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Politics

Governor shuts down work on Knik Arm Crossing, Susitna dam

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WASILLA — Gov. Bill Walker this week shut down work on Alaska's largest megaprojects: a billion-dollar bridge across Knik Arm and a massive dam on the Susitna River.

The governor's actions, announced at a news conference Wednesday on more than \$1 billion in vetoes, stops the flow of new state money to the megaprojects but also opens the door to using money already allocated to them for other uses.

"Given the state's current economic climate, pursuing these two projects does not make sense," Walker said in an email Thursday.

The decision is expected to trigger layoffs associated with the Knik Arm Crossing project and a premature halt to field work for the Susitna-Watana Hydroelectric Project that is needed to complete the federal licensing process.

Some \$265 million has already gone to the projects: \$180 million to the Susitna dam and \$85 million to the bridge, according to officials involved with each. Several Government Hill properties, including the Sourdough Lodge, were demolished to make way for the bridge or its access.

[Gov. Walker vetoes hundreds of millions in spending, caps Permanent Fund dividend at \$1,000]

There was no money in the state budget for either project in fiscal years 2016 or 2017, according to Katie Marquette, the governor's press secretary. But wrapping them up now allows the governor's office to "preserve" funding appropriated earlier and use remaining funds for other projects "when appropriate," Marquette wrote in an email.

As proposed, the 1.74-mile bridge would connect Government Hill with largely undeveloped Point MacKenzie in the Matanuska-Susitna Borough.

Located 90 miles upstream from Talkeetna, the Susitna-Watana Hydroelectric Project would include a 705-foot dam — making it one of the tallest in the U.S. — plus a 42-mile-long reservoir and power plant.

Changes began immediately following the governor's press conference.

The Knik Arm Bridge and Toll Authority is closing its Anchorage offices on 15th Avenue, said project director Judy Dougherty. KABATA is an arm of the Alaska Department of Transportation and Public Facilities. Five staffers including Dougherty will move to the agency's regional headquarters in Anchorage.

Dougherty, a 24-year veteran of the transportation department, said she didn't know if she and her four staffers will keep their jobs.

"There's always uncertainty until the Legislature is done with what they're doing," Dougherty said. "We just don't know. It's hard for me to speak with any kind of certainty."

That said, she added, project staffers need to make sure the bridge-project library is "in a condition to where it can be picked up and moved forward when the time comes."

The project is still working toward a federal loan that's a key part of financing, Dougherty said.

Congressional critics dubbed the crossing a "bridge to nowhere" when U.S. Rep. Don Young, R-Alaska, included an earmark for it in the federal transportation bill more than a decade ago. More recently, local opponents have pointed to a critical audit predicting tolls would fall short of covering its expenses.

Bridge champions, including Rep. Mark Neuman, R-Big Lake, say it would bring jobs and open Point MacKenzie for development.

Neuman on Thursday called Walker's decision "a foolish move" that ignored information from state transportation officials saying the project wouldn't cost the state anything.

"Here we had a \$850 million infrastructure project at a time that we're losing a lot of jobs," he said.

Government Hill residents celebrated the news from the governor this week. But community council member Stephanie Kesler said she'll believe the project is dead when \$141 million in different capital funds, much of it federal, is transferred to other projects.

"This is certainly a win, and we absolutely view this as a win, but we will continue to closely follow and bird-dog the allocation of monies," Kesler said. "It's not a win if the bridge still keeps its \$140 million."

The Knik Arm Crossing has another 15 years to advance to construction under a federal policy.

News of Walker's decision on the Susitna River dam also triggered celebrations in Talkeetna Wednesday night, said Melissa Heuer, executive director of the Susitna River Coalition, a group working for years against the project.

The coalition sent Walker a letter with the names of more than 13,000 members opposed to the dam, Heuer said.

"He had a lot of comments to shut it down so I think it was a pretty easy ... decision," she said.

Heuer said she's still trying to determine what Walker's decision means for the project.

Alaska Energy Authority spokeswoman Katie Conway said the most immediate result of Walker's announcement is the re this year — instead of next year — of in-river hydrologic and groundwater monitoring equipment. The equipment is nec to complete studies for a federal license.

But the energy authority doesn't have the money to complete the Federal Energy Regulatory Commission licensing proc the dam, Conway said. It would take another \$105 million to finish studies and file the application.

The agency is "taking to heart" Walker's direction that both projects preserve the work done to date, Conway said.

Funds allocated to the project include \$10 million encumbered for activities such as permitting, inventory, and storage, s said. About \$2.6 million remains to complete "essential budgeted tasks" including final equipment removal, closing out p and payroll.

"The state put a lot of resources into data collection that could be valuable to other things," she said.

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