



June 28, 2017

Dear Governor Walker,

The State of Alaska needs a capital project budget that includes the full state match of federal highway dollars for State transportation and infrastructure projects.

We recognize that negotiating the capital budget is an exceptional challenge when there are not enough dollars available to provide for all of Alaska's needs. While there are many reasons that a capital budget is crucial to the state of our infrastructure and our economy, the Fairbanks Chamber would like to emphasize one of our core infrastructure positions - **the capital budget provides the State of Alaska with an unparalleled opportunity to bolster the economy with the least amount of investment from strained state coffers.** However, the legislature has occasionally NOT taken full advantage of this fund leveraging opportunity in the past, and is poised to once again make crucial decisions that will impact this availability again.

The State of Alaska at this time cannot afford to lose any substantial portion of this funding that is available outside of our state budget, and should do whatever it takes to find capital funding necessary to provide the required match amounts. For each \$1 of state investment "match", we receive \$9 or more federal dollars. Those federal funds pay DOT&PF contractor employees, subcontractors, all of the suppliers and other support businesses affected by the construction industry, in addition to DOT&PF employee wages. That is an incredible return on investment for these precious state funds.

Almost all Alaska Department of Transportation & Public Facilities (DOT&PF) projects are currently funded by federal highway or federal aviation dollars, which pay over 90% of project costs, while the State of Alaska provides the majority of the remaining ~10%. In 2017 this has represented nearly a \$1 Billion transportation program. These dollars pay DOT&PF personnel to plan, design and manage projects, and they provide the funds for contractors to construct our roads, marine facilities, and airports.

As of last week, the DOT&PF effectively "ran out" of matching funds to capture federal dollars and continue forging ahead on current projects. Until we have an adequate capital budget, this means:

- Projects in planning and design (including ROW work, environmental review, and material source definition) are on hold and can't move into the next phase
- DOT&PF project personnel will be diverted to projects that still have funding but were not necessarily the highest priority work (a loss of efficiency and focus)
- Projects ready for construction cannot be advertised and awarded
- Alaskans employed in the construction industry will be without work this summer

## EXECUTIVE PARTNERS

### DIAMOND

Alaska Airlines  
ExxonMobil  
Fairbanks Memorial Hospital  
Lockheed Martin  
Mt. McKinley Bank  
Ravn Alaska  
Vivlamore Companies

### PLATINUM

Alyeska Pipeline Service Co.  
ConocoPhillips  
Denali State Bank  
Doyon, Limited  
Fred Meyer Stores  
GCI  
Golden Heart Utilities  
Kinross Fort Knox Mine

### GOLD

Alaska Communications  
BP Exploration  
Carlson Center  
Design Alaska  
Doyon Utilities LLC  
First National Bank Alaska  
MAC Federal Credit Union  
Sumitomo Metal Mining Pogo LLC  
TOTE Maritime Alaska  
Usibelli Coal Mine  
WAL-MART Stores, Inc.  
Wells Fargo Bank Alaska  
Westmark Fairbanks Hotel &  
Fairbanks Princess Riverside Lodge

### SILVER

Alaska USA  
Alaska Railroad  
Caelus Energy Alaska  
Everts Air Cargo, Everts Air AK  
Exclusive Paving/University Redi-Mix  
Fairbanks Daily News-Miner  
Fairbanks Natural Gas  
Flowline Alaska  
Gene's Chrysler, Jeep & Dodge  
Golden Valley Electric Association  
Hale & Associates, Inc.  
Hilcorp Alaska, LLC  
JL Properties, Inc.  
Key Bank  
Lynden  
Northrim Bank  
Personnel Plus  
Sam's Club  
Seekins Ford Lincoln  
Sourdough Fuel  
Spirit of Alaska Federal Credit Union  
State Farm Insurance  
Tammy Randolph, Agent  
Ed Randolph, Agent  
Tanana Valley Clinic  
TDL Staffing  
Tower Hill Mines-Livengood Gold Project  
University of Alaska Fairbanks  
Verizon Wireless  
Yukon Title Company

- Projects in the midst of active construction cannot have change order work processed, impacting summer work schedules and the efficient use of already allocated project dollars, in addition to the State incurring potential penalties and fees for project delays

The legislature's FY17 Capital Budget cut \$7.4M in state matching funds from DOT&PF's \$50M request. The result is \$75M in new projects that would have been programmed and infused into the economy that cannot move forward. **The nuances of the crisis at hand are a first in the State's history.** Please don't repeat this mistake – there is no easier way to bring \$75M or more of essential transportation funding into our economy. If the legislature does not fully fund the department's FY18 request, this issue will only roll forward one year, become compounded, and DOT&PF will not have as many options to ensure the future use of all Federal dollars. For the first time ever, in 2018, Alaska may be subjected to the FHWA's August "redistribution", meaning some of Alaska's Federal dollars may be re-distributed to other states, a program that Alaska has historically been a beneficiary of.

The delay in completing the legislature's work on the FY18 budget is having immediate impacts. The Legislature should immediately 1) move forward to address the issue of fully funding the DOT&PF's transportation capital budget and 2) leverage all available federal dollars. These actions are crucial at this time of depressed economy across the State of Alaska, and one of the very basic tenets that can help support what remains of the fragments of our economy should be maximized to capture every available federal dollar in the State of Alaska. Finally, at a time when there is congressional talk of increased federal infrastructure investment, the State of Alaska would be short-sighted if we don't maintain our historical and enviable position of having an array of "shelf projects" ready to go, available to maximize the investment of federal dollars into our transportation systems.

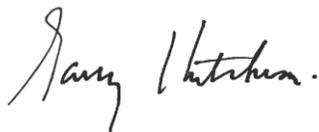
We respectfully ask that you act quickly to fully fund the DOT&PF's Capital Budget to ensure that every available federal dollar is brought into the State of Alaska at a time when we can ill afford to let them slip away.

The Greater Fairbanks Chamber of Commerce (GFCC) represents over 750 businesses throughout Interior Alaska. The success of our members is directly linked to their ability to do business in an environment that has the necessary infrastructure to support and promote economic development. We write to you out of concern over the potentially dramatic and detrimental impacts to Alaska's economy if the Legislature fails to provide adequate funding to match federal infrastructure funding, specifically in the transportation sector.

Sincerely,



Marisa Sharrah  
President and CEO



Garry Hutchison  
Board Chair

Cc: Alaska Legislature  
Commissioner Marc Luiken, State of Alaska DOT & PF