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Governor Bill Walker
STATE OF ALASKA

May 15, 2017

Mr. Mick Mulvaney
Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Mr. Mulvaney:

Last month when Pat Pitney, Director of the Alaska Office of Management and Budget, was in Washington, DC, she met with members of your staff who urged us to send Alaska's infrastructure priorities. I appreciate your staff making time for this critical meeting. As you know, Alaska is a young state and is equal in size to one-fifth of the contiguous states so we face unique infrastructure challenges.

Prior to statehood in 1959, there was concern that Alaska would not be able to support itself. The State was to be given sufficient lands to enable it to support itself. However, 61.2 percent of the state's 663,268 square miles of land are federal land, which limits our ability to control our destiny. We have land controlled by the Bureau of Land Management, the Department of Defense, National Conservation Areas, National Forests, National Historic Parks, National Monuments, National Parks, National Preserves, National Wildlife Refuges, Scenic Rivers, Wilderness, and Public Domain Lands. We would like to be more self-sufficient and grow our economy as well as improve the nation's balance of trade and energy security; in order to do so we need access to a larger proportion of our resources.

Below are Alaska's initial priority infrastructure projects. Our priorities are consistent with the Trump Administration's call for durable investments in our national infrastructure that promote American jobs and economic growth, improve the balance of trade and energy security, and support strategic national priorities. We know one of the President's goals for his pending Major Federal Infrastructure Initiative is for public-private partnerships. Alaska's projects reflect that goal and include those where both the State and private industry have invested or will invest; we are asking for federal support to advance their development and realize their significant economic and strategic benefits.

This list of seven Alaska priority projects for consideration in a Major Federal Infrastructure Initiative is purposely small. With the exception of two projects that have immediate life and safety implications, our priority projects have significant strategic and long-term economic impact.

Much of the federal support needed is for permitting, regulatory approvals, and low-interest and or long-term financing arrangements. Federal grant funding is specifically requested for two projects while progress on a few other projects could be accelerated if direct federal grant funding were available.

Alaska's Initial Priority Infrastructure Projects
(additional project detail in enclosure)

Purpose: address serious life, health and safety risks to citizens

1. King Cove Road: The final 12 miles of a 28-mile access road connecting the City of King Cove with the City of Cold Bay and its all-weather airport.
Request: Land access and permitting
2. Relocate Newtok Village to Metarvik: The village of Newtok is in imminent danger due to advancing erosion caused by the Ninglick River, permafrost degradation, and flooding during seasonal storms.
Request: \$124 million

Purpose: improve balance of trade, long-term economic growth, and energy security

3. Alaska Liquefied Natural Gas Project (AKLNG): Natural gas pipeline and liquefaction facilities to improve the balance of trade through exporting up to 2.7 billion cubic feet of gas per day, as well as provide 0.5 billion cubic feet of gas per day for in-state markets.

Request: Expedited and rationalized permitting, low-interest project financing, first loss or loan guarantee
4. Arctic Strategic Transportation and Resources (ASTAR) Project: Provide a transportation corridor from Utqiagvik (Barrow) to Nuiqsut as the first phase of several transportation access routes to connect communities and access stranded resources in the resource-rich North Slope.

Request: Permitting, Federal land planning documents, grants and/or low-interest project financing

Purpose: enhance key transportation hubs, long-term economic growth, and transportation efficiency

5. Port Mackenzie Rail Extension: A new 32-mile rail line connecting the railroad mainline, with access to Interior Alaska resource development opportunities, to Port MacKenzie. Pad is already in place, so this is a shovel-ready project.

Request: \$125 million grant funding

6. Port of Anchorage Modernization: This is a necessary reconstruction project as the Port's aging infrastructure has far exceeded its economic and design life. The Port is Alaska's only U.S. Commercial Strategic Seaport, one of 16 nationwide.

Request: Timely resolution of the lawsuit between the Municipality of Anchorage and the Federal Department of Transportation Maritime Administration (MARAD), grants and/or low-interest financing

Purpose: bolster national security and protection of U.S. economic and geopolitical interest in the Arctic

7. Strategic Arctic Naval Base: Develop a naval base and expanded Coast Guard presence in Alaska to protect national security in the opening Arctic arena. Alaska has more than half of the total U.S. coastline, but has no naval capability and limited Coast Guard capability. Immediate attention is required for national security, given Alaska's proximity to Russia (2.3 miles), China (1,300 miles), and North Korea (1,600 miles); geopolitical tension in the Pacific region; and Russian Arctic military build-up. U.S. Department of Defense (DOD) designation of one or more Strategic Arctic Ports and related development is a critical first step in the process.

Request: Timely delivery of DOD report containing an assessment of the future security requirements for one or more strategic ports in the Arctic.

Project summaries and contacts are provided in enclosure.

I want to highlight three additional areas of need in Alaska. These areas require continued and accelerated federal support to bring Alaska the same basic quality of life and economic opportunity taken for granted in most of the nation.

- Basic sewer and water infrastructure: Today there are 3,300 rural Alaska homes that lack running water and a flush toilet. Most of these homes are located in 30 villages in Alaska that do not have basic sewer and water infrastructure. Programs have been established through the EPA, the Denali Commission, and tribal entities to address this lack of basic service. Continued support for these programs is vital. For additional information see: <http://dec.alaska.gov/water/vsw/>.
- Coastal community relocations: Newtok's relocation plan, included in the list above, is ready to execute. Three additional communities –Kivalina, Shaktoolik, and Shishmaref – face significant coastal erosion and are developing relocation plans. The State will continue to seek federal support to address the relocation requirements. For additional information see: <https://www.commerce.alaska.gov/web/dcra/PlanningLandManagement/AlaskaCommunityCoastalProtectionProject.aspx>

- Broadband communication: Many Alaska communities lack access to the Internet and broadband-enabled services at a level other states view as normal. As stated by the Federal Communications Commission (FCC) in the National Broadband Plan, "...like electricity a century ago, broadband is the foundation for economic growth, job creation, global competitiveness, and a better way of life. It changes how we educate our children, deliver health care, manage energy, ensure public safety, engage government, and access, organize and disseminate knowledge." The National Broadband Plan sets several goals for nationwide broadband implementation by 2020 that remain critical implementation challenges in Alaska, due to the unique challenges imposed by geographic size, environment, and population dispersion. Alaska ranks in the lowest 20 percent of the 56 states/territories/districts in being able to provide access to this basic service.

The primary support needed is an amendment to the FCC Alaska Plan to ensure funding is directed to the "middle-mile" infrastructure. Also critical is maintaining FCC High Cost Program Alaska distributions at current levels until the Alaska Plan for broadband infrastructure is successfully completed by the 2026 target date.

I appreciate the opportunity to share these initial infrastructure priorities with you. Given Alaska's vast size, unique needs, and relatively underdeveloped infrastructure, I expect to send further lists in the coming months with additional energy projects, municipal projects, and transportation infrastructure projects.

We welcome whatever assistance the federal government can provide as well as the opportunity to review our priorities with you directly.

Sincerely,



Bill Walker
Governor

Enclosure

cc: The Honorable Lisa Murkowski, United States Senate
The Honorable Dan Sullivan, United States Senate
The Honorable Don Young, United States House of Representatives
Jessica Anderson, Associate Director for Intergovernmental Affairs and Strategic Initiatives,
Office of Management and Budget
Amanda Robbins, Confidential Assistant to the Deputy Director, Office of Management and
Budget
Pat Pitney, Director, Alaska Office of Management and Budget