

Manley Hot Springs to Tanana Road

FY2015 Request: \$6,000,000
Reference No: 50843

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Manley Hot Springs **House District:** Wade Hampton/McKinley (HD 38)
Impact House District: Wade Hampton/McKinley (HD 38) **Contact:** Jeff Ottesen
Estimated Project Dates: 07/01/2014 - 06/30/2019 **Contact Phone:** (907)465-4070
Appropriation: Economic Development

Brief Summary and Statement of Need:

The City of Tanana is subject to a high cost of living due in large part to the costs associated with transporting supplies to the community, typically via barge or airfreight. This project would extend the existing Tofty Road, which currently terminates in the mining settlement of Tofty, to a point where a river ferry will connect to the existing road system on the north side. Completion of the road would provide the opportunity for residents of Tanana to enjoy more affordable and efficient year-round transportation for passengers, commodities and public safety support.

Funding:	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total</u>
Gen Fund	\$6,000,000						\$6,000,000
Total:	\$6,000,000	\$0	\$0	\$0	\$0	\$0	\$6,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input checked="" type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Prior Funding History / Additional Information:

Sec32(f) Ch16 SLA2013 P131 L14 SB18 \$643,924
 Sec1 Ch17 SLA2012 P134 L9 SB160 \$10,000,000

With this prior funding, DOT&PF is near completion of design and currently in negotiations for right of way. The environment document is complete and a Corps of Engineers permit is in hand.

Project Description/Justification:

This project will extend a road from the existing Elliott Highway, near Manley Hot Springs, from the existing Tofty Road to the Yukon River near the village of Tanana.

This project will continue the construction phase to connect Tanana and other river communities to the contiguous highway system. The road would improve access between remote villages, larger hub communities and the road networks near Fairbanks and Nome. A road connection between Manley Hot Spring and Tanana would also reduce the cost of goods and services in remote villages, thereby supporting their continued sustainability.

Population in the City of Tanana has been declining in concert with limited economic opportunities.

Tanana Population:

2010: 246

2005: 277

1985: 425

Many former Tanana residents have moved to Manley, which is on the road system. The construction of the road to Tanana will help reverse this trend. With the road's completion, Tanana residents will also be able to access medical care by driving to the Fairbanks hospitals, and will be able to travel to the city for school sports events and other gatherings. The road will also create opportunities for investment by barge companies and/or utilities at the proposed new landing near Tanana on the Yukon River. Heating fuel can be moved across the road and by boat in the summer or over the ice to Tanana in the winter, resulting in significant cost savings to residents and reduced cost of living.

The Manley Hot Springs to Tanana Road Economic Effects Study documented that it costs \$0.80 to move one gallon of fuel from Nenana to Tanana, including the initial trucking cost to move that gallon from North Pole to Nenana for barging. Another fuel saving will occur due to the fact communities off the road system must pay the price of the fuel at the time the barge delivers it to their community even though the fuel is stored all season long. Communities on the road system can take advantage of swings in fuel prices and order fuel during price drops throughout the year. Communities off the road system have to invest in storage systems large enough to carry the community through the 8 to 10-month period in which Alaska's rivers are frozen. Communities with these large storage systems face significant "carrying cost" in operating the system.

Nearby road access would lower the cost of living in Tanana as well as support economic growth through increased business and employment opportunities for its residents. Because Tanana is a historic hub for Yukon and Tanana River barge transportation and commerce, other Yukon River communities may also benefit economically by a reduction of fuel and freight costs to and from Tanana.

Public meetings were held from October 2010 to March 2011. There was broad support from both Tanana and Manley Hot Springs for this project, with DOT&PF receiving written support from the regional councils, corporations and communities.

It is currently 170 miles from Fairbanks to the end of Tofty Road. The Road to Tanana would construct an additional 35 miles of road from the end of Tofty to the Yukon terminus, for a total distance of 205 miles. Travel time from Fairbanks by car would be approximately 4.5-5.5 hours. Currently, approximately 39 miles of unimproved trails and terrain separate the community of Tanana, at the junction of the Tanana and Yukon Rivers, from the Alaska Highway System. The nearby communities of Manley Hot Springs and Minto are already linked to the road system and are in an area of significant mining, subsistence and recreational use. Tanana is uniquely situated to benefit from more affordable and flexible year round passenger travel, extension of the barging season, and reduction of costs for providing fuel and supplies to and from communities along the Yukon River, as well as to support potential resource development. The road connection will make these economic

benefits possible.

After the road is constructed, most of the passenger and air cargo volumes will likely shift to ground transportation. This shift will result in approximately \$600,000 annual savings to Tanana alone and approximately \$2,400,000 in savings in reduced shipping costs for the Yukon River communities. The most significant cost savings will likely be from shifting cargo and mail from air delivery to truck delivery, and from there by barge or ice road to Tanana. The construction of the road with its seasonal transportation link across the Tanana River will make it possible to bring heavy building supplies and groceries overland instead of by air.

The volume of freight moving to and from Tanana by barge is estimated at 257,000 pounds with a cost of \$0.20 per pound. The volume of air cargo is estimated at 262,000 pounds at a cost of \$0.85 per pound. Tanana will see a reduction in freight cost due to the lower transportation cost of moving freight by road at a cost of \$0.04 per pound. A round trip on a scheduled flight between Fairbanks and Tanana currently cost \$240.00. The price for a half gallon of milk in Tanana is \$5.99 (\$1.99 in Fairbanks), and a dozen eggs currently cost \$5.99 as well (\$2.19 in Fairbanks).

Road access will also allow for development of natural resources and alternative energy and provide business opportunities and jobs for villages along the route.

The road will be staffed using maintenance and operations (M&O) personnel from Manley; however one additional person is anticipated to be needed, in addition to a grader and a loader. The additional equipment and manpower for FY2015 assumes the road will be completed and ready to maintain by the fall of 2014. There is also an unknown component for keeping the first 15 miles of the existing road open during the winter of FY2014 to facilitate anticipated clearing contract for the right of way.

Advantages:

- Lower cost of fuel and freight
- Resource development
- Increased job opportunities
- Improved access to village communities
- Increased economic opportunities
- Increased barge and port development opportunities
- No federal lands cross the route between Manley Hot Springs and Tanana
- Route connects Tanana to the statewide surface transportation system
- Broad support from both Tanana and Manley Hot Springs