

Response to: Historic Dalton Trail Road Maintenance Service Area Commercial, dated February 2024 Version #2

Dear RMSA Board Members,

During the February RMSA meeting there was limited discussion about commercial user fees, the discussion did include very important information from our Borough Staff that had been witness to the Assembly's Government Affairs and Services Committee sessions on this subject.

It should be noted that the two staff members involved with the previous attempt to establish Commercial User Fees agreed that a prominent cause of the discussion stalling was the **complicated fee structure** making it hard for even committee members to understand, and **would cause unreasonable effort to implement.**

Allow me to put some context into my reading of the new proposal dated February 2024. For those that don't know, our house over-looks the Klehini River bridge and the junction of Chilkat Lake and Porcupine Roads. We watch the vehicles on Chilkat Lake Road as they go by. We also walk our dogs along these roads, and get an up close view of many of the vehicles.

The current February 2024 proposal mirrors the fee structure of the previously failed proposal. This current proposal utilizes multi-pronged charging for commercial users with different fee rates for each of the listed commercial use categories. The complicated nature of multiple fees will create high opposition in it's own right, from both users and staff. The variable fees for identical size vehicle depending on which industry it supports would not stand a legal test when a user takes this to court.

Within the matrix determining rates and fees should be the relationship of road wear caused by vehicle size/weight/frequency to what the user pays. Let's admit that a company Yugo will cause less wear and tear on the road than a 90,000 pound tractor trailer. Not all commercial vehicles cause the same wear, yet we attribute the same fee to a heavy truck and the Yugo.

Commercial charges should be incurred by any use of the Chilkat Lake Road and Porcupine road, not just vehicles crossing the bridge. Often there is a traffic jumble between the Haines Highway and the bridge where some operators choose to park and unload; this situation would be increased by allowing 'free' use of the area if they not cross the bridge.

Fees should be due by the end of a calendar quarter. This mirrors sales tax, employment taxes and many other reporting requirements, and prevents business' from delaying payment then closing the business without paying the RMSA.

The proposal attempts to define commercial vehicles as "company-owned, licensed"; however many commercial companies utilize leased vehicles and contract transportation which would exempt them from the proposed fee structure. As an example, pretend Chilkat Guides does a rafting trip, which falls under the tourism category; they hire Alaska Mountain Guides to

transport their clients from town into the RMSA. The transport vehicle now falls into a 'transportation' category, and is not owned by the tour company Chilkat Guides, so is exempt from the annual fee. The rafts may actually require registration, and are owned by the company, (maybe?), would they be required to pay a vehicle fee? River Adventures jetboats?

Another problem is the very different fee amount between vehicle charges of different user types based only on industry, not impact to the road. A flat \$250 fee for a truck that is used less than 30 days per summer or \$500 if more, (forestry). BUT, if a truck does more than one trip per day it kicks into a new category of "industrial scale" and goes to \$1,000. What about the folks with a pickup that sell firewood? Twice a year they might have deliveries close by and be able to drop one load and return for a second before the day is through- that vehicle now goes to the industrial scale, even if they only use the RMSA roads twice in a year, and weighs less than 10,000 pounds.

A logging truck with a GVW of 90,000 makes one trip a day for 29 days and pays \$250, while a different logger with the same size truck only hauls four days but does 3 trips a day; 29 loads pays \$250, or \$8.62 per trip while 12 loads would pay \$1,000 or \$83.34 per trip. These trips could easily have identical trucks carrying identical loads causing identical wear and tear on the road yet one would be charged 10% of the other.

The Commercial Tourism fee proposal includes a vehicle charge 50% of what is suggested for Mineral Exploration vehicles, and just 20% of forestry vehicles, there is only ownership as a criteria- nothing about actual road wear associated with this charge. This is arbitrary and will not meet even a simple legal challenge.

Mineral Exploration and Placer Mining fees would become the most troublesome to analyze much less collect, this proposal has a fee for employees, (would that be for each individual employee whether they work one day or 365, or for the total number on site each day?), and an exponential rate for vehicles without any matrix on size and road wear said vehicles might cause.

Other inconsistencies is this section's limiting the employee charge to those working in Porcupine. As a business owner, if I was doing my exploration on Flower Mountain, Glacier Creek or around the thousands of acres not at the actual Porcupine site, I would claim exemption to this. I don't know who will be counting employees, or if this will be full time equivalent employees, total different bodies that appeared on the property even for a moment, or if it would include contractors working for a company.

One very important point of Mineral Exploration is that they are not a revenue generating operation. Prospecting, and collection of data on an ore body does not generate income from within the RMSA, but brings revenue earned elsewhere into the RMSA through improvements, much like land development for home construction.

The Mineral Extraction is fairly strait forward, and has the advantage of charging mostly in a direct relation to road wear; more cubic yards hauled, more wear. However, the wording “within the RMSA” could be interpreted to mean any hired work done within even your private property that moves any type of rock or dirt costs \$1/cubic yard. Examples: 1. Covenant Life adds 500 yards of topsoil from their stockpile to an adjoining field, utilizing their tractor bucket to move the material; farming is a commercial use; 500 cubic yards of topsoil as a form of aggregate was ‘hauled’ within the RMSA and requires a payment of \$500. 2. Eagle Bluff residents decide to ditch their neighborhood roads and contract for the work; the contractor removes 75 yards from the ditches and hauls it to a dump site down the road, pays \$75 for hauling aggregate within the RMSA. Is this the intent?

Bullet points I have learned about Commercial Fee Implementation:

Keep it Simple

Heavy trucks cause more road wear/damage per trip than passenger vehicles

Individual Vehicle stickers would be difficult and expensive

Individual Vehicle tracking for charges would be burdensome

Tying actual road wear caused maintenance to fees will survive legal challenge

Vehicles’ road wear should dictate the charge, not the type of activity

Many challenges will be solved by utilizing currently reported numbers

Tourism companies report passenger numbers to the State of Alaska

Forestry companies cutting State or University wood report volume to DNR

One decision that needs to be answered early in the discussion: **What is ‘commercial’ making it subject to a fee structure.** Should revenue generation be a factor, or only vehicle size and trips?

Another decision is if RMSA property improvement activity should be exempted from fees. A property owner that hauls 200 cubic yards into their property to build their house has increased the land value, which would increase their taxes, which increases their contribution into the RMSA fund.

A third decision is to the volume of maintenance reserves desired at the end of each year, and amount of road maintenance desired each year; user fees should be collected to meet these two needs, but not to build a large slush fund because we can.

The below proposal does not capture all types and sizes of commercial uses, it does offer a simple, reasonable starting point that can be implemented without creating multiple legal challenges and burdening one particular type of user. Additions and adjustments can be made in future years.

Alternate Proposal:

Tourism: \$1/passenger for up to 10,000 passengers per company, \$.50 for all other passengers

Timber/Firewood: \$1/cord of firewood for first 10,000 cords, \$.50/cord after
\$10/1000 Board Feet for first 100,000 Board Feet, \$5/1000 BF after

Mining/Exploration:

Companies with 10 or fewer workers onsite at any one time: \$100/year

Companies with 11-100 workers onsite at any one time: \$500/year

Companies with More than 100 workers onsite at any one time: \$1,000/year

(Note: Mineral exploration does not generate revenue, and there is no current reporting requirements for mining to declare amounts extracted; a flat fee based on operation size simplifies the fee process for everyone.)