson (Alaska Trucking Association) noted that Alaska is the most intermodal state in the country and that within Alaska many communities are served exclusively by truck for freight.

Judy Chapman (DOT&PF) said she would like to discuss the future of air freight and those infrastructure needs.

Brian Lindamood (ARRC) noted that two-thirds of the population lives along rail belt.

Andy Hughes (DOT&PF) stated the reason he attended the meeting was to assist and make recommendations for what Southeast Alaska needs in the way of transportation facilities and infrastructure. He provided the examples of South Tongass Avenue in Ketchikan being an issue for some of the freight carriers and congestion in Juneau and Ketchikan.

Teresa Brewer (MOA) expressed concerns regarding urban congestion.

Ryan Ruble (FedEx) stated that his primary interest is freight in Alaska.

Jennifer Witt (DOT&PF) said her reason for attending the meeting was to discuss intermodal connections and missing links.

Bruce Holland (Crowley) said that the State needs to develop infrastructure to support its economy.

Clarence Daniel (AVCP) wished to represent towns only accessible by air.

Mike Catsi (AIDEA) wanted to discuss funding for infrastructure and public-private partnerships.

Loran Baxter (USACE) mentioned that his biggest focus would be on deep draft ports.

Lt. Colonel Crowley (DOD) stated that the DOD is placed in Alaska, particularly in Anchorage and in the interior, because it is the gateway to the west. He requested that the transportation network look at improvements that will support the DOD's needs.

To start the meeting, Eric Taylor, Project Manager from DOT&PF, introduced the policy framework supporting the plan and the role of Map-21 in the project's development. Julie (HDR Alaska) then introduced David Rose, Parsons Brinckerhoff, LRTP Consulting Team Project Manager, who then made a brief PowerPoint presentation.

Meeting Presentation

David Rose (Parsons Brinckerhoff) provided two short presentations during the course of the meeting. The first presentation, given prior to discussion, stated the purpose of the plan, provided an overview of

the planning process, and described the role of the FAC; and the second, following the group discussion, covered historical and projected funding availability for transportation improvement projects.

During the first presentation, David noted how critical freight is to the economic future of the State. He explained that the freight portion of the LRTP will undergo the same planning process as was outlined for the overall LRTP, but that it will specifically focus on freight. David then introduced Alan Meyers (Parsons Brinckerhoff) to explain why the project team is including a freight element as part of the plan.

Alan (Parsons Brinckerhoff) explained the rationale for the freight plan element is to enhance the LRTP by: showing the economic effects of transportation, integrating performance across modes and geographies, and promoting participation of private stakeholders. Alan explained that the freight plan element will be used as a key resource for Metropolitan Planning Organizations (MPOs) and regional planning groups for: data, forecasts, condition and performance, policy, projects, and funding. Alan then described what a State freight plan **must** address:

- Support for national freight goals
- Policies and strategies
- Trends, needs, and issues
- Bottlenecks and improvements
- Performance measures

And what it **should** address:

- Economic context
- Assets, condition, and performance
- Freight forecasts
- Strengths, Weaknesses, Opportunities, Threats (SWOT)
- Investment Process and Implementation

Jennifer Witt (DOT&PF) stated that it is not for the State to impose a plan on an MPO. She also noted that she and Brian Lindamood (ARRC) sit on a technical committee for Anchorage Metropolitan Transportation Solutions (AMATS), the Anchorage MPO, which is also addressing freight.

Richard Wilson (Port of Anchorage) asked how duplicate efforts will be avoided. Alan (Parsons Brinckerhoff) responded that the planning team has talked with AMATS and that a lot of the process is in parallel; therefore, the two entities can share data. AMATS will share smaller-scale data with the LRTP planning team and, conversely, the LRTP planning team will share broader-scale information to AMATS. Teresa Brewer (MOA) confirmed this by saying that AMATS will be examining transportation at a micro-level, while the LRTP will be look at the statewide level.

Aves Thompson (ATA) noted that good planning starts with good data on freight movements. He said that, to his knowledge, there is very little data. He admitted that ATA has limited resources and that much of the information that they have is anecdotal. He suggested that the planning team procure freight data from DOT because they are the best informed about freight movement in the State. Aves also stated that this document will help with ATA planning.

Alan (Parsons Brinckerhoff) replied that the team has truck data and that they are just starting to analyze it. He noted that the team is looking for two things: higher than usual truck volumes and higher than usual truck percentages.

Aves (ATA) agreed that information would be important to know, but that if the team looks at Alaska they will notice there are only two ways to get to Fairbanks. Aves said that ATA knows where it wants to go, but that he wants to know how many are making the trip. He noted that it would be valuable to identify mechanisms for tracking the freight for the next planning process so that there will be a much better estimate in the future.

Julie (HDR Alaska) noted that although right now the focus is on receiving technical and expert-level input, the planning team will also be soliciting input from the general public. She stated that meetings are planned in Fairbanks, the Mat-Su Valley, Anchorage, and with AMATS and Fairbanks Metropolitan Transportation System (FMATS). Julie requested that if anyone knew of any advisory boards or organizations that might have an interest in this plan, to please let the planning team know. She noted that later in the planning process online meetings will be held to facilitate more public participation. In addition, the website is being updated so that it will allow visitors to sign up for the project's mailing list.

FAC Discussion

Note: Questions and comments from the FAC and the planning team in this summary are a synopsis of the meeting's dialogue. When appropriate, planning team responses have been supplemented to supply complete responses.

Julie Jessen (HDR Alaska) started the FAC discussion by outlining what topics would be discussed. This included:

- What FAC members currently value
- Current conditions
- Problems
- What's working
- The future of Alaska's transportation systems
- Potential solutions

What FAC Members Value in a LRTP

Julie (HDR Alaska) asked FAC members to close their eyes and image the year 2020; they have been asked to develop a long range transportation plan for their respective organizations or businesses. She inquired what about the LRTP plan would provide value to their process.

Richard Wilson (Port of Anchorage) suggested that it would identify drivers and volumes. Bruce Holland (Crowley) asked how this LRTP would deal with a major project. He noted that anything that is planned in the LRTP might become worthless if some of the big plans being considered come to pass. Brian Lindamood (ARRC) stated that from ARRC's perspective, if ARRC identifies capacity constraints it is their responsibility to solve it on their own unless it identified as an issue collaboratively with other modes. Richard noted that business moves at a high speed. The plan needs to consider changes in major industries and how they affect transportation needs. He noted that the LRTP document needs to be dynamic. Brian added that ARRC's business changes on 6-week and 6-month intervals. He noted that if it takes 12 years to develop a project, conditions might be different than when they were assessed at the beginning of the project. It was agreed that a freight plan is only as good as its shelf life. Teresa Brewer (MOA) said she places value in system resiliency, giving the example of knowing what the socioeconomic, land use, and employment trends are in order to determine where to locate distribution centers. Jennifer Witt (DOT&PF) added that a good plan would also direct people to the appropriate resources to ascertain how close DOT&PF really is to implementing each part of the plan.

Mike Catsi (AIDEA) added that the LRTP process needs to be participatory. He said we need to understand the potential infrastructure needs of resource development companies, even if the projects have not gotten off the ground yet. Loran Baxter (USACE) added that all projects are driven by national economic trends; therefore, having an idea where the bottlenecks are can aid in the planning process. Aves (ATA) noted that tracking and monitoring freight can provide the baseline data necessary to look at spikes in need associated with potential major development projects in Alaska's resource industries. From this information, planning can be done to manage the timeframe for projects to be implemented so that all of them can be adequately served. Mike added that as part of the planning process the timeframe for when these projects will be implemented should be identified.

Brian (ARRC) stated that an LRTP should also consider lifecycle costs. He noted that it is one thing to build something, and another to maintain it. Mike (AIDEA) stated that AIDEA considers the P3 model (private-public-partnership) critical in terms of financing lifecycle costs.

Aves (ATA) added that the main objective in his industry is to deliver freight safely. He needs to know from an LRTP if the roads will accommodate shipment of freight, if delivery of a commodity can be done efficiently, and if a road improvement will reduce current bottlenecks.

Mike (AIDEA) added that transportation corridors are multi-modal transportation infrastructure. In terms of moving commodities, all modes should be considered, including pipelines and transmission lines. He suggested that the LRTP look at what can be added to corridors to increase efficiency. Aves provided the example of all modes of transportation and utilities sharing the same corridor in Texas. Brian (ARRC) added that the biggest problems for transportation are associated with corridors.

Clarence Daniel (AVCP) asked that the LRTP also be economical. He noted that everything in rural Alaska costs more. Brian (ARRC) agreed saying that cost is central when it comes to freight and that everything considered in the LRTP will be part of a cost equation where it is determined if reliability and speed of transit will support the proposed improvements. Mike (AIDEA) suggested that the plan look into potential freight hubs. He said potential hubs may be identified around the State that would result in less handling.

Lt. Colonel Crowley (DOD) suggested that there are some instances going forward where public partnerships with private industries will have to take place, even if the public sector can only contribute little or no funding. Crowley noted that such a partnership allows for the public sector to multiply what little it has to invest. He stated that we need the enterprise to get it to where it needs to go.

Richard (Port of Anchorage) provided the example of the JBER road that connects the base to the Port of Anchorage. He explained that the road reduces congestion on civilian streets, but came about initially as a freight project to supply JBER with necessary materials.

Bruce (Crowley) stated that businesses already conduct such public-private partnerships because the private sector doesn't have the ability to leverage infrastructure resources. However, projects are often looked at individually, rather than with there being the potential for them all being connected as part of a broader transportation network.

Clarence (AVCP) noted that the value of an LRTP to the public is knowing that their voices are heard and that they were part of the public process. He suggested that the plan should include

documentation that the public's input was heard. This should go beyond just those who reside in Anchorage.

Andy (DOT&PF) noted that inventory management of the big box stores is dependent on transportation for both level of service and frequency of service. Most of the freight transported to SE Alaska comes out of Seattle via barge. However, freight carriers do make use of AMHS sailings out of both Bellingham and Prince Rupert. Freight carriers would prefer to see more ferries scheduled out of Prince Rupert because ferries operating out of Prince Rupert can provide two departures per week versus one departure out of Bellingham per week. Ferries using Prince Rupert provide freight carriers greater ability to service the just in time inventory systems used by the big box stores in Juneau and Ketchikan. Stores also use air freight for inventory management and the movement of perishables. Use of the ferry and air systems is at a higher cost, but is offset by inventory cost management.

L RTP characteristics that were considered to have value were:

- A dynamic document that works in step with business

L RTP components that were considered to have value were:

- Systems that track and monitor freight movement
- Identification of business drivers and volume of freight
- Identification of bottlenecks and land capacity constraints between modes
- Identification of long-term projects and the level of commitment for capital improvement projects
- Direction to available resources and the latest funding plans
- Identification of what big projects need infrastructure
- Identification of the trends and forecasts
- Baseline data
- Potential timeframes
- Lifecycle costs
- Identification of funding modes (alternative modes, financing and procurement)
- Conditions to operate safely, effectively, efficiently, and cost-effectively
- Examination of multiple use corridors and what can be done to add efficiency
- Identification of potential freight hubs/lots
- Identification of potential partnerships
- Discussion of other potential assumptions (project economics/ leverage)
- Assessment of system resiliency
- Documentation that voices were heard during the planning process
- Assessment of frequency of service, focus of service and cost to users

Current Conditions

Julie (HDR Alaska) then redirected the discussion to have FAC members identify what the current conditions are for freight in the State. General themes that were discussed were what the current problems are and what is working well for the transportation of freight within the State.

Problems

Mike (AIDEA) noted that one of the current problems is that there is limited funding for construction. Aves (ATA) added the cost of commodities as also being a problem. Brian (ARRC) built upon the

suggestion of cost by saying that this includes first cost, lifecycle cost, and operating budget. He noted that it is easy to get something built, but that it is more challenging to procure the funding to maintain it over time. He suggested there be a paradigm where transportation is looked at globally. Brian said that the majority of transportation funding comes out of the general fund, so we have to prioritize based on need. Crowley (DOD) added that the DOD will only fund or cost-share what it perceives as a top priority project. He added that the DOD will only proceed with a project if it is going to be able to be completed.

Jennifer (DOT&PF) added that the permitting process takes too long.

Brian (ARRC) suggested that contingency situations might need to be mapped out for connecting corridors and their freight components in order to adequately plan. Richard (Port of Anchorage) added that future big projects need to consider the ramifications of costs to the state as well as costs to consumers. Brian noted that on the freight (private) side of transportation if fuel costs \$8 a gallon in Galena, but if you provide a road to Galena it is a public benefit. State and freight are looking at the improved access from two different viewpoints.

Loran Baxter (USACE) noted that the group had discussed big projects and their drivers, but that in the Corps they look at things from the viewpoint that if you are going to invest in infrastructure you can get transportation near mines and make them economically viable, where they might not have been otherwise. He added that the State would benefit from looking at transportation projects in this manner. Loran provided the example of how Corps projects along the Mississippi provided the framework for transportation opportunities throughout the center of the country. He suggested the planning team look at how this could be done in Alaska – using limited funds to spur development.

Crowley (DOD) added that the DOD looks down to the local level and the entire freight transportation system is still interlinked. Crowley added that Alaska is a spider web of single forms of failure because the economics don't support redundancy. He added that the DOD is facing budgetary constraints and will only fund or cost share what is perceived as a majority DOD requirement. The challenge is upgrading and sustaining DOD-owned and controlled freight nodes. Only if it is helpful in the intermodal civil sector can it be sustained and supported. The challenge, he said, is forecasting long-term changes to freight needs for DOD. These include preferred routing and nodes, volume of freight, and modes of the use and the relative breakout.

A summary of the identified current problems associated with freight transportation within the State is provided in the bulleted list below:

- Lack of infrastructure (limited access)
- Coordination across agencies for disaster response
- Disaster preparedness/response
- Need to fix and maintain existing facilities
- Lack redundancy in transportation system
- Limited access
- Limited contingency planning in place (Ex: volcano, earthquake)
- Lack access to resources to develop viable economy
- Needs identified in freight plan should have a coordinated response
- Facilitation of development by building the needed infrastructure

- Alaska has no true interstate highways
- Need projects to open market
- Both costs and public benefit perspectives need to be considered
- Lack of commercial competition, especially in rural areas
- Bottlenecks, capacity, time cost (ex. Whittier)
- Lack diversity in Alaska economy
- Account for future big projects
- Accuracy of crystal ball (economic scenarios)
- Permitting process takes too long and as a result projects die
- New transportation corridors
- There are things that aren't under public control, such as where USPS chooses to place its hub
- Limited funding enhancements
- Limited funding of operations and management
- Limited funding for construction
- Cost of logistics
- Cost share based on sustained support
- Cost of freight
- Costs of commodities (oil, fuel, etc.)
- First cost, lifecycle cost, /long term funding
- Cost/Benefit return on investment issues influencing where we invest

What is Working

Mike (AIDEA) said that the system is currently working well, but that the whole point of planning is based on the assumption that things change. He emphasized that modal systems, especially airports and maritime are working well.

It was noted that the railroad is also working well because it provides redundancy to the Parks Highway.

Jennifer (DOT&PF) suggested that one of the advantages for freight transportation is the geographic location of Alaska. Crowley (DOD) added that the DOD is very happy with the efficiency that is currently provided and said "whatever you are doing, you are doing it right."

Richard (Port of Anchorage) stated that it all gets down to cost because Alaska is competing globally. Brian (ARRC) brought up the example of Kmart leaving because of the cost of logistics. He noted that the only way to overcome poor logistics is if people want to get it there, and that this is more of an issue for Alaska because there isn't the critical population base needed to overcome poor logistics.

Judy Chapman (DOT&PF) stated that congestion management is going well. She added that Alaska doesn't have the delay and congestion experience in other places in the Lower 48.

A summary of the identified current successful conditions associated with freight transportation within the State is provided in the bulleted list below:

- Airport infrastructure

- Railroad/road redundancy
- Maritime freight system
- Decent delivery to bush – but only possible due to bypass mail
- Geographic location in the world (ex. access to Asia, though don't take full advantage of it)
- Truckable modules (24' wide) 100+ tons
- Freight system creates economies of scale (ex. Anchorage Port)
- Reducing delay/congestion management
- Effectiveness and efficiency of movement
- Logistics system in spite of challenges
- Bypass mail is working well...for as long as it lasts
- Pretty good intermodal connections

Future Conditions

The conversation then moved on to discussing future conditions. Richard (Port of Anchorage) noted that one thing that is happening is that funding for Alaska is changing as the State is becoming more able to handle its own economy and logistics. He suggested that this may lead to more opportunities for intermodal hubs, such as Arctic hubs.

Loran (USACE) stated that much of the freight industry will depend on oil and gas development in the future. He noted that with the ice pack melting there is a lot more transportation happening through the Arctic. The Coast Guard is wondering about the ability to respond to increases in groundings of ships that are now more able to make the trip.

Clarence (AVCP) suggested that the current bypass subsidy be used to develop ways to fund road infrastructure or other overarching solutions rather than using it towards a one time use of an airplane.

Mike (AIDEA) added that additional ports that are being discussed and that Arctic ports in locations such as Dutch Harbor could potentially open up over the top and dropping off freight, which could make Western Alaska the Long Beach of the north.

It was noted that if the oil funding stream is not maintained and kept viable, that a primary revenue source for projects will be in jeopardy. This will likely be amplified given the reduction in throughput through the pipeline. It was noted that even a six percent a year loss is a serious loss. We can have all the infrastructure we want in the State, but if the oil revenue decreases the State will not be able to maintain its infrastructure. It was suggested that, as a state, we need to look into diversifying the economy.

Crowley (DOD) confirmed that Alaska will remain a strategic location for the DOD and that there will always be forces here. However, the DOD expects to need to access places it hasn't been before.

A summary of potential future considerations for freight transportation within the State is provided in the bulleted list below:

- ASRC region/North Slope ports/supply
- Mid- route consolidated container terminal

- Special purpose Arctic vessels
- Declining revenue condition for the State
- Alternative modes for oil transport
- Limited maintenance (based on economic viability)
- Hubbing in Alaska for Alaska (intermodal)
- More oil and gas developed
- More transportation through the Arctic
- More need for oil spill vessel response
- Take bypass mail subsidy to develop way to improve infrastructure multi-use
- A more diversified economy
- Alaska remains strategic location to DOD – need to go to new areas

SOLUTIONS

Although the FAC was a little short on time, it was decided to continue the meeting and begin the discussion of potential solutions. The following was proposed:

- Environmental and regulatory tort reform
- Negotiate access for Ambler road, access across conservation areas
- Increase dedicated transportation funding
- Create regional transportation authorities
- Work with federal government to allow for more of Alaska to be developed
- Increase outside or foreign investment (ex. Singapore)
- Look at different/ new modes of transportation such as dirigibles and drones
- Look into public-private partnerships as a means of paying for development
- Find solutions to national and international economic policies (ex. NAFTA) that would help sustain and promote growth in freight shipment activity in Alaska
- Figure out energy cost and availability and how to decrease cost for rural communities
- Build key connections for economic development
- Increase truck length
- Fix what's broken so that it is more reliable and stable and is resistant to disaster
- Fix bottlenecks

Presentation on Funding

David (Parsons Brinckerhoff) then provided a second short presentation about transportation funding. This included historical trends and the potential for future funding availability for transportation improvement projects.

Mike (AIDEA) inquired if the LRTP will note what other states are doing in regard to funding transportation. David (Parsons Brinckerhoff) said that if that is information that is needed for the discussion, they will cover it, but that they won't document all of it in the LRTP because this information

has been covered before. He added all the ways to fund transportation are known, but it comes down to a policy decision.

Loran (USACE) noted that every dollar spent on transportation should open up an opportunity for private sector or resource development.

In closing, Clarence (AVCP) requested a copy of the Power Point and that the planning staff consider making a presentation at the annual AVCP convention in Bethel in October.

Next Steps

Julie Jessen (HDR Alaska) asked that FAC members work with their organizations to provide solutions to be covered during the next meeting. The next meeting is scheduled for May 29th from 8:30AM to 11:30AM. The purpose of the next meeting will be to identify solutions and prioritize goals and will include an update from Alan Meyers (Parsons Brinckerhoff) regarding performance tracking, prioritization towards plan goals, and identification of strategies and actions.

Notes by: HDR Alaska